



# Shared Research Monthly Wrap – May 2015

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## MONTHLY WRAP – May 2015

### Monthly musings

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#### Market view from Sendagi

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Dear readers,

**Time flies.** I find myself often repeating this well-worn truism. The feeling of time passing is a strange experience, filled with déjà-vus and oh-it's-May-again surprises. At the same time, every day of our adult lives is filled with frenetic activity that makes this passage go unnoticed. Work makes us busy. But look at Facebook—in our leisure we are just as busy conquering snowy mountain tops, traveling around the world, training for the next competition—we all are so hectically active, at work or play. But does this busyness we fill our lives with really matter?

This philosophical question brings me to a specific form of keeping busy—stock picking. In January 2013, I decided to spend a few hours every six months or so to pick potential outperformers out of the Topix 100 index. The idea was to try and beat the market—using very little time—and prove that long-only investing is really not that hard. I'm delighted to report that the most recent version, started in February 2015 has so far handily outperformed the underlying index, delivering 16.5% return vs. the Topix 100's 12.4%. You can see the portfolio snapshot at the end of this article. Over the life of the project, the Lollipop (long-only-lazy-low-involvement-portfolio-project) portfolio delivered roughly 98% while Topix 100 delivered just over 93%. Not amazing, but fairly respectable, given how famously difficult it's supposed to be and how little time was spent. Investing is easy. Or is it?

Exactly one year ago, I also started toiling on a small investment project that focused on long-short investing in a broad range of Japanese equities. This time, not a paper portfolio but a real one. Here, the idea was to create an attractive risk-adjusted return. Privately, I was also hoping to prove to myself that I could time the market and beat it, while also protecting the portfolio from downside. Something like a hedge fund that beats the equity bull market during its rally stage.

I spent a lot of time last year on this project—trading, analyzing, thinking—and it was frustrating. Despite correctly anticipating the market direction and identifying individual stocks, combining it all proved elusive. I struggled to even make money, not to mention beat the market. I worried about geopolitical events, the economic cycle, the NISA hangover. . . I bought too early and sold too early.

It got better this year, when I finally decided to “stop worrying and start living.” I curtailed the short termism and instead stuck to my convictions, while tightly controlling risk and net exposure. The portfolio started doing better and the risk-adjusted ratios improved dramatically. It's finally working. And I spend much less time on it. However, I'm far from beating the market and need a healthy correction for my performance-detracting hedging to contribute positively. Investing is hard.

On balance, I believe I found some answers for myself. Ideally, I want to have long-term positions that I buy when they are cheap, and when the market is cheap. I want to sell those either never (think Buffet's permanent holdings) or when they are stupidly expensive. Near the top of the market I want to keep my powder dry and hedge to avoid losses. Doing this too early may hurt relative performance but for most people, safe is better than sorry.

As for the amount of time required for optimal results, the lesson learned is that often, less is more.

Reminiscing about time, markets, and human fallibility brings me to the topic of the market cycle and specifically to the question: where are we now? Is this market close to the peak or can it surprise and sustain positive performance for another year, or even longer?

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I remain positive on the next 2–3 years of economic performance in Japan and skeptical beyond that. I talked about the reasons for my skepticism before. The issue is complex, but in a nutshell the country's biggest structural problems—an aging population in a democratic environment that protects entitlements—means that Japan needs to commit miracles of productivity gains per capita to achieve sustained economic growth. I think it's possible in the long run, say 20 years, because robots and tourists may create such a miracle. In the short run however, the current reforms don't seem sufficient to create the chain reaction of growth.

I don't think it's a doom's day scenario. We'll simply have some serious problems for a few years, forcing and effectively completing the cycle of reforms. The key year is 2026, when if I remember correctly, we reach the peak of social security payments. Beyond that point, maintaining flat GDP and flat debt-to-GDP allows all social security obligations to be serviced without further resets. My calculations from an earlier Market View suggested that we can't get to 2026 without important resets such as higher consumption tax (around 15% is needed, higher than the 10% in 2017), higher pensionable age (around 71 from current 65), higher personal burden on medical insurance for those over 75 (from the current 10% to 30%), etc. I also pointed out that those decisions, while necessary, are very painful for consumption and impossibly dangerous politically.

Achieving nominal GDP growth in excess of 2% (the new fiscal revitalization program announced on May 12 is calling for "at least 3% nominal GDP growth") is ambitious, based on demographics and historical performance. There are several tools, or tricks, that the government could use. The pre-Olympic buildup is an obvious one. Pushing inflation up with ever-more aggressive easing (which would also make the yen even cheaper) is another. However, it's a balancing act. Growth must be achieved on average over the economic cycle. And while more and more people who believe this cycle can be extended substantially beyond 2020, I strongly doubt it.

We have seen what the consumption tax hike did to the economy over the past year. The consumer clearly didn't feel happy and consumption declined in response. The construction before the Olympics is simply too lumpy to be evened out easily. To finish construction by 2020, orders must be placed several years in advance.

This means that the end of 2017 should see challenges. Construction orders will peak. The consumption tax will go to 10% amid rhetoric that one day it will have to go up again. Elections will start looming in 2018 and policy once more becomes smaller than politics. Japan will be looking at a slowdown.

The momentum of exports will depend on the exchange rate and global demand. I'm not going to try to predict the performance of the US and the global economy. However, it appears that the risks of another dislocation, or at least a major slowdown, are present and rising. One example is the disturbing talk about institutionalizing negative interest rates and eliminating paper money (how clever—the expression "not worth the paper it's printed on" would stop being a constraint).

My assumption is that the Japanese economy will peak in 2018 with the leading indicators showing it a year earlier. How bad it gets is anybody's guess. But markets should start anticipating the peak at least a year before. If so, the stock market will reach its zenith this year or in the spring of 2016 at the latest. We will nervously trade in a box, similar to 2006–2007, and then. . .

I'm not predicting the timing but rather assuming that rich multiples and concerns about the tax hike and the cyclical peak will start getting reflected in market expectations in advance. A year-and-a-half in advance sounds about right.

The valuations are already starting to look full, if not yet rich. I think that one useful measure of reference when trying to see how far from the top we are is a normally ignored P/S ratio: for large companies, sales are generally much harder to grow than earnings. At the same time, peak earnings

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tend to naturally occur at peak sales. Therefore, the price-to-sales ratio should capture the situation when the optimism and earnings are high. Currently, according to Bloomberg data, the Topix is trading at 0.81x trailing earnings. The ratio peaked at 0.93x in CY 2005 and 0.98x in CY 1999.

Now, it should be said that the peak OPM was over 7% at the previous cycle top (2004–2007) vs. just under 5% right now. But considering that many flagships of the Japanese economy are already enjoying peak margins (Toyota is at 10%, highest in 20 years), it is probably fair to assume that profitability gains will be modest. Therefore, it is the ability to grow the top line on the part of corporations and the optimism about future growth (=expansion) on the part of market participants which will determine how much upside we have left. Another 15% for Topix and 10% for Nikkei 225 (no banks and 20% weight for already-expensive Fast Retailing, Fanuc, Softbank, etc.) sounds about right.

With that in mind, I could reflect on the dichotomy of my own stock-picking experience over the past 12 months. I found it easy to pick stocks in a relative long-only context where you don't have to worry about the exposures, only the rankings. However, in a long-short portfolio, I found caution kicking in almost automatically—hurting returns and causing frustration. But perhaps it is my reminder that the closer you get to the top, the more the game of investing becomes a game of musical chairs. Up there, most of the rulers of the market are not shrewd investors buying value but fools buying hope.

Yours,

Oleg Zuravljov



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## TOPIX100 Portfolio

Return Comparison (%)	
TPX100	14.00
Portfolio	19.24
TPX100	Points
2015/2/12	954.2
2015/5/18	1077.67

Start Date	Current Date
2015/2/12	2015/5/18

Weight Rel. To TPX100	
<b>BIG OW</b>	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	7.9	8.3	6594	Nidec Corp	UW	10.8	0.0
<b>8306</b>	<b>Mitsubishi UFJ Financial G</b>	<b>BOW</b>	<b>31.4</b>	<b>18.7</b>	9983	Fast Retailing Co Ltd	MW	11.1	0.7
9984	SoftBank Corp	UW	3.5	0.0	9531	Tokyo Gas Co Ltd	MW	-5.3	0.7
7267	Honda Motor Co Ltd	MW	9.5	2.7	6326	Kubota Corp	UW	6.6	0.0
8316	Sumitomo Mitsui Financial G	OW	27.6	3.7	2502	Asahi Group Holdings Ltd	UW	6.2	0.0
8411	Mizuho Financial Group Inc	OW	23.7	3.2	4523	Eisai Co Ltd	UW	30.5	0.0
9432	Nippon Telegraph & Telephone	UW	16.3	0.0	<b>1605</b>	<b>Inpex Corp</b>	<b>BOW</b>	<b>6.4</b>	<b>2.8</b>
9433	KDDI Corp	UW	11.3	0.0	3402	Toray Industries Inc	MW	3.5	0.6
4502	Takeda Pharmaceutical Co Ltd	UW	1.6	0.0	8601	Daiwa Securities Group Inc	MW	13.3	0.6
4503	Astellas Pharma Inc	UW	-2.3	0.0	4661	Oriental Land Co Ltd/Japan	UW	11.9	0.0
7751	Canon Inc	OW	12.1	2.6	4578	Otsuka Holdings Co Ltd	UW	3.8	0.0
2914	Japan Tobacco Inc	UW	24.5	0.0	<b>4755</b>	<b>Rakuten Inc</b>	<b>MW</b>	<b>24.3</b>	<b>0.6</b>
6954	FANUC Corp	UW	17.6	0.0	2503	Kirin Holdings Co Ltd	UW	3.7	0.0
6758	Sony Corp	OW	20.7	2.4	3407	Asahi Kasei Corp	UW	-4.8	0.0
6501	Hitachi Ltd	UW	8.7	0.0	1925	Daiwa House Industry Co Ltd	OW	28.3	0.9
8802	Mitsubishi Estate Co Ltd	MW	2.1	1.5	7974	Nintendo Co Ltd	OW	91.4	0.9
3362	Seven & I Holdings Co Ltd	UW	18.1	0.0	7269	Suzuki Motor Corp	OW	16.7	0.9
9022	Central Japan Railway Co	UW	4.4	0.0	7261	Mazda Motor Corp	UW	7.9	0.0
9020	East Japan Railway Co	MW	17.6	1.3	8308	Resona Holdings Inc	OW	6.8	0.9
8058	Mitsubishi Corp	MW	26.0	1.3	9735	Secom Co Ltd	UW	18.0	0.0
8801	Mitsui Fudosan Co Ltd	MW	10.5	1.3	5411	JFE Holdings Inc	OW	6.4	0.8
8766	Tokio Marine Holdings Inc	MW	21.9	1.3	8630	Sompo Japan Nipponkoa HD	OW	22.2	0.8
6752	Parasonic Corp	UW	24.8	0.0	8053	Sumitomo Corp	OW	21.4	0.8
9437	NTT DOCOMO Inc	UW	7.6	0.0		Tokyo Electron Ltd	UW	-13.3	0.0
4063	Shin-Etsu Chemical Co Ltd	MW	-8.2	1.2	6702	Fujitsu Ltd	OW	-5.5	0.8
7201	Nissan Motor Co Ltd	MW	15.7	1.2	8113	Unicharm Corp	UW	-18.1	0.0
5108	Bridgestone Corp	OW	4.2	1.7	4568	Daichi Sankyo Co Ltd	UW	28.0	0.0
4452	Kao Corp	UW	10.2	0.0	9202	ANA Holdings Inc	OW	4.7	0.7
7270	Fuji Heavy Industries Ltd	MW	8.5	1.1	9021	West Japan Railway Co	UW	9.9	0.0
6981	Murata Manufacturing Co Ltd	UW	53.4	0.0	8002	Marubeni Corp	UW	5.7	0.0
6902	Denso Corp	MW	16.3	1.1	6988	Nitto Denko Corp	MW	15.2	0.5
8031	Mitsui & Co Ltd	OW	9.7	1.6	2802	Ajinomoto Co Inc	UW	15.5	0.0
6503	Mitsubishi Electric Corp	MW	24.4	1.0	5802	Sumitomo Electric Industries	OW	28.0	0.7
5401	Nippon Steel & Sumitomo Metal	OW	11.1	1.5	1878	Daito Trust Construction	UW	3.1	0.0
6861	Keyence Corp	UW	12.5	0.0	5020	JX Holdings Inc	OW	19.7	0.7
8604	Nomura Holdings Inc	OW	21.6	1.5	1928	Sekisui House Ltd	MW	28.2	0.4
6301	Komatsu Ltd	UW	2.7	0.0	8267	Aeon Co Ltd	OW	19.8	0.6
6367	Daikin Industries Ltd	MW	16.0	0.9	5713	Sumitomo Metal Mining Co Ltd	MW	9.4	0.4
7741	Hoya Corp	OW	4.0	1.3	8795	T&D Holdings Inc	OW	23.0	0.6
8750	Dai-ichi Life Insurance	OW	26.1	1.2	7202	Isuzu Motors Ltd	UW	2.9	0.0
7011	Mitsubishi Heavy Industries	MW	16.7	0.8	9532	Osaka Gas Co Ltd	UW	3.8	0.0
<b>8591</b>	<b>ORIX Corp</b>	<b>BOW</b>	<b>26.1</b>	<b>3.6</b>	9064	Yamato Holdings Co Ltd	UW	-3.2	0.0
<b>8001</b>	<b>ITOCHU Corp</b>	<b>BOW</b>	<b>26.6</b>	<b>3.6</b>	8332	Bank of Yokohama Ltd/The	UW	10.9	0.0
6502	Toshiba Corp	UW	-14.5	0.0	9502	Chubu Electric Power Co Inc	OW	16.9	0.5
6273	SMC Corp/Japan	UW	15.5	0.0	9503	Kansai Electric Power Co Inc	OW	19.1	0.5
<b>4901</b>	<b>FUJIFILM Holdings Corp</b>	<b>BOW</b>	<b>17.9</b>	<b>3.4</b>	4188	Mitsubishi Chemical HD	OW	27.6	0.5
8309	Sumitomo Mitsui Trust HD	OW	22.1	1.1	4911	Shiseido Co Ltd	UW	13.0	0.0
8830	Sumitomo R & D	UW	16.5	0.0	7752	Ricoh Co Ltd	OW	14.8	0.4
8725	MS&AD Insurance Group HD	OW	23.4	1.1	7912	Dai Nippon Printing Co Ltd	UW	14.9	0.0
<b>6971</b>	<b>Kyocera Corp</b>	<b>BOW</b>	<b>16.9</b>	<b>3.1</b>	1963	JGC Corp	OW	4.2	0.3

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

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### 3-D Matrix, Ltd. (7777)

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

On **April 22, 2015**, 3-D Matrix Ltd. (3DM) announced the approval of a US patent for the use of self-assembling peptide technology in myocardial tissue regeneration.

The US Patent and Trademark Office approved a patent application for the use of self-assembling peptide technology in myocardial tissue regeneration submitted by the company's US subsidiary.

The patent covers both protection and regeneration of cardiac tissue via self-assembled peptide technology. Research has shown that delivering self-assembled peptides to damaged myocardial tissue resulting from conditions including acute myocardial infarction, pericardial disease, congenital heart disease, and congestive heart failure has beneficial effects for cardiac function. According to the company, this patent will protect its rights as it expands the development of regenerative medicine products in the US into the field of myocardial tissue regeneration, including the treatment of heart diseases.

Myocardial tissue has significantly limited reproductive capacity, and the health of tissue that suffers damage from an acute myocardial infarction gradually declines. Regenerative treatments for such necrotic tissue harbor potential, and a significant amount of research is currently devoted to the subject. The self-assembled peptide treatment contained within the patent provides scaffolding to not only protect cardiac tissue, but also aid in regeneration of cells. This is a new approach to treatment for improving cardiac function, and the company anticipates that it will be able to contribute to treating acute myocardial infarctions.

On **April 20, 2015**, the company announced revisions to full-year earnings forecasts for FY04/15.

#### Forecasts for FY04/15 (previous forecasts in parentheses)

Sales:	JPY97mn (JPY51mn)
Operating loss:	JPY1.9bn (loss of JPY2.0bn)
Recurring loss:	JPY1.8bn (loss of JPY1.9bn)
Net loss:	JPY2.0bn (loss of JPY2.1bn).

#### Reasons for the revisions

As announced on April 16, 2015, the company obtained approval to register locally absorbent hemostatic material PuraStat® as a medical product in Indonesia. This means the company may market the product in Indonesia and, as a result, it received a milestone payment of about JPY50mn from its exclusive sales and marketing partner in Indonesia, PT. Teguhindo Lestartama. Together with an analysis of the recent sales performance of PuraStat®, this has led 3DM to make an upward revision to its sales forecast announced on March 13, 2015. The company also made upward revisions to profit forecasts, in view of the above increase in its sales forecast, and lower SG&A expenses.

The company does not expect this to have a material effect on medium-term targets announced on March 13, but it plans to make another announcement including the effect of the above in April 2016 or later.

On **April 16, 2015**, the company announced that it had obtained approval to register locally absorbent hemostatic material PuraStat® as a medical product in Indonesia.

The company's subsidiary in Singapore, 3-D Matrix Asia Pte. Ltd., and its sales and marketing partner for Indonesia, PT. Teguhindo Lestartama (headquartered in Indonesia) received notification from the

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Ministry of Health on April 16, 2015 that the product has been approved for registration as a medical device.

This application, submitted on July 18, 2014, makes use of the CE marking for PuraStat® obtained on January 14, 2014. This CE marking can be used to apply for regulatory agency approval in the 28 member states of the European Union, in addition to countries in Asia, Oceania, and South America. The product can be commercially marketed once the necessary procedures are complete in each country.

PT. Teguhindo Lestartama plans to begin marketing the product in Indonesia in FY04/16. Furthermore, per a partnership agreement with PT. Teguhindo Lestartama, 3-D Matrix Asia Pte. Ltd. will receive a milestone payment of approximately JPY50mn, which it will report as sales.

The company is assessing the impact on full-year earnings forecasts for FY04/15, and plans to disclose any relevant information as soon as the assessment is completed.

On **April 15, 2015**, the company announced the approval of a patent for the use of self-assembling peptide technology in wound healing and skin-tissue regeneration in Europe.

The company has demonstrated that self-assembling peptides, when applied to wounds, can restore the skin to its original condition without leaving a scar. According to the company, this patent will protect the company's rights as it expands sales of wound-healing agent TDM-511 in Europe.

When treating burns and moderate skin wounds, the limitation of scarring is a challenge. Many types of wound healing agent and treatment methods are being developed to combat the scarring that often occurs after the treatment of deep wounds that reach the dermis. According to 3DM, the use of self-assembling peptides in wound healing and skin-tissue regeneration offers a treatment method that does not leave cosmetic damage.

The company does not expect this patent to have any material impact on earnings forecasts for FY03/15 or later.

View the [full report](#).



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

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

On **April 9, 2015**, Aeon Delight Co., Ltd. announced full-year earnings results for FY02/15.

Quarterly Performance (JPYmn)		FY02/13				FY02/14				FY02/15				FY02/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		58,584	68,187	65,620	56,485	66,711	66,841	61,256	62,435	66,475	67,574	65,237	67,419	98.8%	270,000
YoY		10.6%	19.7%	19.0%	3.2%	13.9%	-2.0%	-6.7%	10.5%	-0.4%	1.1%	6.5%	8.0%		5.0%
Gross Profit		6,984	7,998	7,790	7,455	8,173	8,808	7,984	8,749	8,306	8,972	8,429	9,410		
YoY		3.0%	3.5%	10.5%	5.3%	17.0%	10.1%	2.5%	17.4%	1.6%	1.9%	5.6%	7.6%		
GPM		11.9%	11.7%	11.9%	13.2%	12.3%	13.2%	13.0%	14.0%	12.5%	13.3%	12.9%	14.0%		
SG&A Expenses		3,890	3,979	4,500	3,957	4,782	4,624	4,589	4,604	4,766	4,809	4,828	4,853		
YoY		5.4%	2.1%	16.8%	15.5%	22.9%	16.2%	2.0%	16.4%	-0.3%	4.0%	5.2%	5.4%		
SG&A / Sales		6.6%	5.8%	6.9%	7.0%	7.2%	6.9%	7.5%	7.4%	7.2%	7.1%	7.4%	7.2%		
Operating Profit		3,093	4,020	3,289	3,499	3,390	4,185	3,395	4,145	3,540	4,162	3,601	4,558	99.1%	16,000
YoY		0.2%	5.0%	2.9%	-4.1%	9.6%	4.1%	3.2%	18.5%	4.4%	-0.5%	6.1%	10.0%		5.9%
OPM		5.3%	5.9%	5.0%	6.2%	5.1%	6.3%	5.5%	6.6%	5.3%	6.2%	5.5%	6.8%		5.9%
Recurring Profit		3,102	4,022	3,288	3,480	3,403	4,168	3,411	4,110	3,558	4,167	3,614	4,604	99.6%	16,000
YoY		-1.2%	4.9%	2.4%	-3.3%	9.7%	3.6%	3.7%	18.1%	4.6%	-0.0%	6.0%	12.0%		6.0%
RPM		5.3%	5.9%	5.0%	6.2%	5.1%	6.2%	5.6%	6.6%	5.4%	6.2%	5.5%	6.8%		5.9%
Net Income		1,786	2,158	1,561	2,004	1,858	2,289	1,657	2,357	2,015	2,365	2,003	2,342	101.5%	8,600
YoY		4.8%	7.3%	-1.0%	23.7%	4.0%	6.1%	6.1%	17.6%	8.4%	3.3%	20.9%	-0.6%		5.4%
NPM		3.0%	3.2%	2.4%	3.5%	2.8%	3.4%	2.7%	3.8%	3.0%	3.5%	3.1%	3.5%		3.2%

Segment Results (JPYmn)		FY02/13				FY02/14				FY02/15				FY02/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		58,584	68,187	65,620	56,485	66,711	66,841	61,256	62,435	66,475	67,574	65,237	67,419	73.8%	270,000
Facilities management		10,371	10,753	10,646	10,280	10,622	10,848	11,198	10,790	11,228	11,642	11,532	11,437		
Securities management		7,898	7,909	7,966	8,032	8,438	8,367	8,481	8,956	8,935	8,891	9,305	9,491		
Cleaning services		10,122	10,084	10,205	10,108	10,539	10,485	10,642	10,654	10,942	10,960	11,129	11,256		
Construction work		11,081	18,884	15,767	7,339	15,888	13,929	8,254	7,559	11,858	11,133	9,366	9,615		
Materials & supplies sourcing		9,525	9,769	10,057	9,933	10,721	11,023	11,542	11,257	11,713	11,609	12,175	12,121		
Vending machine services		7,508	8,571	7,419	7,702	7,498	8,716	7,479	9,636	8,330	9,471	8,003	9,021		
Support services		2,072	2,218	3,509	3,024	2,964	3,433	3,604	3,550	3,460	3,859	3,735	4,468		
YoY		10.6%	19.7%	19.0%	3.2%	13.9%	-2.0%	-6.7%	10.5%	-0.4%	1.1%	6.5%	8.0%		
Facilities management		-2.0%	0.4%	1.0%	-0.3%	2.4%	0.9%	5.2%	5.0%	5.7%	7.3%	3.0%	6.0%		
Securities management		-3.8%	-1.0%	-0.7%	0.2%	6.8%	5.8%	6.5%	11.5%	5.9%	6.3%	9.7%	6.0%		
Cleaning services		1.7%	2.1%	1.8%	1.2%	4.1%	4.0%	4.3%	5.4%	3.8%	4.5%	4.6%	5.7%		
Construction work		96.4%	126.8%	121.7%	-1.3%	43.4%	-26.2%	-47.7%	3.0%	-25.4%	-20.1%	13.5%	27.2%		
Materials & supplies sourcing		5.1%	4.5%	7.3%	11.1%	12.6%	12.8%	14.8%	13.3%	9.3%	5.3%	5.5%	7.7%		
Vending machine services		-4.0%	-2.1%	-5.9%	-1.6%	-0.1%	1.7%	0.8%	25.1%	11.1%	8.7%	7.0%	-6.4%		
Support services		23.0%	13.5%	62.4%	38.7%	43.1%	54.8%	2.7%	17.4%	16.7%	12.4%	3.6%	25.9%		
Operating profit		3,093	4,020	3,289	3,499	3,390	4,185	3,395	4,145	3,540	4,162	3,601	4,558	70.6%	16,000
Facilities management		1,105	1,220	1,080	1,256	1,151	1,266	1,188	1,120	1,029	1,098	1,074	1,016		
Securities management		601	669	656	766	642	700	761	762	695	717	824	866		
Cleaning services		1,441	1,508	1,446	1,523	1,397	1,404	1,425	1,490	1,469	1,552	1,592	1,676		
Construction work		461	796	450	502	851	764	474	491	741	754	678	634		
Materials & supplies sourcing		273	320	381	488	573	636	533	591	464	490	436	721		
Vending machine services		454	728	432	782	535	812	433	1,288	551	894	506	1,014		
Support services		40	191	293	-20	77	323	312	117	308	369	179	252		
YoY		0.2%	5.0%	2.9%	-4.1%	9.6%	4.1%	3.2%	18.5%	4.4%	-0.5%	6.1%	10.0%		
Facilities management		-16.0%	-8.8%	-15.2%	8.7%	4.2%	3.8%	10.0%	-10.8%	-10.6%	-13.3%	-9.6%	-9.3%		
Securities management		-13.4%	-3.0%	-5.1%	2.4%	6.8%	4.6%	16.0%	-0.5%	8.3%	2.4%	8.3%	13.6%		
Cleaning services		2.1%	6.1%	-3.7%	-1.6%	-3.1%	-6.9%	-1.5%	-2.2%	5.2%	10.5%	11.7%	12.5%		
Construction work		30.6%	23.6%	-1.7%	4.4%	84.6%	-4.0%	5.3%	-2.2%	-12.9%	-1.3%	43.0%	29.1%		
Materials & supplies sourcing		6.2%	-21.8%	41.6%	63.2%	109.9%	98.8%	39.9%	21.1%	-19.0%	-23.0%	-18.2%	22.0%		
Vending machine services		-8.5%	9.8%	-5.9%	9.8%	17.8%	11.5%	0.2%	64.7%	3.0%	10.1%	16.9%	-21.3%		
Support services		-	-	33.2%	-	92.5%	69.1%	6.5%	-	300.0%	14.2%	-42.6%	115.4%		
OPM		5.3%	5.9%	5.0%	6.2%	5.1%	6.3%	5.5%	6.6%	5.3%	6.2%	5.5%	6.8%		
Facilities management		10.7%	11.3%	10.1%	12.2%	10.8%	11.7%	10.6%	10.4%	9.2%	9.4%	9.3%	8.9%		
Securities management		7.6%	8.5%	8.2%	9.5%	7.6%	8.4%	9.0%	8.5%	7.8%	8.1%	8.9%	9.1%		
Cleaning services		14.2%	15.0%	14.2%	15.1%	13.3%	13.4%	13.4%	14.0%	13.4%	14.2%	14.3%	14.9%		
Construction work		4.2%	4.2%	2.9%	6.8%	5.4%	5.5%	5.7%	6.5%	6.2%	6.8%	7.2%	6.6%		
Materials & supplies sourcing		2.9%	3.3%	3.8%	4.9%	5.3%	5.8%	4.6%	5.3%	4.0%	4.2%	3.6%	5.9%		
Vending machine services		6.0%	8.5%	5.8%	10.2%	7.1%	9.3%	5.8%	13.4%	6.6%	9.4%	6.3%	11.2%		
Support services		1.9%	8.6%	8.3%	-0.7%	2.6%	9.4%	8.7%	3.3%	8.9%	9.6%	4.8%	5.6%		
OP composition		-	-	-	-	-	-	-	-	-	-	-	-		
Facilities management		25.0%	22.3%	22.4%	23.4%	21.7%	21.1%	22.8%	18.8%	19.4%	18.5%	20.3%	16.4%		
Securities management		13.6%	12.2%	13.6%	14.2%	12.1%	11.7%	14.6%	12.8%	13.1%	12.1%	15.6%	14.0%		
Cleaning services		32.7%	27.6%	30.0%	28.3%	26.3%	23.4%	27.4%	25.1%	27.7%	26.2%	30.1%	27.1%		
Construction work		10.4%	14.5%	9.3%	9.3%	16.0%	12.8%	9.1%	8.3%	14.0%	12.7%	12.8%	10.3%		
Materials & supplies sourcing		6.2%	5.8%	7.9%	9.1%	10.8%	10.6%	10.2%	9.9%	8.8%	8.3%	8.2%	11.7%		
Vending machine services		10.3%	13.3%	9.0%	14.5%	10.1%	13.6%	8.3%	21.7%	10.4%	15.1%	9.6%	16.4%		
Support services		0.9%	3.5%	6.1%	-0.4%	1.5%	5.4%	6.0%	2.0%	5.8%	6.2%	3.4%	4.1%		

Source: Company data

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

**Sales/profits up for the fifth consecutive year with record profits; targets mostly met**

Demand for facilities management service companies with significant, well-qualified human resources

## MONTHLY WRAP – May 2015

increased as labor shortages in the building maintenance industry became increasingly pronounced. Buildings also became larger and more multi-purposed. As a result, Aeon Delight marked its fifth consecutive year of sales and profit growth, booking its highest profits to date.

During Q3, operating profit reached 70.6% of the company's annual target. In comparison, the ratios were 72.6% and 76.6% for Q3 FY02/14 and Q3 FY02/13, respectively. (The company benefitted from increased demand during Q4 FY02/14, prior to the consumption tax increase.) But it managed to mostly meet full-year operating profit targets. Shared Research estimates that operating profit of the Materials and Supplies Sourcing segment and gross profit margin at the Cleaning Services segment (operating profit composition of 27.6% in FY02/15) both improved in Q4.

### **The company expects to win more orders for facility management services overseas**

Aeon Delight focused on cooperation between offices in Japan and abroad, in a bid to grow the comprehensive facilities management services (FMS) business in Asia. The company also restructured its salesforce, creating specialized teams for different regions, facilities, and product types, as well as a team focusing on winning new clients, particularly among operators of large facilities.

As a result, there was a steady stream of FMS orders for large domestic facilities from outside the Aeon Group. Overseas, the company continued acquiring contracts, taking the total to 151 in China, 119 in Malaysia, and 169 in Vietnam (mainly small, irregular projects).

View the [full report](#).

## MONTHLY WRAP – May 2015

### AnGes MG, Inc. (4563)

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

On **April 27, 2015**, AnGes MG, Inc. announced earnings results for Q1 FY12/15.

Quarterly Performance (JPYmn)	FY12/14				FY12/15				FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	83	92	107	628	82				18.2%	450
YoY	-34.3%	-51.4%	40.5%	528.3%	-1.0%					
Operating expenses	559	651	1,120	853	1,043					
YoY	23.0%	32.0%	187.5%	65.1%	86.5%					
Operating profit	-476	-560	-1,013	-225	-961					-5,800
YoY	-	-	-	-	-					
OPM	-	-	-	-	-					
Recurring profit	-437	-562	-1,122	-274	-881					-5,800
YoY	-	-	-	-	-					
RPM	-	-	-	-	-					
Net income	-439	-530	-1,122	-279	-884					-5,800
YoY	-	-	-	-	-					
NPM	-	-	-	-	-					

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

Source: Company data

Operating expenses were JPY1.0bn (+86.5% YoY). CoGS increased to JPY36mn (+33.0% YoY), in line with higher product sales. R&D expenses rose to JPY760mn (+110.6% YoY), owing to international Phase III clinical trials for HGF gene therapy medicine, which pushed outsourcing expenses up by JPY278mn, and increased hiring at a subsidiary, which pushed up salaries and provisions by JPY53mn. SG&A expenses increased to JPY246mn (+44.1% YoY). Contributions toward funded courses increased by JPY24mn, while commissions paid increased by JPY18mn, owing to an increase in business compensation.

As a result of the above, the company booked an operating loss of JPY961mn (operating loss of JPY476mn in Q1 FY12/14). Recurring loss was JPY881mn (recurring loss of JPY437mn in Q1 FY12/14). The company booked JPY69mn in grant income from the New Energy and Industrial Technology Development Organization (NEDO). The company also reported share issuance expenses of JPY8mn as a non-operating cost, for legal expenses related to contracts for the issuance of shares to EVO FUND. Net loss was JPY884mn (net loss of JPY439mn in Q1 FY12/14).

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 14, 2015**, Anicom Holdings announced the bullet amortization of deferred assets per Article 113 of the Insurance Business Act at core subsidiary Anicom Insurance, Inc.

The bullet amortization is expected to push recurring profit for FY03/16 and FY03/17 up by JPY161mn. The company plans to roll over its medium-term plan on May 8, 2015.

#### Details of the amortization

At Anicom Insurance, some operating costs from FY03/08 (when it began operations) and FY03/09 were booked as deferred assets in accordance with Article 113 of the Insurance Business Act. The company has been applying the straight-line method over ten years until FY03/17 (meaning deferred assets for the end of FY03/14 totaled JPY484mn).

#### Reasons for the bullet amortization

The company decided to use bullet amortization in FY03/15 because robust earnings at Anicom Insurance means the company expects to book a profit surplus, even after amortization of deferred expenses per Article 113. Also, rather than weigh down the balance sheet in the future with deferred expenses, it will use write-offs for healthier finances.

#### Effects on FY03/15 earnings

In company forecasts for FY03/15, JPY161mn in recurring costs is accounted for under the straight-line method. The company expects to book an additional JPY323mn in new recurring costs under the bullet method, and JPY93mn in deferred income taxes from the reversal of deferred tax liabilities.

However, according to the company, it will not revise its full-year earnings forecasts because of robust earnings, due to insurance underwriting improving more than expected.

Compared to other industries, insurance companies have significant initial costs. Under Article 113 Act 1 of the Insurance Business Act, business expenses for the first 5 years after beginning operations may be recognized as assets, amortized over a ten-year period using the straight-line method.

View the [full report](#).



# MONTHLY WRAP – May 2015

## Anritsu Corp (6754)

Recognized global leader in mobile communications testing equipment.

On **April 27, 2015**, Anritsu Corp. announced earnings results for full-year FY03/15.

Quarterly performance (JPYmn)													FY03/15				FY03/16							
													FY03/15		FY Est.		FY03/13		FY03/14		FY03/15		FY03/16	
													FY03/15		FY Est.		FY Act.		FY Act.		FY Act.		FY Est.	
													FY03/15		FY Est.		FY Act.		FY Act.		FY Act.		FY Est.	
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### Apamanshop Holdings Co., Ltd. (8889)

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

On **April 27, 2015**, Apamanshop Holding Co., Ltd announced Q2 results for FY09/15.

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

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

Source: Company data

Cumulative quarterly key business results (JPYmn)		FY09/14				FY09/15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales		8,872	18,834	27,762	36,655	8,862			
YoY		-1.4%	0.5%	-0.3%	0.0%	-0.1%			
Brokerage		2,609	6,002	8,533	11,088	2,547			
YoY		13.6%	8.8%	5.6%	6.0%	-2.4%			
Property management		5,786	11,893	17,833	23,642	5,772			
YoY		-0.8%	-0.4%	-0.9%	-0.8%	-0.2%			
Gross profit		2,199	5,055	7,663	10,221	2,398			
YoY		0.3%	5.9%	4.3%	3.1%	9.0%			
GPM		24.8%	26.8%	27.6%	27.9%	27.1%			
Brokerage		1,227	2,902	4,416	5,954	1,338			
YoY		7.6%	10.3%	7.8%	7.0%	9.0%			
GPM		47.0%	48.4%	51.8%	53.7%	52.5%			
Property management		865	1,850	2,808	3,698	912			
YoY		12.0%	11.4%	8.2%	5.4%	5.4%			
GPM		14.9%	15.6%	15.7%	15.6%	15.8%			
SG&A expenses		1,911	3,878	6,039	8,113	2,104			
YoY		-0.2%	4.2%	6.2%	6.7%	10.1%			
Brokerage		899	1,849	2,927	3,904	1,047			
YoY		6.3%	9.1%	9.8%	9.1%	16.5%			
Property management		609	1,230	1,940	2,654	664			
YoY		5.9%	4.1%	6.9%	8.4%	9.0%			
Operating profit		288	1,176	1,623	2,108	294			
YoY		4.3%	11.7%	-2.4%	-8.7%	2.1%			
Brokerage		328	1,053	1,489	2,050	291			
YoY		11.6%	12.4%	4.1%	3.1%	-11.3%			
Property management		256	620	868	1,044	248			
YoY		29.9%	29.4%	11.3%	-1.6%	-3.1%			

Source: Company data

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

## MONTHLY WRAP – May 2015

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.

On **April 1, 2015**, the company announced revisions to its earnings forecasts in response to tax reforms.

Due to a schedule review following the tax reforms of 2015 (lowered effective corporate tax rates and a reduction to the deductible amount of tax losses brought forward) leading to the reversal of deferred tax assets, the company has lowered its net income forecast by JPY2.0bn, for an expected net loss of JPY1.0bn. Sales, operating profit, and recurring profit forecasts remain unchanged

View the [full report](#) .

# MONTHLY WRAP – May 2015

## 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 **April 24, 2015**, ArtSpark Holdings Inc. announced earnings results for Q1 FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/15		FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.
Sales	1,152	706	905	921	813	625	904	1,484	1,009		47.3%	2,132
YoY	-	-3.8%	-8.7%	1.6%	-29.5%	-11.5%	-0.1%	61.1%	24.1%			48.3%
Gross Profit	563	81	217	281	219	110	245	759	374			
YoY	-	-13.1%	21.2%	103.0%	-61.1%	35.4%	12.9%	169.9%	70.9%			
GPM	48.8%	11.5%	24.0%	30.5%	26.9%	17.6%	27.1%	51.1%	37.1%			
SG&A Expenses	327	300	315	269	285	262	341	346	326			
YoY	-	-15.6%	-12.3%	-25.9%	-12.9%	-12.5%	8.1%	28.3%	14.5%			
SG&A / Sales	28.4%	42.4%	34.8%	29.3%	35.1%	42.0%	37.7%	23.3%	32.3%			
Operating Profit	236	-218	-98	12	-66	-152	-96	413	48			-59
YoY	-	-	-	-	-	-	-	-	-			-
OPM	20.5%	-	-	1.3%	-	-	-	27.9%	4.7%			-
Recurring Profit	232	-204	-102	5	-74	-156	-107	431	36			-75
YoY	-	-	-	-	-	-	-	-	-			-
RPM	20.1%	-	-	0.6%	-	-	-	29.0%	3.5%			-
Net Income	203	-186	-107	133	-64	-163	-115	402	17			-91
YoY	-	-	-	-	-	-	-	202.9%	-			-
NPM	17.6%	-	-	14.4%	-	-	-	27.1%	1.7%			-
Cumulative	FY12/13				FY12/14				FY12/15		FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	FY Est.
Sales	1,152	1,859	2,764	3,685	813	1,438	2,342	3,826	1,009		23.2%	4,349
YoY	-	-	-	-	-29.5%	-22.7%	-15.3%	3.8%	24.1%			13.7%
Gross Profit	563	644	861	1,143	219	329	574	1,333	374			
YoY	-	-	-	-	-61.1%	-48.9%	-33.3%	16.7%	70.9%			
GPM	48.8%	34.6%	31.2%	31.0%	26.9%	22.9%	24.5%	34.9%	37.1%			
SG&A Expenses	327	627	942	1,212	285	547	888	1,234	326			
YoY	-	-	-	-	-12.9%	-12.7%	-5.7%	1.8%	14.5%			
SG&A / Sales	28.4%	33.7%	34.1%	32.9%	35.1%	38.1%	37.9%	32.2%	32.3%			
Operating Profit	236	17	-81	-69	-66	-218	-314	100	48		26.4%	181
YoY	-	-	-	-	-	-	-	-	-			81.5%
OPM	20.5%	0.9%	-	-	-	-	-	2.6%	4.7%			4.2%
Recurring Profit	232	28	-74	-68	-74	-230	-337	94	36		24.1%	148
YoY	-	-	-	-	-	-	-	-	-			58.1%
RPM	20.1%	1.5%	-	-	-	-	-	2.4%	3.5%			0
Net Income	203	17	-90	43	-64	-227	-342	60	17		13.7%	125
YoY	-	-	-	-	-	-	-	40.1%	-			108.5%

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

The company worked to strengthen its management structure via focus on the Creator Support segment—which attained profitability during FY12/14—and the UI/UX segment, centered on HI Corporation Kansai and U'eyes Design, Inc., both of which were made second-tier subsidiaries during FY12/14. Emphasis was also placed on promotion of sales activities and providing a wider range of services.

Recurring profit was affected by factors that included JPY4mn in interest paid and investment losses in affiliates of JPY7mn. Net income was impacted by the booking of JPY11mn in losses on the sale of investment securities. ArtSpark did not revise its FY12/15 full-year earnings forecasts.

On **April 1, 2015**, the company announced changes to executive management.

The company accepted the notice of resignation for personal reasons submitted on April 1, 2015, from representative director Kazuo Kawabata and director Kazuhiko Hoshi. At a board of director's meeting on the same day, Yosuke Kawakami was chosen to be the company's new representative director, chairman, and president.



## MONTHLY WRAP – May 2015

### Details of the change

New position	Name	Previous position
Representative director, chairman, and president	Yosuke Kawakami	Chairman
	Kazuo Kawabata	President, representative director
	Kazuhiko Hoshi	Director

Source: Company data

View the [full report](#).

Shared Research

# MONTHLY WRAP – May 2015

## 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 **April 24, 2015**, Axell Corporation announced full-year earnings results for FY03/15.

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	11,073	100.7%	11,000
YoY		-23.3%	-40.4%	-31.6%	-33.9%	5.5%	4.6%	4.2%	0.3%		-0.4%
Gross Profit		1,190	2,399	4,095	5,206	1,569	2,464	3,955	4,731		4,700
YoY		-41.4%	-34.1%	-24.9%	-21.6%	31.8%	2.7%	-3.4%	-9.1%		-9.7%
GPM		37.7%	42.3%	45.8%	47.1%	47.2%	41.5%	42.4%	42.7%		42.7%
SG&A Expenses		668	1,501	2,384	3,268	681	1,368	2,088	3,086		3,100
YoY		10.6%	-0.4%	7.1%	-3.4%	1.9%	-8.9%	-12.4%	-5.6%		-5.1%
SG&A / Sales		21.2%	26.4%	26.7%	29.6%	20.5%	23.0%	22.4%	27.9%		28.2%
R&D Expenses		404	982	1,504	2,090	415	843	1,273	1,948	99.9%	1,950
YoY		20.2%	6.3%	15.0%	-3.0%	2.7%	-14.2%	-15.4%	-6.8%		-6.7%
SG&A / Sales		12.8%	17.3%	16.8%	18.9%	12.5%	14.2%	13.7%	17.6%		17.7%
Operating Profit		521	898	1,711	1,938	888	1,096	1,867	1,645	102.8%	1,600
YoY		-63.5%	-57.9%	-46.9%	-40.6%	70.4%	22.0%	9.1%	-15.1%		-17.4%
OPM		16.5%	15.8%	19.1%	17.5%	26.7%	18.5%	20.0%	14.9%		14.5%
Recurring Profit		518	896	1,713	1,940	890	1,103	1,876	1,659	103.7%	1,600
YoY		-63.8%	-58.2%	-47.1%	-40.7%	71.8%	23.1%	9.5%	-14.5%		-17.5%
RPM		16.4%	15.8%	19.2%	17.6%	26.8%	18.6%	20.1%	15.0%		14.5%
Net Income		338	572	829	998	634	781	1,333	1,115	101.4%	1,100
YoY		-63.9%	-59.7%	-61.4%	-51.8%	87.6%	36.5%	60.8%	11.7%		10.2%
NPM		10.7%	10.1%	9.3%	9.0%	19.1%	13.2%	14.3%	10.1%		10.0%
Unit sales of graphics LSIs ('000)		320	640	1,120	1,420	420	620	1,040	1,260	100.0%	1,260
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	1,756		
YoY		-23.3%	-53.4%	-8.0%	-42.3%	5.5%	3.5%	3.6%	-16.5%		
Gross Profit		1,190	1,209	1,696	1,111	1,569	895	1,491	776		
YoY		-41.4%	-25.0%	-6.1%	-6.8%	31.8%	-26.0%	-12.1%	-30.2%		
GPM		37.7%	48.0%	51.9%	52.8%	47.2%	34.3%	44.1%	44.2%		
SG&A Expenses		668	833	883	884	681	687	720	998		
YoY		10.6%	-7.8%	23.0%	-23.6%	1.9%	-17.5%	-18.5%	12.9%		
SG&A / Sales		21.2%	33.0%	27.0%	42.0%	20.5%	26.3%	21.3%	56.8%		
R&D Expenses		404	578	522	586	415	428	430	675		
YoY		20.2%	-1.7%	35.9%	-30.8%	2.7%	-26.0%	-17.6%	15.2%		
SG&A / Sales		12.8%	22.9%	16.0%	27.9%	12.5%	16.4%	12.7%	38.4%		
Operating Profit		-2,739	377	813	227	-1,050	208	771	-222		
YoY		-	-46.8%	-25.3%	530.6%	-	-44.8%	-5.2%	-		
OPM		-	15.0%	24.9%	10.8%	-	8.0%	22.8%	-		
Recurring Profit		518	378	817	227	890	213	773	-217		
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%	-		
Net Income		338	234	257	169	634	147	552	-218		
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	220		

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 moved 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.

Axell moved to non-consolidated accounting in FY03/15, in line with the dissolution of a subsidiary. Against consolidated earnings for FY03/14, sales were up 0.3%, operating profit down 15.1%, recurring profit down 14.5%, and net income up 11.7%.

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 pachislot machine market shrank through the second half of FY03/15, due to changes to pachislot testing procedures introduced in September 2014.



## MONTHLY WRAP – May 2015

On **the same day**, the company announced a share buyback.

At a meeting of the board of directors on April 24, 2015, the company resolved to acquire treasury stock, which it plans to retire along with current holdings of treasury stock. The company plans to submit a motion to the General Shareholders' Meeting on June 21, 2015, to appropriate surplus for the purpose of retiring this treasury stock (the reversal of special reserves).

### Details of the share buyback

Type of share:	ordinary shares
Number of shares:	up to 1,250,000 shares (10.08% of shares outstanding)
Acquisition price:	up to JPY2bn
Acquisition period:	May 1, 2015 to February 29, 2016
Acquisition method:	purchase on the open market through the trust method.

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 6, 2015**, Bell-Park Co., Ltd. announced February monthly sales estimate.

Monthly Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2015</b>													
New	32,004	23,500	43,047										<b>98,551</b>
YoY	-14.7%	-36.9%	-48.8%										
ex-low ARPU handsets	29,464	21,959	41,174										<b>92,597</b>
(YoY)	4.6%	-18.7%	-28.2%										
Replacement	41,949	29,468	37,239										<b>108,656</b>
YoY	23.3%	-7.6%	-23.9%										
<b>Total</b>	<b>73,953</b>	<b>52,968</b>	<b>80,286</b>										<b>207,207</b>
<b>YoY</b>	<b>3.4%</b>	<b>-23.4%</b>	<b>-39.7%</b>										
Monthly Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2014</b>													
New	37,521	37,268	84,090	30,311	31,067	29,803	36,075	36,118	41,293	34,307	33,474	30,924	<b>462,251</b>
YoY	-15.8%	-4.7%	4.8%	-28.2%	-29.7%	-0.4%	13.5%	7.5%	21.4%	-9.2%	-15.2%	-14.7%	
ex-low ARPU handsets	28,160	27,016	57,329	18,514	17,990	16,624	20,118	20,380	26,813	25,171	24,460	25,547	<b>308,122</b>
(YoY)	24.8%	35.9%	41.8%	-20.2%	-25.2%	-12.8%	-5.1%	-16.8%	17.1%	9.8%	-2.5%	-1.5%	
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	<b>468,563</b>
YoY	-8.9%	23.3%	5.7%	-32.4%	-41.9%	-14.4%	0.2%	-4.3%	55.0%	30.9%	34.4%	8.2%	
<b>Total</b>	<b>71,537</b>	<b>69,161</b>	<b>133,034</b>	<b>52,636</b>	<b>54,493</b>	<b>52,490</b>	<b>65,187</b>	<b>64,909</b>	<b>98,377</b>	<b>94,670</b>	<b>99,349</b>	<b>74,971</b>	<b>930,814</b>
<b>YoY</b>	<b>-12.6%</b>	<b>6.4%</b>	<b>5.2%</b>	<b>-30.0%</b>	<b>-35.5%</b>	<b>-7.0%</b>	<b>7.2%</b>	<b>1.9%</b>	<b>38.8%</b>	<b>12.9%</b>	<b>12.3%</b>	<b>-2.6%</b>	

Source: Company data, SR Inc. Research

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

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

View the [full report](#).

## MONTHLY WRAP – May 2015

### Benefit One Inc. (2412)

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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 **April 16, 2015**, Benefit One Inc. announced a business alliance with JACCS Co., Ltd. (TSE1: 8584) and the launch of a Visa prepaid card.

Under the alliance with JACCS, Benefit One has established a card division within its finance business, through which it plans to offer gift cards to existing clients of its Benefit Service, and attract new clients. Together, Benefit One and JACCS are targeting a total transaction volume of JPY3.0bn from these cards by FY03/18. The two companies also plan to develop new services together in the future.

Unlike gift coupons, Visa prepaid cards are compact, portable, usable online, and accepted at 38mn stores in Japan and overseas. They also offer unique designs.

#### Overview of the business alliance

Details: Benefit One will market Visa prepaid cards issued by JACCS as original corporate gift cards.  
Design: There are two types of cards. Fully customizable cards allow clients to use their own products and characters, and they will be issued in two months or more from when the design is completed. Pattern order cards allow clients to apply their own logos and slogans to templates, and can be issued in small lots to keep costs down, in one month or more from when the design is completed.

Accepted at: 38mn vendors accept Visa in Japan and overseas.

View the [full report](#).

# MONTHLY WRAP – May 2015

## Canon Marketing Japan Inc. (8060)

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

On **April 21, 2015**, Canon Marketing Japan Inc. (CMJ) announced earnings results for Q1 FY12/15.

Quarterly performance (JPYmn)	FY12/12				FY12/13				FY12/14				FY12/15				FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	163,038	160,005	154,456	181,717	150,210	159,222	159,190	188,593	182,697	145,658	150,750	180,327	155,370				22.8%	681,000
YoY	+7.6%	+12.1%	-1.0%	-0.2%	-7.9%	-0.5%	+3.1%	+3.8%	+21.6%	-8.5%	-5.3%	-4.4%	-15.0%					+3.3%
Gross Profit	53,969	54,696	52,203	60,014	49,276	53,927	55,215	61,791	61,046	53,667	54,882	63,941	54,307					
YoY	+4.4%	+5.9%	-6.0%	-6.3%	-8.7%	-1.4%	+5.8%	+3.0%	+23.9%	-0.5%	-0.6%	+3.5%	-11.0%					
GPM	33.1%	34.2%	33.8%	33.0%	32.8%	33.9%	34.7%	32.8%	33.4%	36.8%	36.4%	35.5%	35.0%					
SG&A Expenses	50,428	50,421	50,121	53,110	48,873	50,263	50,913	53,148	51,814	50,387	51,421	54,826	50,837					
YoY	-0.1%	-2.3%	-7.5%	-8.7%	-3.1%	-0.3%	+1.6%	+0.1%	+6.0%	+0.2%	+1.0%	+3.2%	-1.9%					
SG&A / Sales	30.9%	31.5%	32.5%	29.2%	32.5%	31.6%	32.0%	28.2%	28.4%	34.6%	34.1%	30.4%	32.7%					
Operating Profit	3,540	4,275	2,082	6,903	403	3,663	4,302	8,644	9,231	3,280	3,462	9,114	3,469				13.3%	26,000
YoY	+189.0%	-	+54.2%	+17.8%	-88.6%	-14.3%	+106.6%	+25.2%	-	-10.5%	-19.5%	+5.4%	-62.4%					+3.6%
OPM	2.2%	2.7%	1.3%	3.8%	0.3%	2.3%	2.7%	4.6%	5.1%	2.3%	2.3%	5.1%	2.2%					3.8%
Recurring Profit	3,678	5,017	2,285	7,128	536	4,331	4,473	8,870	9,369	4,083	3,686	9,415	3,753				13.8%	27,000
YoY	+168.7%	+223.5%	+51.0%	+14.3%	-85.4%	-13.7%	+95.8%	+24.4%	-	-5.7%	-17.6%	+6.1%	-59.9%					+2.4%
RPM	2.3%	3.1%	1.5%	3.9%	0.4%	2.7%	2.8%	4.7%	5.1%	2.8%	2.4%	5.2%	2.4%					4.0%
Net Income	1,958	2,730	1,113	4,777	-35	2,008	2,711	5,483	5,707	2,144	1,851	6,328	1,848				10.9%	16,900
YoY	-	+10.2%	+127.6%	+9.4%	-	-26.4%	+143.6%	+14.8%	-	+6.8%	-31.7%	+15.4%	-67.6%					+5.4%
Net Margin	1.2%	1.7%	0.7%	2.6%	-	1.3%	1.7%	2.9%	3.1%	1.5%	1.2%	3.5%	1.2%					2.5%

Performance by segment (JPYmn)	FY12/12				FY12/13				FY12/14				FY12/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Sales</b>	<b>163,038</b>	<b>160,005</b>	<b>154,456</b>	<b>181,717</b>	<b>150,210</b>	<b>159,222</b>	<b>159,190</b>	<b>188,593</b>	<b>182,697</b>	<b>145,658</b>	<b>150,750</b>	<b>180,327</b>	<b>155,370</b>					
Business Solutions	87,340	81,446	80,311	81,822	82,278	81,391	79,496	84,098	92,215	77,611	78,509	81,898	84,954					
IT Solutions	27,309	26,181	25,494	26,434	26,736	28,791	26,646	29,876	33,171	27,819	26,170	28,556	28,542					
Imaging Systems	37,645	45,366	42,111	66,881	34,560	43,204	46,720	67,245	47,985	35,111	39,854	62,456	34,542					
Industrial/Medical	10,693	6,959	6,490	6,531	6,618	5,819	6,309	7,360	9,312	5,102	6,204	7,406	7,324					
Others	49	54	51	49	16	17	18	16	13	14	13	11	6					
<b>YoY</b>	<b>+7.6%</b>	<b>+12.1%</b>	<b>-1.0%</b>	<b>-0.2%</b>	<b>-7.9%</b>	<b>-0.5%</b>	<b>+3.1%</b>	<b>+3.8%</b>	<b>+21.6%</b>	<b>-8.5%</b>	<b>-5.3%</b>	<b>-4.4%</b>	<b>-15.0%</b>					
Business Solutions	+1.4%	+7.1%	+2.4%	-3.2%	-5.8%	-0.1%	-1.0%	+2.8%	+12.1%	-4.6%	-1.2%	-2.6%	-7.9%					
IT Solutions	+13.1%	+6.5%	+6.6%	+4.6%	-2.1%	+10.0%	+4.5%	+13.0%	+24.1%	-3.4%	-1.8%	-4.4%	-14.0%					
Imaging Systems	-1.3%	+17.9%	-8.1%	+12.1%	-8.2%	-4.8%	+10.9%	+0.5%	+38.8%	-18.7%	-14.7%	-7.1%	-28.0%					
Industrial/Medical	+254.2%	+91.3%	-17.7%	-47.5%	-38.1%	-16.4%	-2.8%	+12.7%	+40.7%	-12.3%	-1.7%	+0.6%	-21.3%					
<b>Operating Profit</b>	<b>3,540</b>	<b>4,275</b>	<b>2,082</b>	<b>6,903</b>	<b>403</b>	<b>3,663</b>	<b>4,302</b>	<b>8,644</b>	<b>9,231</b>	<b>3,280</b>	<b>3,462</b>	<b>9,114</b>	<b>3,469</b>					
Business Solutions	3,764	1,693	868	-26	1,578	1,819	1,319	819	4,549	686	1,430	1,541	2,676					
IT Solutions	443	-401	-115	268	82	-66	-58	429	1,220	909	374	660	989					
Imaging Systems	-1,000	3,310	1,784	6,823	-968	2,452	3,454	7,553	3,207	2,208	1,968	6,874	-418					
Industrial/Medical	304	-470	-573	-462	-384	-616	-522	-243	143	-638	-426	-56	115					
Others	28	143	120	300	95	73	110	86	110	116	116	96	106					
<b>OPM</b>	<b>2.2%</b>	<b>2.7%</b>	<b>1.3%</b>	<b>3.8%</b>	<b>0.3%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>5.1%</b>	<b>2.2%</b>					
Business Solutions	4.3%	2.1%	1.1%	-0.0%	1.9%	2.2%	1.7%	1.0%	4.9%	0.9%	1.8%	1.9%	3.1%					
IT Solutions	1.6%	-1.5%	-0.5%	1.0%	0.3%	-0.2%	-0.2%	1.4%	3.7%	3.3%	1.4%	2.3%	3.5%					
Imaging Systems	-2.7%	7.3%	4.2%	10.2%	-2.8%	5.7%	7.4%	11.2%	6.7%	6.3%	4.9%	11.0%	-1.2%					
Industrial/Medical	2.8%	-6.8%	-8.8%	-7.1%	-5.8%	-10.6%	-8.3%	-3.3%	1.5%	-12.5%	-6.9%	-0.8%	1.6%					

Source: Company data

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

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

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

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

In Q1 FY12/15, sales fell 15.0% YoY and operating profit fell 62.4% YoY. CMJ faced a difficult year-on-year comparison because last year, in Q1 FY12/14, demand spiked owing to the rush to beat the consumption tax hike and the end of support for Windows XP. Profits were also hit by the decline in sales of high-margin products and supplies.

View the [full report](#).

# MONTHLY WRAP – May 2015

## Chiyoda Co., Ltd. (8185)

Retailer specializing in low-price shoes.

On **April 7, 2015**, Chiyoda announced full-year earnings results for FY02/15.

### Quarterly trends and results

	FY02/13				FY02/14				FY02/15				FY02/14	FY02/15	FY02/16
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			Est.
Sales	<b>40,237</b>	<b>35,806</b>	<b>37,252</b>	<b>37,028</b>	<b>39,297</b>	<b>35,423</b>	<b>35,856</b>	<b>36,847</b>	<b>39,458</b>	<b>33,964</b>	<b>33,969</b>	<b>35,614</b>	<b>147,423</b>	<b>143,005</b>	<b>142,377</b>
Shoes	30,506	27,074	27,350	26,734	29,914	26,985	26,978	26,796	30,402	25,656	24,886	26,110	110,673	107,054	-
Apparel	9,730	8,733	9,901	10,294	9,383	8,438	8,878	10,050	9,056	8,308	9,082	9,505	36,749	3,595	-
YoY	2.4%	-4.3%	-4.0%	-4.0%	-2.3%	-1.1%	-3.7%	-0.5%	0.4%	-4.1%	-5.3%	-3.3%	-1.9%	-3.0%	-0.4%
Shoes	2.6%	-3.5%	-3.3%	-3.0%	-1.9%	-0.3%	-1.4%	0.2%	1.6%	-4.9%	-7.8%	-2.6%	-0.9%	-3.3%	-
Apparel	1.6%	-6.7%	-5.8%	-6.4%	-3.6%	-3.4%	-10.3%	-2.4%	-3.5%	-1.5%	2.3%	-5.4%	-4.9%	-90.2%	-
Gross Profit	<b>19,847</b>	<b>17,159</b>	<b>18,707</b>	<b>17,728</b>	<b>19,821</b>	<b>17,160</b>	<b>17,773</b>	<b>17,287</b>	<b>19,717</b>	<b>16,115</b>	<b>16,676</b>	<b>16,497</b>	<b>72,041</b>	<b>69,005</b>	
Consolidated	15,070	13,090	13,741	12,995	15,178	13,219	13,531	13,008	15,336	12,323	12,386	12,307	54,936	52,352	
Machouse	4,777	4,069	4,966	4,733	4,643	3,941	4,242	4,279	4,381	3,792	4,290	4,190	17,105	16,653	
YoY	4.8%	-2.2%	-0.6%	-0.3%	-0.1%	0.0%	-5.0%	-2.5%	-0.5%	-6.1%	-6.2%	-4.6%	-1.9%	-4.2%	
Consolidated	5.0%	-1.7%	-0.1%	0.3%	0.7%	1.0%	-1.5%	0.1%	1.0%	-6.8%	-8.5%	-5.4%	0.1%	-4.7%	
Machouse	4.1%	-3.7%	-1.9%	-1.8%	-2.8%	-3.1%	-14.6%	-9.6%	-5.6%	-3.8%	1.1%	-2.1%	-7.8%	-2.6%	
GPM	49.3%	47.9%	50.2%	47.9%	50.4%	48.4%	49.6%	46.9%	50.0%	47.4%	49.1%	46.3%	48.9%	48.3%	
Consolidated	49.4%	48.3%	50.2%	48.6%	50.7%	49.0%	50.2%	48.5%	50.4%	48.0%	49.8%	47.1%	49.6%	48.9%	
Machouse	49.1%	46.6%	50.2%	46.0%	49.5%	46.7%	47.8%	42.6%	48.4%	45.6%	47.2%	44.1%	46.5%	46.3%	
SG&A Expenses	<b>15,608</b>	<b>14,989</b>	<b>15,587</b>	<b>14,940</b>	<b>15,679</b>	<b>15,265</b>	<b>15,624</b>	<b>14,942</b>	<b>15,848</b>	<b>15,170</b>	<b>15,210</b>	<b>15,023</b>	<b>61,510</b>	<b>61,251</b>	
Consolidated	11,644	11,156	11,461	11,033	11,741	11,388	11,514	10,902	11,571	11,144	11,121	10,964	45,545	44,800	
Machouse	3,964	3,833	4,126	3,907	3,938	3,877	4,110	4,040	4,277	4,026	4,089	4,059	15,965	16,451	
YoY	-1.5%	-2.2%	-1.1%	-2.9%	0.5%	1.8%	0.2%	0.0%	1.1%	-0.6%	-2.6%	0.5%	0.6%	-0.4%	
Consolidated	-0.2%	-1.7%	-0.3%	-1.4%	0.8%	2.1%	0.5%	-1.2%	-1.4%	-2.1%	-3.4%	0.6%	0.6%	-1.6%	
Machouse	-5.0%	-3.7%	-3.5%	-7.1%	-0.7%	1.1%	-0.4%	3.4%	8.6%	3.8%	-0.5%	0.5%	0.9%	3.0%	
SG&A/sales	38.8%	41.9%	41.8%	40.3%	39.9%	43.1%	43.6%	40.6%	40.2%	44.7%	44.8%	42.2%	41.7%	42.8%	
Operating Profit	<b>4,238</b>	<b>2,171</b>	<b>3,119</b>	<b>2,788</b>	<b>4,141</b>	<b>1,896</b>	<b>2,149</b>	<b>2,345</b>	<b>3,868</b>	<b>946</b>	<b>1,465</b>	<b>1,474</b>	<b>10,531</b>	<b>7,753</b>	<b>9,201</b>
Shoes	3,458	1,876	2,276	1,953	3,245	1,939	2,069	2,096	3,765	1,082	1,281	1,442	9,349	7,570	
Apparel	812	237	839	827	704	64	132	240	103	-232	199	132	1,140	202	
YoY	36.8%	-1.4%	2.4%	16.8%	-2.3%	-12.7%	-31.1%	-15.9%	-6.6%	-50.1%	-31.8%	-37.1%	-14.5%	-26.4%	18.7%
Shoes	29.4%	1.4%	-1.0%	10.3%	-6.2%	3.4%	-9.1%	7.3%	16.0%	-44.2%	-38.1%	-31.2%	-2.2%	-19.0%	-
Apparel	95.2%	-4.0%	6.9%	34.3%	-13.3%	-73.0%	-84.3%	-71.0%	-85.4%	-	50.8%	-45.0%	-58.0%	-82.3%	-
OPM	10.5%	6.1%	8.4%	7.5%	10.5%	5.4%	6.0%	6.4%	9.8%	2.8%	4.3%	4.1%	7.1%	5.4%	6.5%
Shoes	11.3%	6.9%	8.3%	7.3%	10.8%	7.2%	7.7%	7.8%	12.4%	4.2%	5.1%	5.5%	8.4%	7.1%	-
Apparel	8.3%	2.7%	8.5%	8.0%	7.5%	0.8%	1.5%	2.4%	1.1%	-	2.2%	1.4%	3.1%	5.6%	-
Recurring Profit	<b>4,437</b>	<b>2,388</b>	<b>3,308</b>	<b>2,975</b>	<b>4,255</b>	<b>1,978</b>	<b>2,247</b>	<b>2,547</b>	<b>4,001</b>	<b>1,075</b>	<b>1,569</b>	<b>1,608</b>	<b>11,027</b>	<b>8,253</b>	<b>9,504</b>
YoY	37.3%	0.0%	4.0%	17.1%	-4.1%	-17.2%	-32.1%	-14.4%	-6.0%	-45.7%	-30.2%	-36.9%	-15.9%	-25.2%	15.2%
RPM	11.0%	6.7%	8.9%	8.0%	10.8%	5.6%	6.3%	6.9%	10.1%	3.2%	4.6%	4.5%	7.5%	5.8%	6.7%
Net Income	<b>2,404</b>	<b>1,391</b>	<b>1,420</b>	<b>1,936</b>	<b>2,221</b>	<b>1,084</b>	<b>1,187</b>	<b>1,355</b>	<b>2,302</b>	<b>463</b>	<b>750</b>	<b>650</b>	<b>5,847</b>	<b>4,165</b>	<b>5,090</b>
YoY	389.6%	13.0%	-21.3%	47.4%	-7.6%	-22.1%	-16.4%	-30.0%	3.6%	-57.3%	-36.8%	-52.0%	-18.2%	-28.8%	22.2%
NPM	6.0%	3.9%	3.8%	5.2%	5.7%	3.1%	3.3%	3.7%	5.8%	1.4%	2.2%	1.8%	4.0%	2.9%	3.6%

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

Source: Company Data

The operating environment was challenging for shoe and apparel retailers because of weak consumption, an increase in procurement costs and electricity rates, and poor weather. Sales and gross profit margin were both down year-on-year, owing to weak demand for seasonal products and because the company was slow to pass on an increase in the consumption tax and procurement costs to customers.

On **April 3, 2015**, the company announced downward revisions to its full-year FY02/15 earnings forecasts.

The company revised its sales forecast down because individual consumption has been slow to recover, and because a relatively warm winter and little snow meant a slump in sales of cold-weather, waterproof, and anti-slip winter items. Profit forecasts were also revised down because the company lowered the prices of its winter clothes and increased discounts to combat competition, leading to a lower gross profit margin.



## MONTHLY WRAP – May 2015

(JPYmn)	FY02/10	FY02/11	FY02/12	FY02/13	FY02/14	FY02/15	CE	Dif.	Inl. CE
	FY	FY	FY	FY	FY				
<b>Sales</b>	<b>166,460</b>	<b>157,137</b>	<b>154,086</b>	<b>150,323</b>	<b>147,423</b>	<b>143,005</b>	<b>145,530</b>	<b>-2,525</b>	<b>150,021</b>
Chiyoda (parent)	113,829	111,289	110,314	108,330	107,220	103,615	105,500	-1,885	107,600
Machouse	48,942	42,412	40,450	38,658	36,749	35,952	36,300	-348	38,500
Cons. - parent - Machouse	3,689	3,436	3,322	3,335	3,454	3,438	3,730	-292	3,921
YoY	-	-5.6%	-1.9%	-2.4%	-1.9%	-3.0%	-1.3%	-	1.8%
Chiyoda (parent)	-	-2.2%	-0.9%	-1.8%	-1.0%	-3.4%	-1.6%	-	0.4%
Machouse	-	-13.3%	-4.6%	-4.4%	-4.9%	-2.2%	-1.2%	-	4.8%
Cons. - parent - Machouse	-	-6.8%	-3.3%	0.4%	3.6%	-0.5%	8.0%	-	13.5%
<b>OP</b>	<b>3,412</b>	<b>5,054</b>	<b>10,731</b>	<b>12,316</b>	<b>10,531</b>	<b>7,753</b>	<b>9,496</b>	<b>-1,743</b>	<b>11,434</b>
Chiyoda (parent)	3,774	5,527	8,301	9,274	9,425	-	8,900	-	10,000
Machouse	-133	-634	2,064	2,715	1,140	226	600	-374	1,300
Cons. - parent - Machouse	-229	161	366	327	-34	-	-4	-	134
YoY	-	48.1%	112.3%	14.8%	-14.5%	-26.4%	-9.8%	-	8.6%
Chiyoda (parent)	-	46.4%	50.2%	11.7%	1.6%	-	-5.6%	-	6.1%
Machouse	-	376.5%	-425.8%	31.5%	-58.0%	-80.2%	-47.4%	-	14.0%
Cons. - parent - Machouse	-	-170.1%	127.9%	-10.6%	-110.4%	-	-	-	-
OPM	2.0%	3.2%	7.0%	8.2%	7.1%	5.4%	6.5%	-1.1ppt	7.6%
Chiyoda (parent)	3.3%	5.0%	7.5%	8.6%	8.8%	-	8.4%	-8.4ppt	9.3%
Machouse	-0.3%	-1.5%	5.1%	7.0%	3.1%	0.6%	1.7%	-1.0ppt	3.4%
Cons. - parent - Machouse	-6.2%	4.7%	11.0%	9.8%	-1.0%	-	-0.1%	+0.1ppt	3.4%

Source: Company data

On **April 1, 2015**, the company announced monthly sales data for March 2015.

Comparable Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
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%	-11.8%
Customer count	6.3%	-10.6%	-7.8%	-11.8%	-8.7%	-3.5%	-11.3%	-12.8%	-8.3%	-1.0%	-6.2%	-15.4%
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%	4.3%
FY02/16	-17.2%	-	-	-	-	-	-	-	-	-	-	-
Customer count	-17.5%	-	-	-	-	-	-	-	-	-	-	-
Spend per customer	0.2%	-	-	-	-	-	-	-	-	-	-	-
<b>All Store Sales</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>
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%	-12.2%
Customer count	7.2%	-10.5%	-7.7%	-12.4%	-9.6%	-4.1%	-12.3%	-13.7%	-9.5%	-2.2%	-7.1%	-16.0%
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%	4.4%
FY02/16	-17.4%	-	-	-	-	-	-	-	-	-	-	-
Customer count	-17.8%	-	-	-	-	-	-	-	-	-	-	-
Spend per customer	0.4%	-	-	-	-	-	-	-	-	-	-	-

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.



## MONTHLY WRAP – May 2015

In FY02/12 and FY02/13, total YoY sales growth was markedly lower than comparable-store growth, as Chiyoda was pruning unprofitable stores from its network. In FY02/14 the process of exiting unprofitable stores had largely run its course, and the store network was showing net growth. Overall sales were thus running above comparable-store sales.

Lower YoY customer count has been prevalent since FY02/13. The company is working to address this issue by reevaluating its products and pricing from a customer perspective.

View the [full report](#).

Shared Research

# MONTHLY WRAP – May 2015

## Creek & River Co Ltd (4763)

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

On **April 27, 2015**, Shared Research updated the report following an interview with management.

Quarterly Performance (Cumulative) (JPYmn)				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				% of FY	FY Est.
Sales	4,805	10,506	15,285	20,612	6,092	11,789	17,331	22,926				99.7%	23,000
YoY	18.5%	23.0%	16.2%	17.6%	26.8%	12.2%	13.4%	11.2%					11.6%
Gross Profit	1,639	3,366	4,857	6,392	2,030	3,912	5,584	7,240					
YoY	25.0%	13.4%	4.6%	6.6%	23.8%	16.2%	15.0%	13.3%					
GPM	34.1%	32.0%	31.8%	31.0%	33.3%	33.2%	32.2%	31.6%					
SG&A Expenses	1,253	2,624	3,969	5,299	1,451	2,984	4,486	5,944					
YoY	9.1%	10.9%	5.2%	6.0%	15.8%	13.7%	13.0%	12.2%					
SG&A / Sales	26.1%	25.0%	26.0%	25.7%	23.8%	25.3%	25.9%	25.9%					
Operating Profit	386	742	889	1093	578	929	1098	1296				92.6%	1,400
YoY	137.2%	23.1%	2.0%	10.1%	49.8%	25.1%	23.5%	18.6%					28.1%
OPM	8.0%	7.1%	5.8%	5.3%	9.5%	7.9%	6.3%	5.7%					6.1%
Recurring Profit	387	743	891	1092	584	942	1116	1320				94.3%	1,400
YoY	136.7%	23.1%	-2.8%	5.5%	50.9%	26.7%	25.2%	20.9%					28.2%
RPM	8.1%	7.1%	5.8%	5.3%	9.6%	8.0%	6.4%	5.8%					6.1%
Net Income	158	331	393	491	349	529	619	744				106.3%	700
YoY	239.8%	81.7%	17.7%	46.8%	121.3%	60.1%	57.5%	51.5%					42.5%
NPM	3.3%	3.1%	2.6%	2.4%	5.7%	4.5%	3.6%	3.2%					3.0%

(Quarterly) (JPYmn)				FY02/14				FY02/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Sales	4,805	5,701	4,780	5,327	6,092	5,697	5,542	5,595			
YoY	18.5%	27.1%	3.5%	21.8%	26.8%	-0.1%	16.0%	5.0%			
Gross Profit	1,639	1,727	1,491	1,534	2,030	1,883	1,672	1,656			
YoY	25.0%	4.2%	-10.9%	13.6%	23.8%	9.0%	12.1%	7.9%			
GPM	34.1%	30.3%	31.2%	28.8%	33.3%	33.0%	30.2%	29.6%			
SG&A Expenses	1,253	1,371	1,344	1,331	1,451	1,532	1,502	1,458			
YoY	9.1%	12.6%	-4.3%	8.2%	15.8%	11.8%	11.8%	9.5%			
SG&A / Sales	26.1%	24.0%	28.1%	25.0%	23.8%	26.9%	27.1%	26.1%			
Operating Profit	386	356	147	204	578	350	169	198			
YoY	137.2%	-19.1%	-45.3%	68.5%	49.8%	-1.7%	15.4%	-2.5%			
OPM	8.0%	6.2%	3.1%	3.8%	9.5%	6.1%	3.1%	3.5%			
Recurring Profit	387	356	148	201	584	358	174	204			
YoY	136.7%	-19.0%	-52.7%	69.4%	50.9%	0.4%	17.5%	1.8%			
RPM	8.1%	6.3%	3.1%	3.8%	9.6%	6.3%	3.1%	3.7%			
Net Income	158	173	63	98	349	180	90	125			
YoY	239.8%	27.4%	-58.8%	20995.7%	121.3%	4.1%	44.1%	27.4%			
NPM	3.3%	3.0%	1.3%	1.8%	5.7%	3.2%	1.6%	2.2%			

Source: Company data

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

Forecasts based on most recently released data.

Creek & River posted its highest sales, operating profit, recurring profit, and net income to date. Net income increased significantly year-on-year because the company booked JPY10mn in gains on the sale of investment securities. Last year, in FY02/14, the company recognized JPY41mn in provisions for the allowance for doubtful accounts as an extraordinary loss.

Net income outperformed the company's full-year target, but operating profit and recurring profit fell short of targets. Earnings were boosted by a significant increase in contracts to produce TV programs, including recurring programs and one-time specials. However, the company was not fully equipped to handle a sudden increase in work volume and failed to make enough profits from some programs. The company lost some JPY60mn in operating profit as a result. In the games and apps business, the company invested in offices in Q3, in line with an increase in in-house and contracted development work. Yet stricter testing regulations in the amusement machine industry from September 2014 onward resulted in setbacks to some development projects. These setbacks reduced the company's operating profit by further JPY40mn.

On **April 8, 2015**, Creek & River Co., Ltd. announced a revision to its year-end dividend per share for FY02/15, to JPY7 from a previous forecast of JPY6 (revised upward by JPY1).

View the [full report](#).

# MONTHLY WRAP – May 2015

## Daiseki Co Ltd (9793)

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

On **April 7, 2015**, Daiseki Co., Ltd. announced earnings results for full-year FY02/15.

	FY02/14				FY02/15				FY02/16 CE				FY02/14		FY02/15		FY02/16	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Act.	Act.	% of target	FY Est.	Est.	
Sales	10,123	10,191	10,671	11,115	11,278	11,447	11,381	11,632	12,050	11,980	11,910	11,260	42,100	45,738	101.6%	45,000	47,200	
YoY	7.3%	16.0%	17.4%	27.7%	11.4%	12.3%	6.7%	4.7%	6.8%	4.7%	4.6%	-3.2%	16.9%	8.6%	-	6.9%	3.2%	
GP	3,098	3,028	3,183	2,989	3,417	3,382	3,213	2,896					12,298	12,908	102.1%	12,640	13,210	
GPM	30.6%	29.7%	29.8%	26.9%	30.3%	29.5%	28.2%	24.9%					29.2%	28.2%	-	28.1%	28.0%	
SG&A	1,248	1,233	1,228	1,290	1,282	1,465	1,435	1,423					4,999	5,605	107.8%	5,200	5,430	
YoY	2.5%	0.7%	3.9%	3.5%	2.7%	18.8%	16.9%	10.3%					2.6%	12.1%	-	4.0%	-3.1%	
OP	1,849	1,795	1,956	1,698	2,134	1,917	1,778	1,473	2,010	1,990	2,050	1,730	7,298	7,302	98.1%	7,440	7,780	
YoY	12.3%	45.0%	36.7%	56.1%	15.4%	6.8%	-9.1%	-13.3%	-5.8%	3.8%	15.3%	17.4%	35.0%	0.1%	-	1.9%	6.5%	
OPM	18.3%	17.6%	18.3%	15.3%	18.9%	16.7%	15.6%	12.7%	16.7%	16.6%	17.2%	15.4%	17.3%	16.0%	-	16.5%	16.5%	
RP	1,882	1,835	1,983	1,700	2,155	1,949	1,792	1,540	2,030	2,020	2,050	1,760	7,400	7,436	99.0%	7,510	7,860	
RPM	18.6%	18.0%	18.6%	15.3%	19.1%	17.0%	15.7%	13.2%	16.8%	16.9%	17.2%	15.6%	17.6%	16.3%	-	16.7%	16.7%	
NE	1,082	1,018	1,039	803	1,183	1,111	971	770	1,080	1,110	1,150	980	3,942	4,035	98.9%	4,080	4,320	
YoY	18.3%	46.9%	29.4%	31.0%	9.3%	9.1%	-6.5%	-4.1%	-8.7%	-0.1%	18.4%	27.3%	30.4%	2.4%	-	3.5%	7.1%	
NPM	10.7%	10.0%	9.7%	7.2%	10.5%	9.7%	8.5%	6.6%	9.0%	9.3%	9.7%	8.7%	9.4%	8.8%	-	9.1%	9.2%	

	FY02/14				FY02/15				FY02/16 CE				FY02/14		FY02/15		FY02/16	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Act.	Act.	% of target	FY Est.	Est.	
Daiseki Co.																		
Sales	6,287	6,371	6,327	6,088	6,822	6,746	6,701	6,190	6,990	7,068	7,022	6,631	25,074	26,459	101.3%	26,116	27,711	
YoY	-1.6%	6.0%	6.7%	11.1%	8.5%	5.9%	5.9%	1.7%	2.5%	4.8%	4.8%	7.1%	5.3%	5.5%	-	4.2%	4.7%	
GP	2,326	2,312	2,303	2,001	2,567	2,578	2,472	2,082					8,942	9,699	101.0%	9,599	10,182	
GPM	37.0%	36.3%	36.4%	32.9%	37.6%	38.2%	36.9%	33.6%					35.7%	36.7%	-	36.8%	36.7%	
SG&A	767	761	784	766	767	795	896	807					3,076	3,265	99.8%	3,271	3,377	
OP	1,559	1,551	1,519	1,235	1,800	1,783	1,576	1,275	1,740	1,787	1,770	1,508	5,866	6,434	101.7%	6,328	6,805	
YoY	-4.8%	19.1%	11.9%	28.0%	15.5%	15.0%	3.8%	3.2%	-3.3%	0.2%	12.3%	18.3%	11.5%	9.7%	-	7.9%	5.8%	
OPM	24.8%	24.3%	24.0%	20.3%	26.4%	26.4%	23.5%	20.6%	24.9%	25.3%	25.2%	22.7%	23.4%	24.3%	-	24.2%	24.6%	
Daiseiki Eco. Solution																		
Sales	2,554	2,253	2,374	3,405	3,095	2,875	3,210	3,662	3,539	3,334	3,203	3,100	10,586	12,843	108.7%	11,810	13,178	
YoY	26.2%	28.7%	22.7%	89.0%	21.2%	27.6%	35.2%	7.6%	14.4%	16.0%	-0.2%	-15.4%	41.0%	21.3%	-	11.6%	2.6%	
GP	517	456	426	721	616	495	518	471					2,120	2,100	93.9%	2,236	2,282	
GPM	20.3%	20.3%	18.0%	21.2%	19.9%	17.2%	16.1%	12.9%					20.0%	16.4%	-	18.9%	17.3%	
SG&A	219	212	171	221	207	217	242	208					823	874	105.6%	828	938	
OP	299	245	255	499	409	278	276	262	375	338	329	300	1,298	1,226	87.1%	1,408	1,344	
YoY	46.1%	155.9%	68.8%	255.6%	37.1%	13.7%	8.1%	-47.4%	-8.4%	21.5%	19.2%	14.3%	119.4%	-5.5%	-	8.5%	9.6%	
OPM	11.7%	10.9%	10.8%	14.7%	13.2%	9.7%	8.6%	7.2%	10.6%	10.1%	10.3%	9.7%	12.3%	9.5%	-	11.9%	10.2%	
Daiseiki MCR																		
Sales	787	756	798	770	687	679	871	896	831	856	880	880	3,113	3,133	80.5%	3,892	3,447	
YoY	28.8%	48.8%	30.2%	-27.2%	-12.7%	-10.2%	9.1%	16.4%	21.0%	26.1%	1.0%	-1.8%	11.5%	0.6%	-	25.1%	10.0%	
GP	191	149	142	134	112	111	90	162					617	475	659.7%	72	-	
GPM	24.3%	19.7%	17.8%	17.4%	16.3%	16.3%	10.3%	18.1%					19.8%	15.2%	-	1.8%	-	
SG&A	92	93	103	89	135	274	121	226					375	756	269.0%	281	263	
OP	99	56	39	45	-23	-163	-31	-64	-67	-105	-47	-44	242	-281	134.4%	-209	-263	
YoY	-	-	1,200.0%	-55.4%	-	-	-	-	-	-	-	-	1,019.9%	-216.2%	-	-	-6.4%	
OPM	12.6%	7.4%	4.9%	5.8%	-3.3%	-24.0%	-3.6%	-7.1%	-8.1%	-12.3%	-5.3%	-5.0%	7.8%	-9.0%	-	-5.4%	-7.6%	
System Kikou																		
Sales	469	810	950	732	594	1,091	575	885	592	631	721	556	2,963	3,145	125.8%	2,500	2,500	
YoY	-17.4%	40.1%	45.9%	64.5%	26.7%	34.7%	-39.5%	20.9%	-0.3%	-42.2%	25.4%	-37.2%	32.0%	6.1%	-	-15.6%	-20.5%	
GP	23	103	233	91	76	153	82	135					452	446	99.8%	447	439	
GPM	4.9%	12.7%	24.5%	12.4%	12.8%	14.0%	14.3%	15.3%					15.3%	14.2%	-	17.9%	17.6%	
SG&A	73	71	72	112	72	80	73	82					331	307	104.8%	293	314	
OP	-50	32	161	-21	4	73	9	53	25	33	48	19	121	139	90.3%	154	125	
YoY	-	3,100.0%	1,363.6%	-	-	128.1%	-94.4%	-	525.0%	-54.8%	433.3%	-64.2%	-227.4%	14.9%	-	26.2%	-10.1%	
OPM	-10.7%	4.0%	16.9%	-2.9%	0.7%	6.7%	1.6%	6.0%	4.2%	5.2%	6.7%	3.4%	4.1%	4.4%	-	6.2%	5.0%	

Source: Company data

## MONTHLY WRAP – May 2015

### Digital Garage Inc. (4819)

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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 **April 22, 2015**, Digital Garage Inc. announced an investment in Repro Inc., the operator of Repro, a behavior-tracking mobile app analytics tool, through wholly owned subsidiary DG Incubation, Inc.

Repro is a tool for application developers that records videos of mobile app usage, allowing visual analysis of user behavior. Using Repro, developers can now visually understand the exact situation in which users “fall off,” or stop using the app. After releasing its Beta version for iOS devices in July 2014, Repro has been adopted by developers and used for hundreds of apps across numerous genres including traditional and C2C e-commerce, content (news, etc.) curation, and many others.

In tandem with this announcement, Repro is kicking off the full release of its service for iOS. Features involving user-behavior tracking and analytics will continue to be added as the service grows. Moreover, with the official version of Repro now available in English, the company plans to begin actively marketing their services globally, beginning in the US in 2016.

View the [full report](#).



# MONTHLY WRAP – May 2015

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

Innovative and iconoclastic general discount retailer with a nationwide presence.

On **April 10, 2015**, Don Quijote announced sales figures for March 2015.

(YoY)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Total Stores</b>												
Sales	9.1%	11.2%	12.3%	16.2%	16.1%	10.9%	13.6%	16.6%	-3.5%			
# of Stores	220	221	220	221	222	225	225	228	232			
<b>Comparable Stores</b>												
Sales	1.4%	2.3%	5.0%	8.3%	7.1%	4.3%	6.7%	9.4%	-10.5%			
# of Customers	1.7%	0.6%	3.5%	5.2%	3.8%	0.0%	1.2%	5.6%	-5.4%			
Avg. Spend per Customer	-0.2%	1.7%	1.5%	2.9%	3.1%	4.2%	5.4%	3.7%	-5.4%			
# of Comparable Stores	196	196	196	195	196	200	203	204	205			
Electric Appliances	-1.0%	3.1%	14.8%	15.8%	10.2%	13.8%	18.1%	15.0%	-7.2%			
Household Goods	8.3%	10.7%	13.8%	15.9%	17.2%	11.0%	15.2%	19.4%	-3.5%			
Foods	21.0%	21.6%	24.0%	25.8%	23.4%	17.7%	19.1%	19.5%	-4.3%			
Watches & Fashion Merchandise	5.1%	5.4%	7.6%	9.1%	10.9%	5.3%	6.9%	12.6%	-0.9%			
Sporting & Leisure Goods	3.9%	3.5%	10.0%	12.0%	10.3%	5.5%	6.1%	8.7%	-2.6%			
Other Products	14.1%	70.0%	-43.7%	13.6%	28.8%	12.4%	5.4%	18.9%	-3.8%			
<b>(YoY)</b>												
<b>(Fiscal Year Ending)</b>												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Stores</b>												
Sales	6.6%											
# of Stores	217											
<b>Comparable Stores</b>												
Sales	0.8%											
# of Customers	0.1%											
Avg. Spend per Customer	0.7%											
# of Comparable Stores	194											
Electric Appliances	-2.7%											
Household Goods	8.8%											
Foods	13.1%											
Watches & Fashion Merchandise	3.4%											
Sporting & Leisure Goods	5.6%											
Other Products	-1.1%											

Source: Company data, SR Inc. Research

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

Comparable store sales decreased 10.5% YoY in March. Last year, in March 2014, a rush of demand to beat the consumption tax led to a 16.7% YoY increase in comparable store sales. This year, there were also two fewer non-working days. As a result, the company faced a difficult year-on-year comparison. Still, sales were up significantly compared with March 2013 as the company capitalized on strong demand from inbound tourists and took a greater share of the market for everyday staple items.

View the [full report](#).

## MONTHLY WRAP – May 2015

### Dream Incubator Inc. (4310)

Venture capital and business incubation, and strategy consulting company.

On **April 22, 2015**, Dream Incubator Inc. (DI) announced a tie-up with Allied Architects, Inc., and the launch of an SNS promotion business for the Thai market.

Wholly owned subsidiary DI Marketing Co., Ltd. (headquartered in Ho Chi Minh City) will enter into the partnership with Allied Architects, provider of strategic SNS marketing services. Together, the companies will establish an SNS promotion business for the Thai market.

In 2014, the two companies launched an SNS promotion business in Vietnam, combining DI's business infrastructure in Vietnam and Allied Architects' system development expertise. The expansion into Thailand is the second country that these two companies will enter together.

The first Japanese client of this service will be H.I.S. Tours Co., Ltd. (Thailand), part of the H.I.S. Co., Ltd. group, which will begin offering a Thai version of its Facebook campaign support platform, Monipla for Facebook, on April 22, 2015.

#### Further information

According to the company, Facebook users have surged in Thailand in recent years, hitting 45% of the population. The outlook thus appears promising for the SNS promotion market in this country. Thai visitors to Japan have also risen on the back of relaxed visa regulations, increasing 45% YoY in 2014. DI expects increasing demand for its services both in Thailand, and from domestic companies with promotional and advertising campaigns targeted at Thai visitors to Japan.

View the [full report](#).

# MONTHLY WRAP – May 2015

## Fields Corp. (2767)

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

On **April 30, 2015**, Fields Corporation announced full-year earnings results for FY03/15.

Quarterly Performance (cml)		FY03/14				FY03/15				FY03/15	
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		5,748	36,385	54,204	114,904	7,459	20,341	29,317	99,554	99.6%	100,000
YoY		-72.8%	25.0%	13.5%	6.3%	29.8%	-44.1%	-45.9%	-13.4%		-13.0%
Gross Profit		2,027	13,648	19,357	33,812	2,790	6,920	10,513	28,468		
YoY		-63.6%	54.7%	28.5%	1.6%	37.6%	-49.3%	-45.7%	-15.8%		
GPM		35.3%	37.5%	35.7%	29.4%	37.4%	34.0%	35.9%	28.6%		
SG&A Expenses		5,856	11,471	17,320	24,020	5,300	10,998	17,113	23,724		
YoY		10.9%	7.4%	6.8%	4.6%	-9.5%	-4.1%	-1.2%	-1.2%		
SG&A / Sales		101.9%	31.5%	32.0%	20.9%	71.1%	54.1%	58.4%	23.8%		
Operating Profit		-3,829	2,176	2,036	9,791	-2,509	-4,077	-6,599	4,743	94.9%	5,000
YoY		-	-	-	-5.1%	-	-	-	-51.6%		-48.9%
OPM		-	6.0%	3.8%	8.5%	-	-	-	4.8%		
Recurring Profit		-3,759	2,144	2,066	9,765	-2,254	-4,072	-5,633	5,491	109.8%	5,000
YoY		-	-	-	-4.9%	-	-	-	-43.8%		-48.8%
RPM		-	5.9%	3.8%	8.5%	-	-	-	5.5%		
Net Income		-2,290	1,434	1,227	5,370	-1,502	-2,509	-3,215	3,018	120.7%	2,500
YoY		-	-	-	13.8%	-	-	-	-43.8%		-53.4%
NPM		-	3.9%	2.3%	4.7%	-	-	-	3.0%		

Quarterly Performance		FY03/14				FY03/15			
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales		5,748	30,637	17,819	60,700	7,459	12,882	8,976	70,237
YoY		-72.8%	284.3%	-4.3%	0.5%	29.8%	-58.0%	-49.6%	15.7%
Gross Profit		2,027	11,621	5,709	14,455	2,790	4,130	3,593	17,955
YoY		-63.6%	256.7%	-8.5%	-20.6%	37.6%	-64.5%	-37.1%	24.2%
GPM		35.3%	37.9%	32.0%	23.8%	37.4%	32.1%	40.0%	25.6%
SG&A Expenses		5,856	5,615	5,849	6,700	5,300	5,698	6,115	6,611
YoY		10.9%	3.9%	5.7%	-0.7%	-9.5%	1.5%	4.5%	-1.3%
SG&A / Sales		101.9%	18.3%	32.8%	11.0%	71.1%	44.2%	68.1%	9.4%
Operating Profit		-3,829	6,005	-140	7,755	-2,509	-1,568	-2,522	11,342
YoY		-	-	-	-32.4%	-	-	-	46.3%
OPM		-	19.6%	-	12.8%	-	-	-	16.1%
Recurring Profit		-3,759	5,903	-78	7,699	-2,254	-1,818	-1,561	11,124
YoY		-	-	-	-31.5%	-	-	-	44.5%
RPM		-	19.3%	-	12.7%	-	-	-	15.8%
Net Income		-2,290	3,724	-207	4,143	-1,502	-1,007	-706	6,233
YoY		-	-	-	-23.2%	-	-	-	50.4%
NPM		-	12.2%	-	6.8%	-	-	-	8.9%

Source: Company data

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

Company estimates are the most recent released figures.

In the amusement machine sales business, Fields pursued a range of sales strategies as it looked to grow sales of pachinko machines featuring leading intellectual property (IP). As a result, the company sold 302,000 pachinko machines (+139,000 YoY), backed by contributions from a variety of different types of machine, including CR Evangelion 9. Sales of three new pachislot slot machines, including Pachislot BERSERK, also all outperformed targets. The launches of five new pachislot machines scheduled for this year, however, were delayed until FY03/16 owing to new testing protocols introduced in September 2014. As a result, the company sold 97,000 pachislot machines (-132,000 YoY). Overall, the company sold 399,000 amusement machines during the year (+6,000 YoY).

Developments in Fields' IP are as follows:

- The company continued focusing on creating IP via the comic Heroes Monthly, and developing visual content for the IP in this comic. It also decided to go ahead with the use of IP in video games, and pachinko and pachislot machines.
- The Ultraman series generated stable revenues as the company deployed this IP across a range of media. It continued broadcasting a TV series and premiered a new movie, while growing sales of TV and movie tie-in products. In addition, overseas, the company sold existing movie products and

## MONTHLY WRAP – May 2015

planned new movie products, while also holding events at complex facilities. The company also planned, produced, and premiered a new live action show based on the Ultraman series that allows that audience to experience the action. It plans to expand this production overseas.

- In social games, Fields made its operation and development framework more efficient, and focused on improving the quality of its titles. In particular, it added new content and used real-life events to enhance titles featuring the AKB48 brand. The company also steadily released new smartphone game apps with exciting gameplay and appealing characters.

On **the same day**, the company announced a revision to its dividend forecast (a special dividend commemorating the company's listing on the First Section of the Tokyo Stock Exchange).

On April 14, 2015, the company moved to the First Section of the TSE. It now plans to issue a special year-end dividend of JPY10 per share commemorating this event. Together with an ordinary dividend of JPY25, the total year-end dividend will be JPY35, meaning the company is forecasting a full-year dividend per share of JPY60.

On **April 7, 2015**, the company announced its listing on the First Section of the Tokyo Stock Exchange.

The Tokyo Stock Exchange has granted the company approval to change its listing. On April 14, 2015, Fields will move from TSE JASDAQ (Standard) to the First Section of the Tokyo Stock Exchange.

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 April 24, 2015**, GCA Savvian Corp. (GSC) announced earnings results for Q1 FY12/15 and a revised dividend forecast.

Quarterly Performance (JPYmn)	FY12/14				FY12/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>(Fund non-consolidated)</b>								
Revenues	2,190	1,737	5,680	3,412	1,704	-	-	-
YoY	47.5%	-17.7%	69.1%	30.2%	-22.2%	-	-	-
Operating Profit	179	168	2,218	1,027	16	-	-	-
YoY	-	-33.1%	98.2%	134.5%	-91.1%	-	-	-
OPM	8.2%	9.7%	39.0%	30.1%	0.9%	-	-	-
Net Income	88	82	1,346	744	22	-	-	-
YoY	-	-52.9%	97.1%	154.8%	-75.0%	-	-	-
NPM	4.0%	4.7%	23.7%	21.8%	1.3%	-	-	-
<b>(Fund consolidated)</b>								
Revenues	2,190	1,737	5,680	3,412	1,704	-	-	-
YoY	-79.6%	-63.3%	83.8%	-11.0%	-22.2%	-	-	-
Gross Profit	639	541	2,736	1,496	424	-	-	-
YoY	-78.9%	-34.0%	104.8%	41.7%	-33.6%	-	-	-
SG&A Expenses	460	372	518	469	407	-	-	-
YoY	3.8%	-21.7%	3.8%	-25.9%	-11.5%	-	-	-
Operating Profit	179	168	2,218	1,027	16	-	-	-
YoY	-93.1%	-51.3%	165.3%	142.8%	-91.1%	-	-	-
Recurring Profit	156	166	2,225	1,049	33	-	-	-
YoY	-94.0%	-55.4%	165.5%	118.5%	-78.8%	-	-	-
Net Income	88	82	1,346	744	22	-	-	-
YoY	1660.0%	-43.4%	96.2%	157.4%	-75.0%	-	-	-

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

Source: Company data

In value terms, the global M&A market grew by about 20% YoY in Q1 FY12/15, to USD1.30tn, its highest level since 2007 (USD1.25tn) (source: Dealogic). Buoyant stock prices and ample financial resources encouraged companies to take on acquisition risk. Pressure from shareholders to deploy capital more efficiently also increased, owing to the introduction of a Japanese version of the stewardship code.

Robust orders continued, with GCA Savvian’s pipeline (M&A deals in progress) growing year-on-year at offices in both Japan and the US. The company ranked fifth for M&A advisory services in Japan in Q1 2015 by value (source: Thomson Reuters).

Against this background, the company sought to provide better M&A services for clients. The company hired senior bankers (with rich experience and expertise in M&A advisory services, and capable of winning deals) both in Japan and the US to handle cross-border transactions. The company also established a subsidiary in Singapore, to allow it to meet the needs of its M&A clients in Southeast Asia, and entered into a business alliance with TC Capital, a leading boutique firm in Singapore (independent M&A advisory firm). Together with its subsidiaries in India and China, this means the company’s reach now extends across Asia.

View the [full report](#).



## MONTHLY WRAP – May 2015

### 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 **April 20, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15				FY02/13	FY02/14	FY02/15	FY02/16
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Cons.	Cons.	Cons.	Est.
Sales	38,755	32,544	37,870	34,248	45,729	37,672	45,236	40,761	38,845	35,786	42,992	38,058	143,417	169,398	155,681	180,000
YoY	4.3%	-1.9%	14.7%	16.0%	18.0%	15.8%	19.5%	19.0%	-15.1%	-5.0%	-5.0%	-6.6%	7.9%	18.1%	-8.1%	15.6%
Gross Profit	7,736	7,927	8,819	9,407	9,053	8,710	9,494	9,297	9,391	9,411	10,446	9,827	33,889	36,554	39,075	48,500
YoY	-17.7%	-4.9%	14.2%	24.9%	17.0%	9.9%	7.7%	-1.2%	3.7%	8.0%	10.0%	5.7%	2.7%	7.9%	6.9%	24.1%
GPM	20.0%	24.4%	23.3%	27.5%	19.8%	23.1%	21.0%	22.8%	24.2%	26.3%	24.3%	25.8%	23.6%	21.6%	25.1%	26.9%
SG&A Expenses	7,038	7,035	7,090	7,649	7,157	7,049	7,139	8,115	7,915	8,160	8,546	9,129	28,812	29,460	33,750	40,300
YoY	8.2%	7.2%	6.3%	9.3%	1.7%	0.2%	0.7%	6.1%	10.6%	15.8%	19.7%	12.5%	7.8%	2.2%	14.6%	19.4%
SG&A / Sales	18.2%	21.6%	18.7%	22.3%	15.7%	18.7%	15.8%	19.9%	20.4%	22.8%	19.9%	24.0%	20.1%	17.4%	21.7%	22.4%
Operating Profit	697	892	1,730	1,758	1,896	1,661	2,355	1,182	1,476	1,251	1,899	699	5,077	7,094	5,325	8,200
YoY	-76.0%	-49.5%	64.6%	231.7%	172.0%	86.2%	36.1%	-32.8%	-22.2%	-24.7%	-19.4%	-40.9%	-18.8%	39.7%	-24.9%	54.0%
OPM	1.8%	2.7%	4.6%	5.1%	4.1%	4.4%	5.2%	2.9%	3.8%	3.5%	4.4%	1.8%	3.5%	4.2%	3.4%	4.6%
Recurring Profit	747	971	1,759	1,775	1,913	1,745	2,354	1,189	1,507	1,251	1,907	680	5,252	7,201	5,345	8,200
YoY	-74.3%	-45.0%	66.4%	200.3%	156.1%	79.7%	33.8%	-33.0%	-21.2%	-28.3%	-19.0%	-42.8%	-16.9%	37.1%	-25.8%	53.4%
RPM	1.9%	3.0%	4.6%	5.2%	4.2%	4.6%	5.2%	2.9%	3.9%	3.5%	4.4%	1.8%	3.7%	4.3%	3.4%	4.6%
Net Income	348	520	1,084	1,028	1,227	1,071	1,409	653	910	735	1,120	521	2,980	4,377	3,286	4,900
YoY	-77.2%	-64.9%	77.7%	519.3%	252.6%	106.0%	30.0%	-36.5%	-25.8%	-31.4%	-20.5%	-20.2%	-21.3%	46.9%	-24.9%	49.1%
NPM	0.9%	1.6%	2.9%	3.0%	2.7%	2.8%	3.1%	1.6%	2.3%	2.1%	2.6%	1.4%	2.1%	2.6%	2.1%	2.7%

Source: Company data

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

#### Full-year earnings forecasts lowered on April 3, 2015

Full-year earnings results were in line with downward revisions to earnings and dividend forecasts announced on April 3, 2015. Unit sales of preowned vehicles at display stores (car showrooms) have outperformed expectations as the company opened more of this type of store. Still, the company lowered its forecasts in part because sales did not rise as much as expected owing to an ongoing decline in the number of customers at Gulliver stores selling new cars. SG&A expenses have also risen by more than expected because the company increased spending on advertising to make up for the fall in customer count.

#### OP of JPY1bn from orders received not to be recognized until FY02/16

Gulliver received many orders at the end of the previous fiscal year. Since these vehicles were not shipped until this fiscal year, the number of vehicles held in inventory increased by about 2,600 for the previous fiscal year. The recognition of some JPY1bn in operating profit was also delayed until FY12/16.

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On **April 10, 2015**, the company announced monthly sales data for March 2015.

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

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
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	18,219	168,968
YoY	-7.1%	-26.9%	-21.9%	-19.5%	-6.8%	6.9%	5.4%	8.0%	-1.8%	3.3%	-0.3%	-3.8%	-5.5%
FY02/15	23,716	-	-	-	-	-	-	-	-	-	-	-	23,716
YoY	9.9%	-	-	-	-	-	-	-	-	-	-	-	9.9%

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

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
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	5,882	52,217
YoY	6.3%	-30.0%	-18.5%	-2.9%	-0.5%	46.9%	7.9%	1.4%	5.9%	5.8%	14.0%	15.8%	3.6%
FY02/15	7,944	-	-	-	-	-	-	-	-	-	-	-	7,944
YoY	13.4%	-	-	-	-	-	-	-	-	-	-	-	13.4%

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

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
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	12,337	116,751
YoY	-12.4%	-25.7%	-23.3%	-26.4%	-9.6%	-6.3%	4.3%	10.7%	-5.2%	2.0%	-4.1%	-10.9%	-9.1%
FY02/15	15,772	-	-	-	-	-	-	-	-	-	-	-	15,772
YoY	8.2%	-	-	-	-	-	-	-	-	-	-	-	8.2%

### Store count

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Term-end
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	461	461
Directly managed	308	308	312	313	315	316	321	332	337	342	347	354	354
Franchisee	113	113	109	109	109	110	111	107	107	106	107	107	107
YoY (directly managed)	+14	+12	+18	+19	+20	+19	+23	+30	+34	+44	+45	+50	+50
-	466	-	-	-	-	-	-	-	-	-	-	-	466
Directly managed	359	-	-	-	-	-	-	-	-	-	-	-	359
Franchisee	107	-	-	-	-	-	-	-	-	-	-	-	107
YoY (directly managed)	+51	-	-	-	-	-	-	-	-	-	-	-	+51

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

On **April 3, 2015**, the company announced revisions to full-year earnings and dividend forecasts for FY02/15.

Unit sales of preowned vehicles at display stores (car showrooms) have outperformed expectations as the company opened more of this type of store. Still, the company has lowered its forecasts owing to an ongoing decline in the number of customers at Gulliver stores selling new cars. SG&A expenses have also risen by more than expected because the company increased spending on advertising to make up for the

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fall in customer count.

The company has also lowered its dividend forecast, in view of its goal of maintaining a payout ratio of 30%. Gulliver lowered the full-year dividend per share forecast from JPY20 (interim: JPY7.5; year-end: JPY12.5) to JPY15 (interim and year-end both JPY7.5).

FY02/15 Forecast (JPYmn)	FY02/14 Act.			FY02/15 Est. (Rev.)				FY02/15 Est. (Prev.)		
	1H	2H	Full-Year	1H Act.	2H Est.	FY Est.	Diff.	1H Act.	2H Est.	FY Est.
<b>Sales</b>	<b>83,401</b>	<b>85,997</b>	<b>169,398</b>	<b>74,631</b>	<b>81,069</b>	<b>155,700</b>	<b>-17,300</b>	<b>74,631</b>	<b>98,369</b>	<b>173,000</b>
YoY	17.0%	19.2%	18.1%	-10.5%	-5.7%	-8.1%		-10.5%	14.4%	2.1%
CoGS	65,638	67,205	132,843	55,829				55,829		
Gross Profit	17,763	18,791	36,554	18,802				18,802		
YoY	13.4%	3.1%	7.9%	5.8%				5.8%		
GPM	21.3%	21.9%	21.6%	25.2%				25.2%		
SG&A	14,206	15,254	29,460	16,075				16,075		
SG&A / Sales	17.0%	17.7%	17.4%	21.5%				21.5%		
<b>Operating Profit</b>	<b>3,557</b>	<b>3,537</b>	<b>7,094</b>	<b>2,727</b>	<b>2,573</b>	<b>5,300</b>	<b>-3,200</b>	<b>2,727</b>	<b>5,773</b>	<b>8,500</b>
YoY	123.9%	1.4%	39.7%	-23.3%	-27.3%	-25.3%		-23.3%	63.2%	19.8%
OPM	4.3%	4.1%	4.2%	3.7%	3.2%	3.4%		3.7%	5.9%	4.9%
Recurring Profit	3,658	3,543	7,201	2,758	2,542	5,300	-3,200	2,758	5,742	8,500
YoY	112.9%	0.3%	37.1%	-24.6%	-28.3%	-26.4%		-24.6%	62.1%	18.0%
RPM	4.4%	4.1%	4.3%	3.7%	3.1%	3.4%		3.7%	5.8%	4.9%
Net Income	2,298	2,062	4,360	1,645	1,655	3,300	-1,800	1,645	3,455	5,100
YoY	164.7%	-2.4%	46.3%	-28.4%	-19.7%	-24.3%		-28.4%	67.6%	17.0%

Source: Company data

View the [full report](#).

## MONTHLY WRAP – May 2015

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

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

On **April 30, 2015**, Hakuto Co., Ltd. announced earnings results for full-year FY03/15.

Quarterly Performance (JPYmn)		FY03/14				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	32,540
YoY		18.8%	19.7%	26.3%	10.5%	-2.9%	4.2%	-0.7%	-5.2%
GP		4,664	4,761	4,701	4,969	4,439	5,104	5,028	4,910
YoY		12.5%	10.0%	12.3%	11.5%	-4.8%	7.2%	7.0%	-1.2%
GPM		15.1%	14.7%	13.4%	14.5%	14.8%	15.1%	14.4%	15.1%
SG&A		3,750	3,911	3,908	3,483	3,699	3,743	3,958	3,774
YoY		9.2%	10.8%	10.4%	-0.8%	-1.4%	-4.3%	1.3%	8.4%
SG&A / Sales		12.2%	12.1%	11.1%	10.1%	12.4%	11.1%	11.3%	11.6%
OP		914	850	793	1,486	739	1,362	1,069	1,137
YoY		28.7%	6.3%	23.0%	57.0%	-19.1%	60.2%	34.8%	-23.5%
OPM		3.0%	2.6%	2.3%	4.3%	2.5%	4.0%	3.1%	3.5%
RP		1,039	845	878	1,456	859	1,375	1,160	1,161
YoY		27.3%	3.7%	21.7%	34.5%	-17.3%	62.7%	32.1%	-20.3%
RPM		3.4%	2.6%	2.5%	4.2%	2.9%	4.1%	3.3%	3.6%
NI		669	529	388	750	913	898	704	879
YoY		10.6%	37.4%	-45.2%	144.6%	36.5%	69.8%	81.4%	17.2%
NPM		2.2%	1.6%	1.1%	2.2%	3.1%	2.7%	2.0%	2.7%
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales		30,804	63,151	98,303	132,619	29,911	63,613	98,533	131,073
YoY		18.8%	19.3%	21.7%	18.6%	-2.9%	0.7%	0.2%	-1.2%
GP		4,664	9,425	14,126	19,095	4,439	9,543	14,571	19,481
YoY		12.5%	11.2%	11.6%	11.6%	-4.8%	1.3%	3.2%	2.0%
GPM		15.1%	14.9%	14.4%	14.4%	14.8%	15.0%	14.8%	14.9%
SG&A		3,750	7,661	11,569	15,052	3,699	7,442	11,400	15,174
YoY		9.2%	10.0%	10.1%	7.4%	-1.4%	-2.9%	-1.5%	0.8%
SG&A / Sales		12.2%	12.1%	11.8%	11.3%	12.4%	11.7%	11.6%	11.6%
OP		914	1,764	2,557	4,043	739	2,101	3,170	4,307
YoY		28.7%	16.8%	18.7%	30.4%	-19.1%	19.1%	24.0%	6.5%
OPM		3.0%	2.8%	2.6%	3.0%	2.5%	3.3%	3.2%	3.3%
RP		1,039	1,884	2,762	4,218	859	2,234	3,394	4,555
YoY		27.4%	15.6%	17.5%	22.9%	-17.2%	18.6%	22.8%	8.0%
RPM		3.4%	3.0%	2.8%	3.2%	2.9%	3.5%	3.4%	3.5%
NI		669	1,198	1,586	2,336	913	1,811	2,515	3,394
YoY		10.6%	21.0%	-6.6%	16.5%	36.5%	51.1%	58.6%	45.3%

Source: Company data

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

In FY03/15, sales were JPY131.1bn (-1.2% YoY), reflecting increased revenues in Electronic and Electric Equipment but revenue declines in Electronic Devices and Components and Industrial Chemicals.

Gross profit was JPY19.5bn (+2.0% YoY), driven by a significant weakening of the yen in 2H, which boosted prices for products traded in foreign currencies. SG&A expenses were JPY15.2bn (+0.8% YoY), largely unchanged YoY. As a result, operating profit was JPY4.3bn (+6.5% YoY) and recurring profit was JPY4.6bn (+8.0% YoY). Net income was JPY3.4bn (+45.3% YoY), which included such factors as gain from the sale of shares in a subsidiary of the Industrial Chemicals segment (JPY240mn), gain from the sale of land and building formerly used for the Kansai branch (JPY215mn), and special dividends received on investments in securities (JPY107mn).

On **the same day**, the Board of Directors passed resolutions relating to a change in dividend policy and revision of the year-end dividend forecast for FY03/15, which was announced on April 30, 2014.

To date, the company had set a consolidated payout ratio target of 20% or more, but as part of efforts to enhance returns to shareholders it said that it has decided to raise this target to 30% or more. The FY03/15 dividend forecast revisions are as follows.

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Revised forecast: Annual dividend JPY40.00 per share (comprising interim dividend of JPY15.00 and year-end dividend of JPY25.00)

Previous forecast: Annual dividend JPY35.00 per share (comprising interim dividend of JPY15.00 and year-end dividend of JPY20.00)

In addition, on the same day, the Board of Directors passed a resolution regarding the placement of an item on the agenda for the Annual General Meeting of Shareholders to be held on June 25, 2015. This item concerns the partial amendment of the company's articles of incorporation.

The objectives of this proposed amendment to the articles of incorporation are: (1) an amendment in preparation for the entry into a new business by the industrial chemicals segment, involving the launch onto the market of cosmetics and quasi drugs under the company's own name and brands; and (2) a change in rules relating to exemption from liability of directors and corporate auditors in response to a partial revision of the Companies Act, which is to be enforced on May 1, 2015.

View the [full report](#).



## MONTHLY WRAP – May 2015

### Harmonic Drive Systems (6324)

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

On **April 10, 2015**, Harmonic Drive Systems Inc. (HDSI) announced quarterly orders and sales data for Q4 FY03/15 (parent level).

Total orders in Q4 FY03/15 were JPY6.9bn (+15.4% YoY; +18.4% QoQ), marking higher orders both year-on-year and quarter-on-quarter. HDS also booked its highest quarterly sales to date, at JPY5.9bn (+26.2% YoY; +0.9% QoQ).

#### Orders by end use

Year-on-year, orders for use in oil drilling equipment fell, but increased for machine tools, gear heads for electric motor manufacturers, manufacturing equipment for FPDs, and manufacturing equipment for semiconductors.

Quarter-on-quarter, orders for use in machine tools, gear heads for electric motor manufacturers, manufacturing equipment for semiconductors, and manufacturing equipment for FPDs all increased.

Orders for industrial robot applications were mostly unchanged year-on-year and quarter-on-quarter.

#### Exports

Exports increased both year-on-year and quarter-on-quarter. On a year-on-year basis, exports to Europe fell, while exports to China, North America, and South Korea grew. Quarter-on-quarter, exports to North America, South Korea, Europe, and China were up.

View the [full report](#).

# MONTHLY WRAP – May 2015

## 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 **April 30, 2015**, Infomart Corp. announced earnings results for Q1 FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/15		FY12/15		FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
<b>Sales</b>	<b>1,006</b>	<b>1,060</b>	<b>1,110</b>	<b>1,163</b>	<b>1,157</b>	<b>1,207</b>	<b>1,267</b>	<b>1,349</b>	<b>1,310</b>		<b>47.1%</b>	<b>2,783</b>	<b>22.0%</b>	<b>5,948</b>
YoY	14.9%	15.5%	14.9%	13.6%	15.1%	13.8%	14.1%	16.0%	13.2%			17.7%		19.5%
<b>Gross Profit</b>	<b>679</b>	<b>718</b>	<b>742</b>	<b>710</b>	<b>886</b>	<b>924</b>	<b>979</b>	<b>1,046</b>	<b>988</b>		<b>47.8%</b>	<b>2,066</b>	<b>22.1%</b>	<b>4,473</b>
YoY	21.6%	21.0%	17.7%	2.1%	30.5%	28.8%	31.8%	47.3%	11.5%			14.1%		16.6%
GPM	67.5%	67.7%	66.9%	61.1%	76.6%	76.6%	77.3%	77.6%	75.4%			74.2%		75.2%
<b>SG&amp;A Expenses</b>	<b>432</b>	<b>434</b>	<b>442</b>	<b>447</b>	<b>463</b>	<b>507</b>	<b>432</b>	<b>488</b>	<b>477</b>		<b>44.9%</b>	<b>1,063</b>	<b>21.8%</b>	<b>2,190</b>
YoY	7.6%	3.5%	3.1%	7.9%	7.2%	16.8%	-2.2%	9.3%	3.1%			9.7%		15.9%
SG&A / Sales	42.9%	40.9%	39.8%	38.4%	40.0%	42.0%	34.1%	36.2%	36.4%			38.2%		36.8%
<b>Operating Profit</b>	<b>247</b>	<b>284</b>	<b>300</b>	<b>263</b>	<b>424</b>	<b>418</b>	<b>546</b>	<b>558</b>	<b>512</b>		<b>51.0%</b>	<b>1,003</b>	<b>22.4%</b>	<b>2,283</b>
YoY	57.3%	62.9%	48.5%	-6.5%	71.3%	47.1%	81.9%	111.9%	20.8%			19.3%		17.4%
OPM	24.6%	26.8%	27.1%	22.6%	36.6%	34.6%	43.1%	41.4%	39.0%			36.0%		38.4%
<b>Recurring Profit</b>	<b>253</b>	<b>286</b>	<b>297</b>	<b>270</b>	<b>419</b>	<b>415</b>	<b>556</b>	<b>572</b>	<b>511</b>		<b>51.1%</b>	<b>1,001</b>	<b>22.4%</b>	<b>2,279</b>
YoY	58.8%	69.1%	50.0%	-6.4%	65.7%	44.8%	87.1%	111.6%	21.9%			20.0%		16.2%
RPM	25.2%	27.0%	26.8%	23.2%	36.2%	34.4%	43.9%	42.4%	39.0%			36.0%		38.3%
<b>Net Income</b>	<b>155</b>	<b>167</b>	<b>177</b>	<b>133</b>	<b>244</b>	<b>260</b>	<b>344</b>	<b>330</b>	<b>307</b>		<b>49.9%</b>	<b>616</b>	<b>21.9%</b>	<b>1,404</b>
YoY	69.0%	88.5%	278.2%	-50.8%	56.9%	55.9%	94.9%	148.9%	26.3%			22.5%		19.3%
NPM	15.4%	15.7%	15.9%	11.4%	21.0%	21.5%	27.2%	24.5%	23.5%			22.1%		23.6%

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/15		FY12/15		FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
<b>Sales</b>	<b>1,006</b>	<b>1,060</b>	<b>1,110</b>	<b>1,163</b>	<b>1,157</b>	<b>1,207</b>	<b>1,267</b>	<b>1,349</b>	<b>1,310</b>		<b>47.1%</b>	<b>2,783</b>	<b>22.0%</b>	<b>5,948</b>
ASP Ordering System	613	645	671	702	685	716	746	797	758		48.3%	1,570	22.9%	3,313
ASP Food Standards Database	131	140	154	161	169	180	192	201	214		47.4%	452	22.0%	977
ES System	245	259	269	280	277	288	308	329	314		44.4%	708	20.4%	1,539
Other	21	34	26	30	38	29	30	38	34		64.1%	53	28.5%	119
<b>YoY</b>	<b>14.9%</b>	<b>15.5%</b>	<b>14.9%</b>	<b>13.6%</b>	<b>15.1%</b>	<b>13.8%</b>	<b>14.1%</b>	<b>16.0%</b>	<b>13.2%</b>			<b>17.7%</b>		<b>19.4%</b>
ASP Ordering System	11.9%	12.4%	12.1%	11.1%	11.7%	11.0%	11.2%	13.6%	10.6%			12.1%		12.5%
ASP Food Standards Database	27.3%	27.2%	29.0%	26.6%	28.8%	29.0%	24.9%	24.7%	27.1%			29.5%		31.7%
ES System	12.1%	14.3%	13.7%	12.6%	13.1%	11.1%	14.4%	17.5%	13.6%			25.5%		28.2%
Other	163.9%	212.7%	68.8%	32.1%	76.7%	-14.8%	13.1%	26.2%	-9.6%			-20.7%		-11.6%
<b>Gross Profit</b>	<b>679</b>	<b>718</b>	<b>742</b>	<b>710</b>	<b>886</b>	<b>924</b>	<b>979</b>	<b>1,046</b>	<b>988</b>		<b>47.8%</b>	<b>2,066</b>	<b>22.1%</b>	<b>4,473</b>
ASP Ordering System	481	511	516	468	524	547	576	621	577		49.7%	1,161	23.2%	2,488
ASP Food Standards Database	98	90	102	110	136	146	156	164	175		47.3%	370	21.6%	809
ES System	104	119	125	128	219	226	241	256	220		44.1%	499	20.1%	1,097
Other	-5	2	1	6	8	5	6	9	17		47.2%	36	21.5%	79
<b>GPM</b>	<b>67.5%</b>	<b>67.7%</b>	<b>66.9%</b>	<b>61.1%</b>	<b>76.6%</b>	<b>76.6%</b>	<b>77.3%</b>	<b>77.6%</b>	<b>75.4%</b>			<b>74.2%</b>		<b>75.2%</b>
ASP Ordering System	78.4%	79.3%	76.9%	66.7%	76.5%	76.4%	77.2%	77.9%	76.1%			73.9%		75.1%
ASP Food Standards Database	74.8%	64.5%	66.4%	68.2%	80.6%	81.0%	81.3%	81.5%	81.6%			81.9%		82.8%
ES System	42.5%	46.0%	46.5%	45.8%	79.2%	78.6%	78.3%	77.9%	70.0%			70.5%		71.3%
Other	-23.5%	5.8%	3.8%	20.0%	21.3%	17.1%	20.1%	23.7%	50.1%			67.9%		66.4%
<b>Operating Profit</b>	<b>247</b>	<b>284</b>	<b>300</b>	<b>263</b>	<b>424</b>	<b>418</b>	<b>546</b>	<b>558</b>	<b>512</b>		<b>51.0%</b>	<b>1,003</b>	<b>22.4%</b>	<b>2,283</b>
ASP Ordering System	292	319	325	275	328	330	397	420	382		51.6%	741	23.6%	1,618
ASP Food Standards Database	12	4	16	23	45	42	69	66	76		61.7%	123	25.6%	297
ASP Matching & Transaction System	-22	-10	-11	-10	71	67	100	90	60		40.9%	147	15.9%	378
Cloud Service	-36	-23	-26	-21	-18	-20	-18	-13	-5		58.1%	-8	46.5%	-10
<b>YoY</b>	<b>57.3%</b>	<b>62.9%</b>	<b>48.5%</b>	<b>-6.5%</b>	<b>71.3%</b>	<b>47.1%</b>	<b>81.9%</b>	<b>111.9%</b>	<b>20.8%</b>			<b>19.2%</b>		<b>17.4%</b>
ASP Ordering System	5.1%	11.1%	9.1%	-17.1%	12.0%	3.5%	22.3%	53.1%	16.7%			12.7%		9.7%
<b>OPM</b>	<b>24.6%</b>	<b>26.8%</b>	<b>27.1%</b>	<b>22.6%</b>	<b>36.6%</b>	<b>34.6%</b>	<b>43.1%</b>	<b>41.4%</b>	<b>39.0%</b>			<b>36.0%</b>		<b>38.4%</b>
ASP Ordering System	47.7%	49.4%	48.4%	39.1%	47.8%	46.1%	53.2%	52.7%	50.4%			47.2%		48.8%
ASP Food Standards Database	9.0%	3.0%	10.3%	14.0%	26.9%	23.2%	35.7%	33.0%	35.4%			27.2%		30.4%
ASP Matching & Transaction System	-8.9%	-3.9%	-4.0%	-3.4%	25.5%	23.2%	32.4%	27.3%	19.1%			20.8%		24.6%
Cloud Service	-167.5%	-68.4%	-98.6%	-70.6%	-48.3%	-66.8%	-58.6%	-34.9%	-13.7%			-15.1%		-8.4%

Source: Company data

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

Sales totaled JPY1.3bn, an increase of JPY153mn, or 13.2%, from a year earlier thanks to the strong performance of the ASP Ordering System and the ASP Food Standards Database Sales segments. However, sales missed forecasts because the recognition of some revenue from the ASP Invoicing System was delayed until Q2 or later.

Operating profit was JPY512mn, up JPY88mn, or 20.8%. The company frontloaded a portion of the expenses related to server upgrades. However, operating profit exceeded forecasts because of a sales increase and a delay in accounting for sales promotion expenses until Q2 or later.

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 7, 2015**, Ito En announced monthly sales data for March 2015.

Monthly Sales (non-consolidated estimates; % change YoY)													FY04/15
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Total
<b>Total Sales</b>	-2.7%	0.5%	-3.9%	-9.4%	-3.8%	0.1%	-2.6%	-1.2%	0.7%	0.3%	-9.4%		-3.4%
Tea Leaf Beverages	-1.4%	1.0%	-0.3%	-0.8%	2.3%	3.2%	0.1%	4.2%	5.1%	5.8%	-7.2%		0.6%
Beverages	-2.7%	0.5%	-4.1%	-9.8%	-3.9%	-0.3%	-2.4%	-1.4%	0.6%	0.3%	-9.5%		-3.8%
<b>Breakdown by Beverage Category</b>													
Japanese Tea Beverages	2.5%	0.2%	-0.9%	-10.2%	-3.1%	1.7%	1.4%	1.1%	5.1%	4.7%	-3.5%		-0.6%
Chinese Tea Beverages	-9.4%	-0.5%	-2.7%	-12.3%	-15.4%	-0.7%	-12.4%	-6.1%	-0.7%	-1.6%	-9.1%		-6.5%
Vegetable Beverages	-19.9%	-10.9%	-13.0%	-16.2%	-10.8%	-5.4%	-10.7%	-11.6%	-3.5%	1.4%	-28.0%		-12.3%
Fruit Beverages	17.9%	18.9%	-10.0%	-13.9%	57.6%	11.9%	6.3%	-5.0%	0.7%	-22.3%	-12.4%		-0.1%
Coffee Beverages	9.7%	23.9%	4.8%	16.3%	17.1%	10.2%	-4.4%	10.9%	7.5%	11.4%	13.5%		9.1%
Black Tea Beverages	7.1%	2.7%	-5.8%	-7.0%	-21.9%	-25.7%	-0.6%	-29.0%	-13.6%	-37.8%	-25.8%		-16.2%
Functional Beverages	-32.8%	-15.3%	-14.2%	-16.1%	-13.7%	-0.3%	-7.2%	-15.2%	-11.1%	-17.6%	-8.8%		-15.2%
Mineral Water	-13.7%	-8.2%	-14.2%	-13.4%	-16.8%	-9.8%	-9.3%	-4.1%	-5.3%	-3.2%	-15.3%		-11.5%
Monthly Sales (non-consolidated estimates; % change YoY)													FY04/14
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Total
<b>Total Sales</b>	7.2%	6.0%	3.8%	0.3%	-3.0%	4.2%	1.2%	4.4%	6.4%	4.3%	11.7%	-1.6%	3.3%
Tea Leaf Beverages	3.9%	5.5%	8.4%	2.8%	3.1%	8.9%	4.7%	5.4%	9.6%	6.9%	16.0%	1.0%	6.4%
Beverages	7.8%	6.0%	3.6%	0.2%	-3.3%	3.9%	0.7%	4.2%	6.5%	4.0%	11.2%	-2.0%	3.1%
<b>Breakdown by Beverage Category</b>													
Japanese Tea Beverages	9.4%	11.7%	7.3%	3.6%	-2.7%	8.9%	3.0%	6.7%	11.3%	9.0%	13.7%	0.8%	6.3%
Chinese Tea Beverages	-4.8%	-1.8%	-8.3%	-0.9%	0.1%	-1.6%	-5.6%	-1.9%	-0.7%	-9.5%	14.0%	-7.6%	-3.5%
Vegetable Beverages	6.3%	-1.0%	1.8%	-2.6%	-1.6%	-1.0%	-6.4%	0.2%	-5.9%	-9.6%	9.6%	-16.4%	-1.6%
Fruit Beverages	7.4%	0.0%	6.5%	-7.0%	-23.7%	-7.6%	-6.3%	-1.3%	7.2%	29.8%	9.7%	31.7%	2.4%
Coffee Beverages	11.5%	1.7%	17.0%	-1.7%	12.9%	17.5%	22.2%	14.0%	11.2%	7.5%	21.6%	10.3%	11.7%
Black Tea Beverages	-34.0%	-31.3%	-22.5%	-3.9%	-24.2%	-25.3%	-22.8%	-22.6%	-23.3%	17.5%	-33.1%	-3.1%	-20.5%
Functional Beverages	18.5%	20.5%	11.8%	0.8%	-4.0%	-6.3%	3.1%	10.3%	6.2%	-2.0%	-16.0%	-4.1%	3.3%
Mineral Water	9.5%	25.0%	11.9%	-7.3%	-13.6%	-0.1%	-5.1%	0.2%	6.4%	-11.1%	0.7%	-15.7%	-0.2%

Source: Company data

View the [full report](#).



# MONTHLY WRAP – May 2015

## 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 **April 30, 2015**, Itochu Enex Co., Ltd. announced full-year earnings results for FY03/15.

Income statement (Japanese GAAP, ¥/mm)					FY03/14					FY03/15				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
<b>Sales</b>	<b>333,086</b>	<b>321,957</b>	<b>374,753</b>	<b>400,949</b>	<b>330,939</b>	<b>360,213</b>	<b>397,534</b>	<b>417,919</b>	<b>Sales</b>	<b>330,939</b>	<b>360,214</b>	<b>397,534</b>	<b>417,919</b>	<b>335,972</b>
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	27,339
Car-Life	123,706	128,423	149,016	145,753	134,988	149,943	163,085	164,243	Car-Life	134,988	149,943	163,085	164,243	147,050
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
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
YoY	11.4%	-2.0%	-0.3%	-2.4%	-0.6%	11.9%	6.1%	4.2%	YoY	1.5%	0.1%	-7.4%	-26.2%	-
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%	-27.4%	-
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%	-9.2%	-
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%	-41.3%	-
Power and Utility	-	-	-	-	89.3%	34.3%	34.1%	25.8%	Power and Utility	11.1%	4.7%	2.5%	7.2%	-
<b>Gross profit</b>	<b>15,492</b>	<b>16,494</b>	<b>18,090</b>	<b>19,979</b>	<b>16,196</b>	<b>17,034</b>	<b>17,763</b>	<b>20,461</b>	<b>Gross profit</b>	<b>16,400</b>	<b>17,165</b>	<b>18,181</b>	<b>19,853</b>	<b>17,155</b>
GP	4.7%	5.1%	4.8%	5.0%	4.9%	4.7%	4.5%	4.9%	GP	5.0%	4.8%	4.6%	4.8%	5.1%
Home-Life	-	-	-	-	-	-	-	-	Home-Life	22.8%	24.7%	19.9%	20.0%	21.5%
Car-Life	-	-	-	-	-	-	-	-	Car-Life	5.2%	5.1%	5.2%	5.0%	5.6%
Energy Trade	-	-	-	-	-	-	-	-	Energy Trade	1.1%	0.9%	1.0%	1.2%	0.9%
Power and Utility	-	-	-	-	-	-	-	-	Power and Utility	18.0%	19.3%	13.8%	8.2%	17.0%
Other expenses	-	-	-	-	-	-	-	-	Other expenses	-13.8%	-14.8%	-14.6%	-16.2%	-15.5%
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	-15,716	-15,586
YoY	0.3%	1.1%	-0.4%	4.0%	2.6%	3.7%	2.2%	3.4%	YoY	-55	-793	72	-684	-208
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	3,605	1,632
Home-Life	847	37	866	2,262	667	632	889	2,592	Home-Life	2,504	2,279	3,487	3,605	1,632
Car-Life	732	1,006	1,613	1,301	105	767	1,445	700	Car-Life	1,632	1,544	1,886	1,472	1,472
Energy Trade	409	2,207	1,726	2,502	284	236	272	1,914	Energy Trade	1,472	1,855	14.2%	7.3%	-
Power and Utility	107	1,491	322	334	865	1,252	521	421	Power and Utility	-	-	-	-	-
YoY	37.6%	34.3%	94.7%	46.4%	20.6%	1.1%	-16.7%	-0.3%	YoY	-34.8%	90.4%	5.1%	-4.0%	-
Home-Life	41.6%	-13.4%	-15.4%	-2.6%	-21.3%	-85.6%	-23.7%	-10.5%	Home-Life	-	-	-	-	-
Car-Life	91.7%	79.0%	87.0%	208.2%	-30.5%	-89.3%	-84.2%	-23.5%	Car-Life	-	-	-	-	-
Energy Trade	-	-	-	-	708.9%	-16.0%	61.8%	26.1%	Energy Trade	-	-	-	-	-
Power and Utility	-	-	-	-	-	-	-	-	Power and Utility	-	-	-	-	-
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%
Home-Life	3.4%	-0.2%	3.1%	6.6%	2.4%	2.6%	2.7%	6.2%	Home-Life	-	-	-	-	-
Car-Life	0.6%	0.8%	1.1%	0.9%	0.1%	0.5%	0.9%	0.4%	Car-Life	-	-	-	-	-
Energy Trade	0.2%	1.3%	0.9%	1.1%	0.2%	0.1%	0.1%	0.9%	Energy Trade	-	-	-	-	-
Power and Utility	2.6%	20.8%	4.9%	4.3%	10.4%	13.0%	5.9%	4.4%	Power and Utility	-	-	-	-	-
Financial income and costs	134	-136	-63	-108	100	-125	-82	-122	Financial income and costs	39	-174	-137	-184	17
Equity in earnings (losses) of affiliates	95	-222	136	-37	8	79	47	411	Equity in earnings (losses) of affiliates	-8	79	-71	526	35
Extraordinary gains and losses	-152	-454	-44	-816	102	767	-234	-417	Other gains and losses	-	1,897	117	-117	-
<b>Pre-tax income</b>	<b>1,812</b>	<b>2,188</b>	<b>3,543</b>	<b>3,954</b>	<b>2,356</b>	<b>3,629</b>	<b>2,549</b>	<b>5,624</b>	<b>Pre-tax income</b>	<b>2,535</b>	<b>4,081</b>	<b>3,396</b>	<b>3,832</b>	<b>1,684</b>
Home-Life	940	792	1,006	2,851	544	286	1,448	1,894	Home-Life	940	792	1,006	2,851	544
Car-Life	98	308	1,366	402	517	1,033	1,866	1,691	Car-Life	98	308	1,366	402	517
Energy Trade	369	168	153	1,327	180	991	627	787	Energy Trade	369	168	153	1,327	180
Power and Utility	887	3,034	406	-187	1,207	1,315	500	-262	Power and Utility	887	3,034	406	-187	1,207
YoY	43.9%	18.1%	100.4%	-2.9%	30.0%	65.9%	-28.1%	42.2%	YoY	-42.1%	-51.3%	-	-33.6%	-
Home-Life	-	-	-	-	-	-	-	-	Home-Life	-	-	-	-	-
Car-Life	-	-	-	-	-	-	-	-	Car-Life	-	-	-	-	-
Energy Trade	-	-	-	-	-	-	-	-	Energy Trade	-	-	-	-	-
Power and Utility	-	-	-	-	-	-	-	-	Power and Utility	-	-	-	-	-
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%
Home-Life	3.5%	3.2%	3.0%	6.8%	2.0%	1.6%	-0.5%	6.3%	Home-Life	3.5%	3.2%	3.0%	6.8%	2.0%
Car-Life	0.1%	0.2%	0.8%	0.3%	0.4%	0.6%	1.1%	1.1%	Car-Life	0.1%	0.2%	0.8%	0.3%	0.4%
Energy Trade	0.2%	0.1%	0.1%	0.7%	0.1%	0.6%	0.4%	0.7%	Energy Trade	0.2%	0.1%	0.1%	0.7%	0.1%
Power and Utility	10.7%	31.6%	4.6%	-1.9%	13.1%	13.1%	5.5%	-2.5%	Power and Utility	10.7%	31.6%	4.6%	-1.9%	13.1%
Income tax expenses	-1,117	-1,739	-1,346	-1,592	-741	-1,548	-1,164	-2,173	Income tax expenses	-1,117	-1,739	-1,346	-1,592	-741
<b>Net income</b>	<b>1,418</b>	<b>2,342</b>	<b>2,050</b>	<b>2,240</b>	<b>943</b>	<b>2,482</b>	<b>1,917</b>	<b>1,817</b>	<b>Net income</b>	<b>1,418</b>	<b>2,342</b>	<b>2,050</b>	<b>2,240</b>	<b>943</b>
Profit attributable to minority interests	-211	-329	-160	-225	-180	-438	-60	-348	Profit attributable to minority interests	-211	-329	-160	-225	-180
<b>Profit attrib. to owners of parent</b>	<b>1,207</b>	<b>2,013</b>	<b>1,890</b>	<b>2,014</b>	<b>763</b>	<b>2,044</b>	<b>1,857</b>	<b>839</b>	<b>Profit attrib. to owners of parent</b>	<b>1,207</b>	<b>2,013</b>	<b>1,890</b>	<b>2,014</b>	<b>763</b>
YoY	58.8%	-1.7%	273.3%	-0.7%	25.1%	143.1%	-34.3%	56.4%	YoY	36.8%	1.5%	-1.7%	-58.3%	-
Net margin	0.2%	0.2%	0.5%	0.5%	0.3%	0.5%	0.3%	0.8%	Net margin	0.4%	0.6%	0.5%	0.5%	0.2%

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.

Note: Data for FY03/14 was retrospectively restated when earnings results for FY03/15 were announced.

# MONTHLY WRAP – May 2015

Income statement (JGAAP)										Income statement (IFRS)									
(JPY mn)	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	(JPY mn)	FY03/13	FY03/14	FY03/15	FY03/16	FY03/15	Est.	Est.	Est.	Est.
Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
<b>Sales</b>	<b>771,894</b>	<b>886,484</b>	<b>1,093,752</b>	<b>1,164,708</b>	<b>1,083,761</b>	<b>1,185,731</b>	<b>1,414,161</b>	<b>1,430,746</b>	<b>1,506,606</b>	<b>Sales</b>	<b>1,430,746</b>	<b>1,506,606</b>	<b>1,373,393</b>	<b>1,350,000</b>	<b>1,373,000</b>	<b>1,600,000</b>			
Energy Trade	106,756	117,116	133,812	136,985	97,748	118,095	146,781	159,288	-	Energy Trade	733,177	730,305	584,078	-	-	-	-	-	-
Industrial Materials	-	-	-	-	-	-	-	-	-	Car-Life	561,448	612,259	638,848	-	-	-	-	-	-
Global (Trade)	-	-	-	-	-	-	-	-	-	Home-Life	109,550	126,846	111,588	-	-	-	-	-	-
Car-Life	565,923	665,332	824,916	816,346	525,484	548,691	563,620	547,738	612,259	Power and Utility	25,611	36,438	38,743	-	-	-	-	-	-
Home-Life	99,215	104,035	135,024	124,274	86,396	94,943	99,385	105,193	126,846	Others	928	358	136	-	-	-	-	-	-
Power and Utility	-	-	-	-	-	-	-	-	-	<b>Gross profit</b>	<b>69,666</b>	<b>71,599</b>	<b>85,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Others	-	-	-	-	-	-	-	-	-	Energy Trade	8,739	7,620	7,911	-	-	-	-	-	-
YoY	21.5%	14.8%	23.4%	6.5%	-7.0%	9.4%	13.2%	5.3%	-2.8%	Car-Life	30,575	31,202	47,218	-	-	-	-	-	-
Energy Trade	9.7%	14.3%	67.5%	119.5%	9.9%	38.9%	0.1%	-2.8%	-	Home-Life	26,127	27,250	24,922	-	-	-	-	-	-
Industrial Materials	9.7%	14.3%	2.4%	-28.6%	20.8%	24.3%	8.5%	-	-	Power and Utility	4,101	5,359	5,570	-	-	-	-	-	-
Global (Trade)	-	-	-	-	-	-	-	-	-	Others	124	78	99	-	-	-	-	-	-
Car-Life	17.6%	24.0%	-1.0%	-38.1%	8.5%	2.5%	-2.6%	11.8%	-	<b>Gross profit</b>	<b>69,666</b>	<b>71,599</b>	<b>85,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Home-Life	4.9%	29.8%	-8.0%	-30.5%	9.9%	4.7%	5.8%	20.8%	-	Energy Trade	8,739	7,620	7,911	-	-	-	-	-	-
Power and Utility	-	-	-	-	-	-	-	-	-	Car-Life	30,575	31,202	47,218	-	-	-	-	-	-
<b>Gross profit</b>	<b>60,701</b>	<b>62,815</b>	<b>66,010</b>	<b>74,460</b>	<b>64,558</b>	<b>64,901</b>	<b>64,604</b>	<b>70,055</b>	<b>71,455</b>	Home-Life	26,127	27,250	24,922	-	-	-	-	-	-
YoY	7.9%	3.5%	5.1%	12.8%	-13.3%	0.5%	-0.5%	8.4%	2.0%	Power and Utility	4,101	5,359	5,570	-	-	-	-	-	-
GP	7.9%	7.1%	6.0%	6.4%	6.0%	5.5%	4.6%	4.9%	4.7%	Others	124	78	99	-	-	-	-	-	-
SG&A expenses	-53,876	-54,880	-58,310	-64,578	-58,462	-55,873	-55,631	-56,329	-58,016	<b>Profit from operating activities</b>	<b>12,738</b>	<b>11,875</b>	<b>13,100</b>	<b>16,800</b>	<b>13,000</b>	<b>13,800</b>			
YoY	1.9%	6.2%	10.7%	-9.5%	-4.4%	-0.4%	1.3%	3.0%	3.0%	Energy Trade	1.3%	1.0%	6.4%	-	-	-	-	-	-
<b>Operating profit</b>	<b>6,825</b>	<b>7,935</b>	<b>7,700</b>	<b>9,881</b>	<b>6,096</b>	<b>9,028</b>	<b>8,973</b>	<b>13,726</b>	<b>13,439</b>	Car-Life	5.4%	5.1%	7.4%	-	-	-	-	-	-
Energy Trade	1,791	1,937	1,603	3,476	1,229	2,472	3,181	2,336	2,706	Home-Life	23.8%	21.5%	22.3%	-	-	-	-	-	-
Car-Life	7,514	7,376	7,073	6,335	3,411	4,766	5,052	4,632	3,017	Power and Utility	16.0%	14.7%	14.4%	-	-	-	-	-	-
Home-Life	1,391	2,042	2,365	1,988	3,395	3,690	2,839	3,938	4,781	Others	13.4%	14.0%	72.8%	-	-	-	-	-	-
Power and Utility	-	-	-	-	-	-	-	-	-	<b>Other expenses</b>	<b>-56,928</b>	<b>-59,724</b>	<b>-72,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Eliminations, others	-3,870	-3,420	-3,708	-2,878	-1,940	-1,900	-2,100	-1,708	-1,244	SG&A expenses	-55,668	-57,862	-71,184	-	-	-	-	-	-
YoY	-16.3%	-3.0%	28.3%	-38.3%	48.1%	-0.6%	53.0%	-2.1%	-2.1%	Losses on fixed assets	-914	-1,460	-1,825	-	-	-	-	-	-
Energy Trade	8.2%	-17.2%	116.9%	-64.6%	101.0%	28.7%	-26.6%	15.8%	-	Other, net	-346	-402	-389	-	-	-	-	-	-
Car-Life	-1.8%	-4.1%	-2.7%	-50.8%	38.7%	6.0%	-7.9%	35.1%	-	YoY	4.9%	21.6%	23.0%	-	-	-	-	-	-
Home-Life	46.8%	15.8%	-16.0%	70.8%	8.7%	-23.1%	38.7%	21.4%	-	GP	0.9%	0.8%	1.0%	1.2%	0.5%	0.5%			
Power and Utility	-	-	-	-	-	-	-	-	-	Energy Trade	0.9%	0.8%	1.0%	-	-	-	-	-	-
OPM	0.9%	0.9%	0.7%	0.8%	0.6%	0.8%	1.0%	0.9%	-	Car-Life	0.3%	0.3%	0.4%	-	-	-	-	-	-
Energy Trade	1.7%	1.7%	1.2%	1.6%	0.2%	0.5%	0.4%	0.3%	0.4%	Home-Life	0.7%	0.4%	0.6%	-	-	-	-	-	-
Car-Life	1.3%	1.1%	0.9%	0.8%	0.7%	0.9%	0.9%	0.8%	0.5%	Power and Utility	4.3%	4.4%	2.4%	-	-	-	-	-	-
Home-Life	1.4%	2.0%	1.8%	1.6%	3.9%	3.9%	2.9%	3.7%	3.8%	<b>Pre-tax income</b>	<b>12,234</b>	<b>13,844</b>	<b>12,155</b>	<b>15,200</b>	<b>12,000</b>	<b>13,800</b>			
Power and Utility	-	-	-	-	-	-	-	-	-	Energy Trade	2,396	2,017	2,585	-	-	-	-	-	-
Financial income and costs	6	42	62	-195	-189	-98	-115	-174	-228	Car-Life	3,937	2,264	4,073	-	-	-	-	-	-
Equity in affiliates' earnings, losses	890	289	92	-746	467	323	116	-38	538	Home-Life	4,723	5,589	2,676	-	-	-	-	-	-
Extraordinary gains and losses	-709	-1,181	-543	56	2,330	-1,440	-518	-1,465	218	Power and Utility	1,075	4,140	2,760	-	-	-	-	-	-
<b>Pre-tax income</b>	<b>7,867</b>	<b>7,568</b>	<b>7,764</b>	<b>10,284</b>	<b>9,335</b>	<b>8,181</b>	<b>8,952</b>	<b>11,498</b>	<b>14,158</b>	Others	103	166	61	-	-	-	-	-	-
YoY	-3.8%	2.6%	32.5%	-9.2%	-12.4%	9.4%	28.4%	23.1%	23.1%	<b>Net income</b>	<b>6,471</b>	<b>7,124</b>	<b>5,903</b>	<b>8,200</b>	<b>5,500</b>	<b>7,600</b>			
GP	1.0%	0.9%	0.7%	0.9%	0.9%	0.7%	0.6%	0.8%	0.9%	Energy Trade	0.9%	0.9%	0.9%	1.1%	0.9%	0.9%			
Income taxes	-1,136	-2,504	-3,302	-4,555	-4,302	-3,791	-4,581	-5,004	-5,751	Car-Life	0.3%	0.3%	0.4%	-	-	-	-	-	-
Net income before minority interests	4,732	5,063	4,462	-5,729	-8,833	-3,920	-4,371	-6,463	-8,407	Home-Life	0.7%	0.4%	0.6%	-	-	-	-	-	-
Minority interests	-70	-76	-275	-311	-473	-506	-478	-917	-1,004	Power and Utility	4.3%	4.4%	2.4%	-	-	-	-	-	-
<b>Net income</b>	<b>4,662</b>	<b>4,987</b>	<b>4,187</b>	<b>5,419</b>	<b>4,360</b>	<b>3,884</b>	<b>3,893</b>	<b>5,577</b>	<b>7,403</b>	<b>Profit attributable to non-controlling interests</b>	<b>-923</b>	<b>-925</b>	<b>-1,026</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
YoY	7.0%	-16.0%	29.4%	-25.5%	-10.9%	0.2%	63.2%	32.7%	32.7%	<b>Profit attrib. to owners of the parent</b>	<b>6,471</b>	<b>7,124</b>	<b>5,903</b>	<b>8,200</b>	<b>5,500</b>	<b>7,600</b>			
Net margin	0.6%	0.6%	0.4%	0.5%	0.4%	0.3%	0.3%	0.4%	0.5%	Net margin	0.5%	0.5%	0.4%	0.6%	0.4%	0.5%			

Source: Company data  
Data for FY03/14 was retroactively restated when earnings results for FY03/15 were announced.

Sales declined 8.8% YoY as benefits from the consolidation of Osaka Car Life Group were not enough to offset the impact that declining domestic demand for petroleum products had on related product sales volumes, and the impact of falling crude oil prices on product prices. Gross profit increased 19.7% as contributions from this new consolidation more than offset reduced profits on the sharply lower LP gas import price. Operating profit rose 10.3% on higher gross profit, but pre-tax income declined 12.2% due to the absence of profits booked in FY03/14 on the sale of investments in affiliated companies.

On **April 21, 2015**, the company announced a revision to its FY03/15 full-year earnings forecasts.

	FY03/13	FY03/14	FY03/15		
	Act.	Act.	New est.	Prev. est.	Difference
<b>Sales</b>	<b>1,430,746</b>	<b>1,506,606</b>	<b>1,373,000</b>	<b>1,600,000</b>	<b>-227,000</b>
YoY	-	5.3%	-8.9%	6.2%	-
<b>Operating profit</b>	<b>12,738</b>	<b>11,859</b>	<b>13,000</b>	<b>13,800</b>	<b>-800</b>
YoY	-	-6.9%	9.6%	16.4%	-
OPM	0.89%	0.79%	0.95%	0.86%	-
<b>Pre-tax income</b>	<b>12,234</b>	<b>13,828</b>	<b>12,000</b>	<b>13,800</b>	<b>-1,800</b>
YoY	-	13.0%	-13.2%	-0.2%	-
	-	0.86%	0.92%	0.86%	-
<b>Net income</b>	<b>6,471</b>	<b>7,119</b>	<b>5,500</b>	<b>7,600</b>	<b>-2,100</b>
YoY	-	10.0%	-22.7%	6.8%	-
<b>Net margin</b>	<b>0.45%</b>	<b>0.47%</b>	<b>0.40%</b>	<b>0.48%</b>	<b>-</b>
<b>EPS</b>	<b>57.3</b>	<b>63.0</b>	<b>48.7</b>	<b>67.3</b>	<b>-18.6</b>

Source: Company data



## MONTHLY WRAP – May 2015

### Revision details

Sales are projected to be lower than initial forecasts due to lower sale prices for oil products as procurement prices for crude oil began to decline during the second half of 2014. In line with lower contract prices that resulted from a decline in crude oil prices, there has been a delay in pricing being reflected in the inventory and procurement costs of LP gas, and alongside a reversal of deferred tax assets of approximately JPY1.0bn due to changes to the corporate tax code, profits are also projected to be lower than initial forecasts.

### Dividend forecast

The company did not revise its previously announced dividend forecast of JPY11 per share.

### Outlook for FY03/16

According to the company, market conditions have begun to improve, and forecasts for FY03/16—scheduled to be announced on April 30, 2015—will factor in these trends.

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 30, 2015**, J Trust Co., Ltd. announced a guarantee partnership between Nihon Hoshou and the Kinki Sangyo Credit Union, and the results of an early retirement offer at Nihon Hoshou.

#### Guarantee partnership with Nihon Hoshou and the Kinki Sangyo Credit Union

On April 30, 2015, Nihon Hoshou Co., Ltd.—a subsidiary of the company—entered into a guarantee partnership with the Kinki Sangyo Credit Union. As a result, from May 2015 onward, Nihon Hoshou has begun guarantee operations for unsecured free loans serviced by the Kinki Sangyo Credit Union.

The Kinki Sangyo Credit Union operates in six prefectures in the Kinki region along with the Gifu and Nagasaki Prefectures, and among credit unions, is the financial institution with the highest balance of deposits and outstanding loans. The partnership will create synergies with the credit screening expertise attained by Nihon Hoshou in its nonbanking business and the brand recognition of the Kinki Sangyo Credit Union in western Japan to respond to the wide variety of client financing needs.

#### Results of early retirement offer at subsidiary

##### Summary and results of early retirees

Target:	All employees of Nihon Hoshou (including seconded employees)
Number of retirees sought:	About 300 people (The company had 565 full-time employees as of February 28, 2015)
Offer period:	April 1, 2015 to April 24, 2015
Date of retirement:	Scheduled for May 31, 2015
Number of applicants:	320 people

One-time expenses associated with the early retirement and job-switching support program at Nihon Hoshou are planned to be approximately JPY900mn, and will be recorded as extraordinary losses in FY03/15. Through the rationalization of its personnel via the early retirement program, the company estimates that it will be able to reduce personnel expenses by about JPY1.5bn in FY03/16.

On **April 27, 2015**, the company announced the underwriting of BtcBox Co., Ltd. shares issued through third-party allotment.

J Trust decided to underwrite common shares issued by Bitcoin exchange operator BtcBox through a third-party allotment, making BtcBox an equity-method affiliate.

#### **Regarding the collaboration with BtcBox**

BtcBox operates the largest Bitcoin exchange in Japan. BtcBox's strength lies in its technological capability, which has allowed it to build an entire online system pertaining to Bitcoin transactions internally and operate the system securely. In addition, with JPY97.6bn raised through a rights offering, the J Trust Group has advanced into overseas markets, operating a banking business in South Korea and Indonesia and possessing a financial infrastructure inside and outside Japan, including physical branch offices, a human network, a physical network, and human resources with expertise in financial services. After the underwriting, the company will provide BtcBox with fund and human resources to expand BtcBox's Bitcoin exchange operations, and to create new businesses using Bitcoin. By leveraging both companies' strong points, the company aims to increase both companies' corporate value through the integration of online payment and conventional payment as follows.

## MONTHLY WRAP – May 2015

### Future initiatives

#### Establishing a domestic Bitcoin payment area

Transaction fees for Bitcoin purchases with Japanese yen are a major source of BtcBox's revenue. To establish BtcBox's revenue base, the stimulation of demand for Bitcoin transactions in Japan is required, meaning the expansion of Bitcoin payment systems in Japan is necessary. Bitcoin has garnered global attention as an instant and inexpensive payment method. However, the failure of Mt. Gox, the largest Bitcoin exchange in the world, hurt Bitcoin exchanges' credibility and Bitcoin is not widely used in Japan. The underwriting will strengthen BtcBox's financial foundations and BtcBox will be the sole Bitcoin exchange operator that is an equity-method affiliate of a listed company. Going forward, BtcBox will be equipped a compliance structure equivalent to that of a listed company, and this structure with an outside set of eyes—which Mt. Gox lacked—will ensure a certain level of credibility. Additionally, the J Trust Group will employ Bitcoin payment for various types of services, and leverage its salesforce to encourage the adoption of Bitcoin payment by Japanese companies, thus stimulating demand for Bitcoin transactions through the swift establishment of a Bitcoin payment area.

#### Establishment of overseas exchanges

In emerging markets, mainly in Southeast Asia, the credibility of local currencies has been undermined by occurrences such as the recent currency crisis, and there are expectations for digital currencies such as Bitcoin as an alternative to conventional currencies. Moreover, as an instant and inexpensive payment method, Bitcoin may be useful for international settlement in emerging countries in which restrictions on international money transfers are enforced, and money transfers from overseas residents to emerging markets, meaning potential demand for the Bitcoin is high. Therefore, through the establishment of Bitcoin exchanges in emerging markets, the company aims to facilitate conversion between local currencies and Bitcoin, provide new services with Bitcoin in terms of fund settlement between emerging markets and developed countries—mainly Japan—and build a new business model in international settlement services.

#### New payment method in emerging markets

In emerging markets, mainly in Southeast Asia, a large population without a bank account exist that cannot access financial services. On the other hand, access to the internet through smartphones is readily available. Bitcoin uses a P2P (peer-to-peer) payment system, so people without a bank account can carry out money transfers. As long as access to the internet through smartphones is available, Bitcoin can be used as a payment method. Thus, the J Trust Group may be able to capture an untapped market by providing financial services with Bitcoin to unserved customers while capitalizing on the company's expertise in overseas retail finance and human resources.

#### The creation of new businesses that use Bitcoin

The J Trust Group believes that it can create various new services by integrating Bitcoin into existing services. Starting with margin transaction with Bitcoin and loans secured with Bitcoin, the company would like to create various new businesses, in areas such as services pertaining to fund raising via the internet including crowdfunding and social lending.

#### Overview of BtcBox

Business:	planning, producing, managing, and operating a product sales system
Capital:	JPY15mn
Shares outstanding:	556

#### Number of shares held by J Trust before and after the underwriting, and the investment

Shares held before the underwriting:	0 (0 voting rights)
Shares held after the underwriting:	200 (200 voting rights; 26.46% of shares outstanding).

The company does not expect the above action to have any material impact on earnings results.

## MONTHLY WRAP – May 2015

On **April 9, 2015**, the company announced the establishment of a new subsidiary in Jakarta, Indonesia by consolidated subsidiary, JTRUST ASIA PTE. LTD. (JTA).

### Objective

On November 20, 2014, the company acquired 99.0% of Indonesian commercial bank PT Bank Mutiara Tbk.'s shares, making it a consolidated subsidiary. Indonesian regulations stipulate a 40% cap on foreign ownership of commercial banks, but as an exception, the company has received approval to own all of this bank's shares, entitling it to acquire the remaining 1%. Pursuant to local regulations, however, the company must acquire the remaining 1% of shares outstanding through a local entity. As of April 20, 2015, therefore, the company will establish a new company in Indonesia as a subsidiary of JTA. The company does not expect any material impact on group earnings from this corporate action.

### Overview of the new company

Name:	PT JT INVESTMENTS INDONESIA
Business:	holding company, real estate-related business
Capital:	USD4mn (approx. JPY480mn) (Based on a rate of USD/JPY120.12 as of April 8, 2015)
Shareholders:	JTRUST ASIA PTE. LTD. (99.0%) Pak DIDIE W. SOEWONDHO (1.0%).

View the [full report](#).

# MONTHLY WRAP – May 2015

## JIN Co., Ltd. (3046)

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

On **April 14, 2015**, JIN Co., Ltd. announced earnings results for Q2 FY08/15.

Quarterly Performance (JPYmn)		FY08/13				FY08/14				FY08/15		FY08/15		FY08/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales		7,800	9,861	9,182	9,711	8,169	9,463	9,623	8,895	8,146	9,599	99.1%	17,910	43.9%	40,450
YoY		85.3%	86.9%	63.6%	29.3%	4.7%	-4.0%	4.8%	-8.4%	-0.3%	1.4%		1.6%		11.9%
Gross Profit		5,909	7,479	6,943	7,113	5,918	6,770	7,115	6,391	6,198	6,975	99.6%	13,220	43.9%	30,000
YoY		83.4%	91.0%	60.1%	28.3%	0.1%	-9.5%	2.5%	-10.2%	4.7%	3.0%		4.2%		14.5%
GPM		75.8%	75.8%	75.6%	73.3%	72.4%	71.5%	73.9%	71.9%	76.1%	72.7%		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	6,321	97.3%	12,620	46.2%	26,600
YoY		49.1%	59.8%	55.3%	31.8%	25.1%	23.6%	0.7%	-5.6%	5.1%	4.5%		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%	65.8%		70.5%		65.8%
Operating Profit		1,378	2,587	1,076	1,183	249	723	1,206	794	240	654	148.9%	600	26.3%	3,400
YoY		658.7%	203.3%	93.3%	13.4%	-81.9%	-72.0%	12.2%	-32.9%	-3.9%	-9.6%		-38.3%		14.4%
OPM		17.7%	26.2%	11.7%	12.2%	3.1%	7.6%	12.5%	8.9%	2.9%	6.8%		3.4%		8.4%
Recurring Profit		1,302	2,405	904	1,258	219	702	1,223	785	193	650	145.3%	580	25.2%	3,350
YoY		664.1%	193.8%	60.1%	26.0%	-83.2%	-70.8%	35.3%	-37.6%	-11.7%	-7.5%		-37.1%		14.4%
RPM		16.7%	24.4%	9.8%	13.0%	2.7%	7.4%	12.7%	8.8%	2.4%	6.8%		3.2%		8.3%
Net Income		766	1,388	502	764	70	316	759	100	48	298	133.3%	260	18.2%	1,900
YoY		1,039.3%	294.2%	146.3%	63.7%	-90.9%	-77.2%	51.3%	-86.9%	-30.9%	-5.6%		-32.7%		52.6%
NPM		9.8%	14.1%	5.5%	7.9%	0.9%	3.3%	7.9%	1.1%	0.6%	3.1%		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%	-4.1%		-5.4%		4.4%
Comparable stores		45.6%	57.2%	32.9%	5.1%	-17.6%	-24.5%	-17.7%	-24.6%	-18.5%	-15.4%		-17.8%		-5.7%
Store count		172	175	199	205	231	237	264	267	277	275		276		292
Openings		12	3	25	7	26	8	27	4	12	1	92.9%	14	43.3%	30
Closings				-1	-1		-2		-1	-2	-3	100.0%	-5	100.0%	-5
Store count (China)										33	40				
Openings										8	7				
Closings										-	-				
Inventory		2,443	2,917	3,266	4,027	4,621	4,559	4,289	2,985	3,362	3,268				
Product inventory		2,363	2,854	3,166	3,887	4,435	4,306	4,030	2,785	3,082	3,048				
Inventory turnover		113	103	126	128	175	156	161	133	149	115				
Product inventory turnover		109	100	123	124	169	148	152	124	137	107				

Source: Company data

1H company estimates and progress rate are based on initial company estimates.

In 1H FY08/15, the company's performance was in line with earnings forecast revisions announced on April 3 (slight decrease in sales compared to initial forecasts, profits revised upward). In addition, it will establish a Taiwan subsidiary, with plans to launch eyewear sales operations at its first retail store in Taipei, slated to open in fall 2015.

The company raised its profit forecasts because a change in strategy increased value-added products' share of total sales, and decreased discounted products' share of the total, likely resulting in higher gross profit than expected. It also shifted outlays on some overheads to 2H and implemented tight controls on expenses, while still investing in human resources to increase stores' selling power.

On **April 3, 2015**, the company announced revisions to earnings forecasts for 1H FY08/15.

The company made only a slight downward revision to its sales forecast as the effect of new products has been roughly in line with expectations. It raised its profit forecasts because a change in strategy increased value-added products' share of total sales and decreased discounted products' share of the total, likely resulting in higher gross profit than expected. It has also shifted outlays on some overheads to 2H and implemented tight controls on expenses, while still investing in human resources to increase stores' selling power.



## MONTHLY WRAP – May 2015

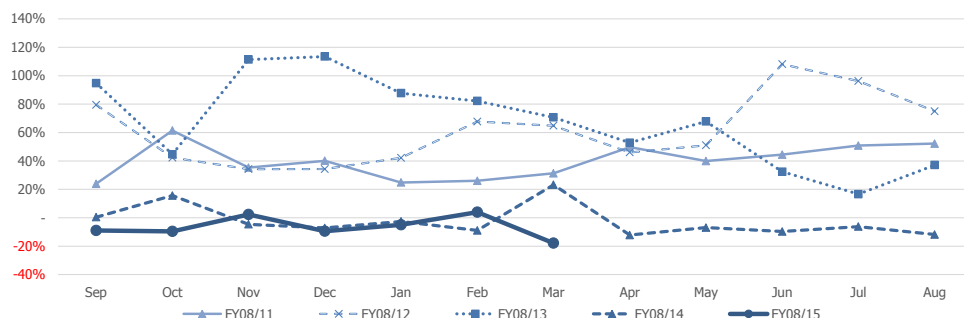
FY08/15 Estimates (JPYmm)	FY08/14 Act.			1H FY08/15 Est. (Rev.)		FY08/15 Est. (Init.)		
	1H	2H	FY	1H Est.	Dif.	1H	2H	FY
<b>Sales</b>	<b>17,632</b>	<b>18,518</b>	<b>36,150</b>	<b>17,744</b>	<b>-166</b>	<b>17,910</b>	<b>22,540</b>	<b>40,450</b>
YoY	-0.2%	-2.0%	-1.1%	0.6%		1.6%	21.7%	11.9%
CoGS	4,945	5,011	9,956			4,690	5,760	10,450
<b>Gross Profit</b>	<b>12,687</b>	<b>13,507</b>	<b>26,194</b>			<b>13,220</b>	<b>16,780</b>	<b>30,000</b>
YoY	-5.2%	-3.9%	-4.6%			4.2%	24.2%	14.5%
GPM	72.0%	72.9%	72.5%			73.8%	74.4%	74.2%
SG&A	11,715	11,506	23,221			12,620	13,980	26,600
SG&A/Sales	66.4%	62.1%	64.2%			7.7%	21.5%	14.6%
<b>Operating Profit</b>	<b>972</b>	<b>2,001</b>	<b>2,973</b>	<b>893</b>	<b>293</b>	<b>600</b>	<b>2,800</b>	<b>3,400</b>
YoY	-75.5%	-11.4%	-52.2%	-8.2%		-38.3%	39.9%	14.4%
OPM	5.5%	10.8%	8.2%	5.0%		3.2%	12.4%	8.4%
<b>Recurring Profit</b>	<b>921</b>	<b>2,008</b>	<b>2,929</b>	<b>855</b>	<b>275</b>	<b>580</b>	<b>2,770</b>	<b>3,350</b>
YoY	-75.1%	-7.1%	-50.1%	-7.2%		-37.1%	38.0%	14.4%
RPM	5.2%	10.8%	8.1%	4.8%		3.2%	12.3%	8.3%
<b>Net Income</b>	<b>386</b>	<b>859</b>	<b>1,245</b>	<b>346</b>	<b>86</b>	<b>260</b>	<b>1,640</b>	<b>1,900</b>
YoY	-82.1%	-32.1%	-63.6%	-10.4%		-32.7%	90.9%	52.6%

Source: Company data

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

On the same day, the company released monthly sales data for March 2015

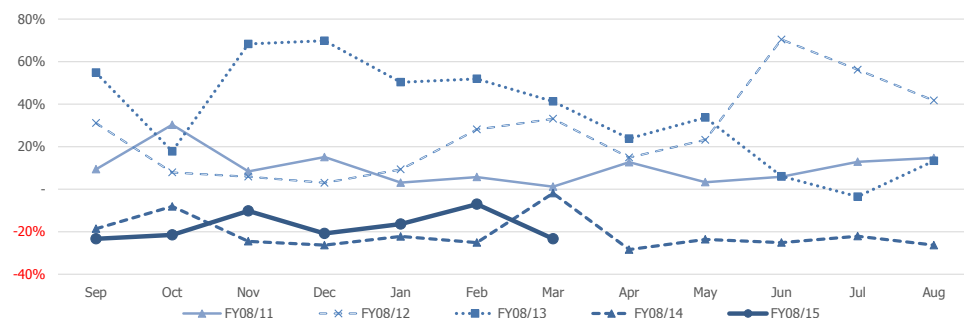
### All stores sales growth



All Stores Sales Growth (YoY)												
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY08/09	5.5%	21.2%	41.5%	21.9%	44.0%	18.6%	16.0%	14.6%	26.8%	21.8%	38.4%	40.2%
FY08/10	60.4%	67.9%	45.3%	45.7%	46.6%	52.5%	50.7%	69.6%	54.4%	48.0%	33.1%	36.7%
FY08/11	23.9%	61.4%	35.3%	40.1%	24.8%	26.0%	31.3%	49.7%	39.9%	44.4%	50.8%	52.2%
FY08/12	79.5%	42.3%	34.2%	34.3%	42.2%	67.7%	64.8%	46.0%	51.0%	108.1%	96.2%	75.0%
FY08/13	94.8%	44.7%	111.4%	113.5%	87.7%	82.2%	70.7%	52.8%	67.8%	32.4%	16.6%	37.1%
FY08/14	0.4%	15.6%	-4.6%	-7.2%	-2.6%	-8.9%	23.2%	-12.2%	-6.9%	-9.7%	-6.2%	-11.8%
FY08/15	-9.0%	-9.6%	2.3%	-9.4%	-5.0%	4.0%	-17.8%					

Source: Company data, SR Inc. Research

### Comparable stores sales growth



## MONTHLY WRAP – May 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%	-7.0%	-23.3%					

Source: Company data, SR Inc. Research

View the [full report](#).

# MONTHLY WRAP – May 2015

## 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 **April 3, 2015**, Shared Research updated the report following interviews with management.

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:

Sales:

- 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.

Expenses:

- 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.

Non-operating gains and extraordinary losses:

- 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](#).

## MONTHLY WRAP – May 2015

### 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 **April 28, 2015**, LAC Co., Ltd. announced the acquisition of shares in Netagent Co., Ltd., making it a subsidiary.

In line with an agreement signed on March 30, 2015, the company acquired 80.7% of shares outstanding in Netagent, making it a subsidiary.

The company plans to acquire all shares outstanding in Netagent, and is negotiating the transfer of remaining shares with other shareholders.

On **April 27, 2015**, the company announced that it would be providing the INTERPOL Digital Crime Centre with technology and an engineer.

In April 2015, the International Criminal Police Organization (INTERPOL) launched full-fledged operations at the INTERPOL Global Complex for Innovation (IGCI), a new organization established in Singapore. LAC will provide the IGCI with LAC Falcon®, an engine that LAC developed using proprietary technology to analyze correlation between cyber-attacks. The company also dispatched to IGCI the former head of the JSOC Center, who has 12 years of experience in combating cyber-attacks at JSOC, one of Japan's largest security monitoring centers.

LAC participates in INTERPOL and NEC Corporation (TSE1: 6701)'s cyber-security measures as a supporting member of NEC's cyber-security solution group. In order to support the important activities of the IGCI, the company plans to implement the following measures:

- Provide cyber-attack monitoring system LAC Falcon, and support data analysis;
- Dispatch one of LAC's top engineers to the IGCI.

On **April 23, 2015**, the company announced that it had entered into a basic agreement with P.R.O. Co., Ltd. (PRO) to establish a joint venture.

#### Aim of the establishment of the joint venture

PRO builds websites and e-commerce sites with user interfaces designed from the user's point of view, and also offers smartphone services. It has a significant user base acquired by offering many games and services for smartphones, and it operates a unique ad distribution system.

Recently, smartphone users are increasing faster than PC users, as conditions surrounding the internet undergo significant change. Companies are strategically leveraging "owned media"—such as apps that combine online and smartphone functions—in a bid to maximize revenues by strengthening advertising and branding. LAC and PRO have agreed to establish a joint venture in order to provide various solution services, including O2O (online to online) services tailored to users' needs. In doing so, the two companies will utilize LAC's rich base of experience, its track record, and its research expertise in information security and system development, and PRO's planning and development capacity and advertising infrastructure.

#### Overview of the joint venture

Name: Japan Current Co., Ltd.  
Business: solutions, media production

## MONTHLY WRAP – May 2015

Capital:	JPY300mn (Inc. paid-in capital of JPY150mn and capital reserves of JPY150mn)
Date of establishment:	May 2015 (planned)
Stake:	LAC: 70%; PRO: 30%
Start of operations:	June 2015 (planned).

This joint venture will be a LAC consolidated subsidiary. The company is analyzing the effect of this corporate action on earnings for FY03/16, and will disclose any relevant information as soon as possible.

On **April 9, 2015**, the company announced an exclusive distribution contract (Japan) with US based Dynatrace LLC, to enter the IT infrastructure performance management market.

Dynatrace LLC (Waltham, MA) is a leading company\* that provides APM (Application Performance Management) solutions to support administrative systems and services. Over 5,800 companies worldwide use Dynatrace products. It was established as a spin-off of Compuware Corporation (US) on April 1, 2015 to focus on the sudden growth in the APM market.

\*According to a July 2014 presentation by Gartner, Inc. ("Market Share Analysis: Application Performance Monitoring, 2013."), Compuware Corporation (NASDAQ: CWPR) is the global APM market leader, with a market share of 12.1% in 2013. (<http://investor.compuware.com/releasedetail.cfm?ReleaseID=857378>)

At LAC, the APM business began on April 1, 2015 with the establishment of the new Dynatrace department. This business will focus on domestic sales through agencies, agency support, marketing, user support, diagnosis of application performance for administrative and service use, and consulting services for various systems. Retail agencies that previously had reseller agreements with Compuware Japan will now work with LAC. LAC targets first-year sales of JPY500mn (including related services) from the Dynatrace department.

View the [full report](#).



# MONTHLY WRAP – May 2015

## 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 **April 30, 2015**, Lasertec Corp. released earnings results for Q3 FY06/15.

Quarterly Performance (JPYmn)					FY06/13				FY06/14				FY06/15				FY06/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% of FY	FY Est.
<b>Sales</b>	<b>3,678</b>	<b>2,889</b>	<b>2,381</b>	<b>2,449</b>	<b>971</b>	<b>4,505</b>	<b>1,426</b>	<b>6,705</b>	<b>1,747</b>	<b>4,433</b>	<b>4,873</b>	<b>3,947</b>	<b>1,747</b>	<b>4,433</b>	<b>4,873</b>	<b>3,947</b>	<b>73.7%</b>	<b>15,000</b>
Semiconductor Related Systems	3,231	2,319	1,663	1,874	507	3,597	789	5,584	97	3,682	4,215	1,986	97	3,682	4,215	1,986	80.1%	9,980
Others	78	195	320	182	48	374	251	704	1,222	249	230	1,528	1,222	249	230	1,528	52.7%	3,230
Services	370	375	398	393	416	534	387	417	428	502	427	433	428	502	427	433	75.8%	1,790
YoY	144.0%	-14.8%	-19.0%	-45.6%	-73.6%	56.0%	-40.1%	173.8%	80.0%	-1.6%	241.8%	-41.1%	80.0%	-1.6%	241.8%	-41.1%		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%	434.5%	-64.4%	-80.8%	2.3%	434.5%	-64.4%		-4.7%
Others	-65.5%	-57.4%	-67.3%	-71.2%	-38.3%	91.8%	-21.7%	286.4%	2,442.1%	-33.5%	-8.0%	117.0%	2,442.1%	-33.5%	-8.0%	117.0%		134.5%
Services	81.2%	22.2%	2.1%	15.9%	12.4%	42.4%	-2.9%	6.2%	2.9%	-6.0%	10.6%	3.6%	2.9%	-6.0%	10.6%	3.6%		2.1%
<b>Orders</b>	<b>2,214</b>	<b>2,015</b>	<b>1,178</b>	<b>3,358</b>	<b>1,393</b>	<b>6,586</b>	<b>2,937</b>	<b>5,274</b>	<b>2,342</b>	<b>6,845</b>	<b>4,133</b>	<b>2,680</b>	<b>2,342</b>	<b>6,845</b>	<b>4,133</b>	<b>2,680</b>	<b>83.2%</b>	<b>16,000</b>
Semiconductor Related Systems	1,681	1,383	585	2,794	790	5,260	2,304	3,532	1,778	2,713	3,480	1,589	1,778	2,713	3,480	1,589	83.4%	9,560
Others	186	230	184	124	196	821	181	1,289	202	3,660	173	696	202	3,660	173	696	85.3%	4,730
Services	347	402	409	440	406	505	451	453	362	472	480	396	362	472	480	396	76.9%	1,710
YoY	58.0%	-7.6%	-45.3%	32.8%	-37.1%	226.8%	149.4%	57.1%	68.2%	3.9%	40.7%	-49.2%	68.2%	3.9%	40.7%	-49.2%		-1.2%
Semiconductor Related Systems	59.8%	-82.2%	-63.4%	42.5%	-53.0%	280.3%	293.6%	26.4%	125.0%	-48.4%	51.0%	-55.0%	125.0%	-48.4%	51.0%	-55.0%		-19.6%
Others	21.6%	-38.0%	8.0%	-28.5%	5.3%	256.4%	-1.3%	936.3%	3.1%	345.8%	-4.7%	-46.0%	3.1%	345.8%	-4.7%	-46.0%		90.2%
Services	76.9%	25.0%	5.9%	11.7%	17.1%	25.7%	10.5%	3.1%	-11.0%	-6.5%	6.5%	-12.7%	-11.0%	-6.5%	6.5%	-12.7%		-5.8%
<b>Order Backlog</b>	<b>5,562</b>	<b>4,688</b>	<b>3,485</b>	<b>4,394</b>	<b>4,815</b>	<b>6,896</b>	<b>8,407</b>	<b>6,976</b>	<b>7,571</b>	<b>9,983</b>	<b>9,243</b>		<b>7,571</b>	<b>9,983</b>	<b>9,243</b>			<b>7,976</b>
Semiconductor Related Systems	5,136	4,201	3,123	4,043	4,326	5,989	7,505	5,454	7,135	6,167	5,431		7,135	6,167	5,431			5,034
Others	261	297	160	102	250	697	628	1,212	192	3,603	3,545		192	3,603	3,545			2,712
Services	164	191	201	248	239	210	274	310	244	214	267		244	214	267			230
YoY	17.6%	-52.1%	-61.3%	-37.5%	-13.4%	47.1%	141.3%	58.8%	57.2%	44.8%	9.9%	-70.6%	57.2%	44.8%	9.9%	-70.6%		-70.6%
Semiconductor Related Systems	65.7%	-48.9%	-62.2%	-39.5%	-15.8%	42.6%	140.3%	34.9%	64.9%	3.0%	-27.6%	-78.4%	64.9%	3.0%	-27.6%	-78.4%		-78.4%
Others	-82.6%	-79.1%	-73.8%	-33.2%	-4.3%	134.9%	291.4%	1,083.0%	-23.4%	417.0%	464.8%	-2.7%	-23.4%	417.0%	464.8%	-2.7%		-2.7%
Services	34.6%	40.0%	51.8%	32.9%	45.6%	9.9%	36.3%	25.1%	2.2%	2.0%	-2.7%	-77.7%	2.2%	2.0%	-2.7%	-77.7%		-77.7%
<b>Gross Profit</b>	<b>1,889</b>	<b>1,520</b>	<b>1,419</b>	<b>526</b>	<b>269</b>	<b>2,182</b>	<b>722</b>	<b>3,392</b>	<b>953</b>	<b>2,509</b>	<b>2,430</b>		<b>953</b>	<b>2,509</b>	<b>2,430</b>			
YoY	140.1%	-4.4%	-11.3%	-79.5%	-85.8%	43.6%	-49.1%	544.4%	254.4%	15.0%	236.5%		254.4%	15.0%	236.5%			
GPM	51.4%	52.6%	59.6%	21.5%	27.7%	48.4%	50.6%	50.6%	54.5%	56.6%	49.9%		54.5%	56.6%	49.9%			
SG&A Expenses	839	762	806	798	778	827	962	901	866	845	934		866	845	934			
YoY	-1.2%	-3.9%	-11.9%	-11.7%	-7.3%	8.5%	19.5%	12.9%	11.4%	2.2%	-3.0%		11.4%	2.2%	-3.0%			
SG&A / Sales	22.8%	26.4%	33.8%	32.6%	80.1%	18.3%	67.5%	13.4%	49.6%	19.1%	19.2%		49.6%	19.1%	19.2%			
<b>Operating Profit</b>	<b>1,050</b>	<b>758</b>	<b>614</b>	<b>-272</b>	<b>-509</b>	<b>1,355</b>	<b>-240</b>	<b>2,491</b>	<b>87</b>	<b>1,664</b>	<b>1,496</b>	<b>553</b>	<b>87</b>	<b>1,664</b>	<b>1,496</b>	<b>553</b>	<b>85.5%</b>	<b>3,800</b>
YoY	-	-4.9%	-10.5%	-	-	78.8%	-	-	-	22.8%	-	-77.8%	-	22.8%	-	-77.8%		543.1%
OPM	28.5%	26.2%	25.8%	-11.1%	-52.4%	30.1%	-16.9%	37.2%	5.0%	37.5%	30.7%	14.0%	5.0%	37.5%	30.7%	14.0%		25.3%
<b>Recurring Profit</b>	<b>1,014</b>	<b>938</b>	<b>757</b>	<b>-172</b>	<b>-511</b>	<b>1,434</b>	<b>-284</b>	<b>2,523</b>	<b>132</b>	<b>1,643</b>	<b>1,391</b>	<b>634</b>	<b>132</b>	<b>1,643</b>	<b>1,391</b>	<b>634</b>	<b>83.3%</b>	<b>3,800</b>
YoY	-	19.7%	11.4%	-	-	52.9%	-	-	-	14.6%	-	-74.9%	-	14.6%	-	-74.9%		275.7%
RPM	27.6%	32.5%	31.8%	-7.0%	-52.7%	31.8%	-19.9%	37.6%	7.6%	37.1%	28.5%	16.1%	7.6%	37.1%	28.5%	16.1%		25.3%
<b>Net Income</b>	<b>646</b>	<b>595</b>	<b>451</b>	<b>-82</b>	<b>-326</b>	<b>935</b>	<b>-248</b>	<b>1,608</b>	<b>82</b>	<b>1,100</b>	<b>809</b>	<b>409</b>	<b>82</b>	<b>1,100</b>	<b>809</b>	<b>409</b>	<b>82.9%</b>	<b>2,400</b>
YoY	-	17.8%	15.1%	-	-	57.2%	-	-	-	17.6%	-	-74.5%	-	17.6%	-	-74.5%		276.4%
NPM	17.6%	20.6%	18.9%	-3.3%	-33.6%	20.8%	-17.4%	24.0%	4.7%	24.8%	16.6%	10.4%	4.7%	24.8%	16.6%	10.4%		16.0%

Source: Company data

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

Estimates for Q4 FY06/15 (\*\*)Q4 are derived by subtracting cumulative Q3 results from full-year earnings forecasts.

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

### Market environment

In the semiconductor industry, the company's primary market, logic foundries and memory manufacturers continued to invest in miniaturization on advanced lines. In other areas, flat-panel display (FPD) manufacturers invested in equipment for manufacturing high-resolution small and medium-size liquid-crystal (LC) panels. The lithium-ion battery market expanded and there was some R&D investment, but tight controls on investment persisted in the photovoltaic (PV) cell market, despite growth in a value terms.

### Earnings results in Q3

Orders were up 22.0% YoY in cumulative Q3, driven by the Others segment, as in Q2. Sales were up 60.1%, and operating profit increased 435.6% to JPY3.2bn—partly owing to a favorable comparison with Q3 FY06/14, when operating profit was low. The company maintained its full-year earnings forecasts.

View the [full report](#).

# MONTHLY WRAP – May 2015

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

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

On **April 7, 2015**, Mac-House Co., Ltd. announced full-year earnings results for FY02/15 and a medium-term management plan.

Quarterly performance (JPY/mn)					FY02/13					FY02/14					FY02/15					FY02/15		FY02/14 FY02/15 FY02/16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	% of FY	FY Est.	Act.	Act.	Est.		
Sales	9,730	8,733	9,901	10,294	9,383	8,438	8,878	10,050		9,056	8,308	9,083	9,505		99.0%	36,300	36,749	35,952	35,000	99.0%	36,300	36,749	35,952	35,000	
YoY	1.6%	-6.7%	-5.8%	-6.4%	-3.6%	-3.4%	-10.3%	-2.4%		-3.5%	-1.5%	2.3%	-5.4%												
Gross profit	4,777	4,069	4,966	4,733	4,643	3,941	4,242	4,279		4,381	3,792	4,290	4,190		96.4%	17,269	17,105	16,653							
YoY	4.1%	-3.8%	-1.9%	-1.8%	-2.8%	-3.1%	-14.6%	-9.6%		-5.6%	-3.8%	1.1%	-2.1%												
GPM	49.1%	46.6%	50.2%	46.0%	49.5%	46.7%	47.8%	42.6%		48.4%	45.6%	47.2%	44.1%												
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	4,059		98.7%	16,669	15,965	16,451							
YoY	-5.0%	-3.7%	-3.5%	-7.1%	-0.7%	1.1%	-0.4%	3.4%		8.6%	3.8%	-0.5%	0.5%												
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%	42.7%												
Operating profit	812	237	839	827	704	64	132	240		103	-232	199	132		33.7%	600	1,140	202	600	33.7%	600	1,140	202	600	
YoY	95.0%	-4.0%	6.9%	34.3%	-13.3%	-73.0%	-84.3%	-71.0%		-85.4%	-	50.8%	-45.0%												
OPM	8.3%	2.7%	8.5%	8.0%	7.5%	0.8%	1.5%	2.4%		1.1%	-	2.2%	1.4%												
Recurring profit	858	268	883	893	747	88	140	276		164	-203	229	157		49.6%	700	1,251	347	620						
YoY	105.4%	-3.6%	9.0%	47.4%	-12.9%	-67.2%	-84.1%	-69.1%		-78.0%	-	63.6%	-43.1%												
RPM	8.8%	3.1%	8.9%	8.7%	8.0%	1.0%	1.6%	2.7%		1.8%	-	2.5%	1.7%												
Net income	528	148	499	1,295	428	20	32	69		45	-224	66	-10		-64.7%	190	549	-123	100						
YoY	-	-8.1%	-38.6%	11.5%	-19.0%	-86.5%	-93.6%	-94.7%		-89.5%	-	106.3%	-												
NPM	5.4%	1.7%	5.0%	12.6%	4.6%	0.2%	0.4%	0.7%		0.5%	-	0.7%	-												
Store count	479	477	483	476	486	481	486	482		486	480	482	480												
Openings	6	3	11	1	12	5	12	2		18	5	13	7												
Closures	-9	-5	-5	-8	-2	-10	-7	-6		-14	-11	-11	-9												
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	4,771												
Tops	2,827	2,458	3,085	3,437	2,844	2,397	2,687	3,306		2,599	2,269	2,768	3,067												
Bottoms	1,925	1,992	1,642	1,912	1,774	1,898	1,510	1,897		1,740	1,973	1,541	1,704												
Womenswear	2,771	2,370	2,840	2,540	2,698	2,296	2,638	2,366		2,429	1,994	2,422	2,087												
Tops					1,450	1,172	1,453	1,184		1,280	982	1,267	1,037												
Bottoms					1,247	1,124	1,185	1,183		1,149	1,012	1,155	1,050												
Others	2,205	1,912	2,335	2,404	2,066	1,846	2,043	2,482		2,284	2,073	2,352	2,646												
Children's					985	662	1,092	904		1,016	711	1,180	885												
Others					1,081	1,183	952	1,579		1,268	1,362	1,172	1,761												
YoY																									
Menswear	4.8%	-6.0%	-6.3%	-5.2%	-2.8%	-3.5%	-11.2%	-2.7%		-6.0%	-1.2%	2.7%	-8.3%												
Tops	5.8%	-3.1%	-4.0%	-3.7%	0.6%	-2.5%	-12.9%	-3.8%		-8.6%	-5.3%	3.0%	-7.2%												
Bottoms	3.4%	-9.3%	-10.2%	-7.8%	-7.8%	-4.7%	-8.0%	-0.8%		-1.9%	4.0%	2.1%	-10.2%												
Womenswear	-1.4%	-8.2%	-5.4%	-1.7%	-2.6%	-3.1%	-7.1%	-6.9%		-10.0%	-13.2%	-8.2%	-11.8%												
Tops										-11.7%	-16.2%	-12.8%	-12.4%												
Bottoms										-7.9%	-10.0%	-2.5%	-11.2%												
Others	-1.1%	-6.3%	-5.2%	-13.6%	-6.3%	-3.5%	-12.5%	3.2%		10.6%	12.3%	15.1%	6.6%												
Children's										3.1%	7.4%	8.1%	-2.1%												
Others										17.3%	15.1%	23.1%	11.5%												
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%	-5.4%												
Customer count	-3.2%	-9.3%	-9.7%	-10.3%	-4.9%	-4.2%	-8.3%	2.2%		-0.6%	-1.0%	0.0%	-6.3%												
Average spend	4.9%	2.9%	4.3%	4.3%	1.5%	0.8%	-2.2%	-4.5%		-2.9%	-0.6%	2.3%	0.9%												
Comparable stores year-on-year																									
Sales										-4.1%	-0.6%	3.1%	-5.0%												
Customer count										-2.0%	-0.9%	-0.2%	-7.2%												
Average spend										-2.2%	0.3%	3.2%	2.3%												
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	9,646												
Inventory turnover (days)	153	157	157	172	163	161	162	173		163	176	188	217												

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.

## Industry environment

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

## Store openings

At the start of the year, the number of stores featuring both apparel and lifestyle accessories was about 330. That figure was down to 200 stores by the end of the year, owing to significant differences between the performance of stores depending on their location.

Mac-House opened 43 stores, mostly in shopping centers, and closed 45 stores. As a result, the number of stores totaled 480 at the end of the year, down two year-on-year.

At the start of the year, membership of the company's mobile mailing list totaled 400,000. This figure hit 1mn in early October. At that time, the company set a target of 2mn by the end of December, but membership had only increased to 1.1mn by the end of November. When it announced Q3 results, the company set a new target of 1.2–1.3mn by the end of the year. It outperformed this target, hitting 1.4mn

## MONTHLY WRAP – May 2015

members.

### Sales by product

Mac-House positioned Navy as a mainstay private brand. The company focused on growing sales of the Navy Run Denim line, which uses a new denim material that is lightweight, soft and stretchable; everyday, functional innerwear; MAC HEAT Outer, performance wear that is warmer than down jackets; and MAC HEAT Ura Boa, clothes that absorb heat. Sales of inner legwear for everyday use were also up 27% YoY, although this was short of the company's target.

Jeans sales were robust, but tops sales struggled as poor weather set back sales of seasonal items, and the company responded poorly to trends in womenswear.

On **April 1, 2015**, the company announced monthly sales data for March 2015.

Comparable Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
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%	-8.7%
Cust. count	-2.7%	-3.1%	-0.3%	-0.9%	-1.6%	0.1%	8.8%	0.6%	-6.3%	-1.9%	-10.8%	-12.3%
Spend / cust.	-1.8%	-3.8%	-1.0%	-0.2%	0.2%	1.1%	0.1%	3.3%	5.9%	1.4%	1.7%	4.1%
FY02/15 Sales	-4.7%	-	-	-	-	-	-	-	-	-	-	-
Cust. count	-6.6%	-	-	-	-	-	-	-	-	-	-	-
Spend / cust.	2.0%	-	-	-	-	-	-	-	-	-	-	-
All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
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%	-8.3%
Cust. count	-0.8%	-1.4%	0.3%	-0.7%	-1.9%	-0.1%	9.4%	0.5%	-5.9%	-1.8%	-9.5%	-10.5%
Spend / cust.	-2.5%	-4.5%	-1.7%	-1.1%	-0.7%	0.3%	-0.7%	2.3%	4.8%	0.3%	0.1%	2.5%
FY02/15 Sales	-8.8%	-	-	-	-	-	-	-	-	-	-	-
Cust. count	-10.3%	-	-	-	-	-	-	-	-	-	-	-
Spend / cust.	1.7%	-	-	-	-	-	-	-	-	-	-	-

Source: Company data

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

View the [full report](#).

# MONTHLY WRAP – May 2015

## 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 **April 27, 2015**, Matsui Securities Co., Ltd. announced full-year earnings results for FY03/15.

Quarterly performance (cumulative) (JPYmn)		FY03/14				FY03/15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenues		13,152	22,190	31,363	39,883	7,490	16,309	25,438	34,306
YoY		228.9%	184.1%	154.4%	91.8%	-43.1%	-26.5%	-18.9%	-14.0%
Net operating revenues		12,800	21,599	30,499	38,738	7,238	15,630	24,467	32,893
YoY		238.4%	193.5%	161.3%	94.5	-43.5%	-27.6%	-19.8%	-15.1%
Commissions		9,925	15,977	21,954	27,349	4,406	9,755	15,590	21,167
YoY		308.8%	238.5%	182.3%	93.1%	-55.6%	-38.9%	-29.0%	-22.6%
Brokerage commissions		9,634	15,383	21,111	26,180	4,200	9,264	14,804	20,025
YoY		339.7%	265.1%	199.6%	100.3%	-56.4%	-39.8%	-29.9%	-23.5%
Equity brokerage commissions		8,807	14,083	19,320	23,867	3,807	8,481	13,398	18,022
YoY		364.5%	285.3%	213.8%	105.1%	-56.8%	-39.8%	-30.7%	-24.5%
Futures, options brokerage commissions		585	891	1,193	1,516	256	530	941	1,290
YoY		165.9%	109.2%	76.2%	41.2%	-56.2%	-40.5%	-21.1%	-14.9%
Other		291	589	838	1,164	203	489	784	1,139
YoY		22.8%	17.3%	15.6%	7.0%	-30.2%	-17.0%	-6.4%	-2.1%
Net interest income		2,868	5,613	8,532	11,374	2,829	5,869	8,867	11,713
YoY		111.8%	112.9%	119.1%	97.1%	-1.4%	4.6%	3.9%	3.0%
SG&A expenses		3,213	5,984	8,809	11,648	2,604	5,322	8,100	10,806
YoY		33.5%	28.1%	26.3%	19.8%	-19.0%	-11.1%	-8.0%	-7.2%
SG&A expenses / net operating revenues		25.1%	27.7%	28.9%	30.1%	36.0%	34.0%	33.1%	32.9%
Operating profit		9,587	15,615	21,690	27,090	4,633	10,308	16,367	22,087
YoY		596.7%	480.9%	361.8%	165.7%	-51.7%	-34.0%	-24.5%	-18.5%
OPM		74.9%	72.3%	71.1%	69.9%	64.0%	66.0%	66.9%	67.1%
Recurring profit		9,625	15,666	21,772	27,175	4,694	10,376	16,472	22,202
YoY		585.1%	475.3%	359.9%	165.3%	-51.2%	-33.8%	-24.3%	-18.3%
RPM		75.2%	72.5%	71.4%	70.2%	64.9%	66.4%	67.3%	67.5%
Net income		5,802	9,435	13,117	16,300	2,928	6,469	10,845	15,571
YoY		495.7%	427.1%	335.8%	153.6%	-49.5%	-31.4%	-17.3%	-4.5%
Net margin		45.3%	43.7%	43.0%	42.1%	40.5%	41.4%	44.3%	47.3%

Quarterly performance (JPYmn)		FY03/14				FY03/15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenues		13,152	9,038	9,173	8,520	7,490	8,819	9,129	8,868
YoY		228.9%	137.1%	103.0%	0.6%	-43.1%	-2.4%	-0.5%	4.1%
Net operating revenues		12,800	8,799	8,900	8,239	7,238	8,392	8,837	8,426
YoY		238.4%	146.1%	106.2%	-0.0%	-43.5%	-4.6%	-0.7%	2.3%
Commissions		9,925	6,052	5,977	5,395	4,406	5,349	5,835	5,577
YoY		308.8%	164.0%	95.6%	-15.6%	-55.6%	-11.6%	-2.4%	3.4%
Brokerage commissions		9,634	5,749	5,728	5,069	4,200	5,064	5,540	5,221
YoY		339.7%	184.3%	102.2%	-15.9%	-56.4%	-11.9%	-3.3%	3.0%
Equity brokerage commissions		8,807	5,276	5,237	4,547	3,807	4,674	4,917	4,624
YoY		364.5%	199.9%	109.4%	-17.0%	-56.8%	-11.4%	-6.1%	1.7%
Futures, options brokerage commissions		585	306	302	323	256	274	411	349
YoY		165.9%	48.5%	20.3%	-18.6%	-56.2%	-10.5%	36.1%	8.0%
Other		291	298	249	326	203	286	295	355
YoY		22.8%	12.5%	11.7%	-10.2%	-30.2%	-4.0%	18.5%	8.9%
Net interest income		2,868	2,745	2,919	2,842	2,829	3,040	2,998	2,846
YoY		111.8%	114.1%	132.0%	51.5%	-1.4%	10.7%	2.7%	0.1%
SG&A expenses		3,213	2,771	2,825	2,839	2,604	2,718	2,778	2,706
YoY		33.5%	22.4%	22.5%	3.5%	-19.0%	-1.9%	-1.7%	-4.7%
SG&A expenses / net operating revenues		25.1%	31.5%	31.7%	34.5%	36.0%	32.4%	31.4%	32.1%
Operating profit		9,587	6,028	6,075	5,400	4,633	5,675	6,059	5,720
YoY		596.7%	359.5%	202.4%	-1.8%	-51.7%	-5.9%	-0.3%	5.9%
OPM		74.9%	68.5%	68.3%	65.5%	64.0%	67.6%	68.6%	67.9%
Recurring profit		9,625	6,041	6,106	5,403	4,694	5,682	6,096	5,730
YoY		585.1%	358.3%	203.6%	-2.0%	-51.2%	-5.9%	-0.2%	6.1%
RPM		75.2%	68.7%	68.6%	65.6%	64.9%	67.7%	69.0%	68.0%
Net income		5,802	3,633	3,682	3,183	2,928	3,541	4,376	4,726
YoY		495.7%	345.2%	201.8%	-6.8%	-49.5%	-2.5%	18.8%	48.5%
Net margin		45.3%	41.3%	41.4%	38.6%	40.5%	42.2%	49.5%	56.1%

Source: Company data

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



## MONTHLY WRAP – May 2015

Aggregate equity trading value at the Tokyo and Nagoya stock exchanges fell 8% YoY; total equity trading value by individuals fell 23%. Trading by individuals accounted for 23% of total market transactions, down from 27% a year earlier. Turnover fell owing to a pullback from 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 at the end of FY03/14. The company focused on making this service more convenient, including upping the number of stocks available for short-selling and maximum position size. The company also launched the Futures Trading Service for Day Trades. Plus, the company focused on enhancing customer service, making it possible to trade stocks from tax-free Nippon Individual Savings Accounts (NISA) on the KABU touch trading app for smartphones, and promoting services for minors—in view of the establishment of NISA for children, scheduled for 2016. But total equity trading value at the company fell 10% YoY, in line with the broader fall in the equity trading value of individuals.

### Commissions

Total commissions were JPY21.2bn (-22.6% YoY).

Brokerage commissions were JPY20.0bn (-23.5% YoY). Equity trading value fell 10% YoY. In Q4 (January–March 2015), the brokerage commission rate (brokerage commissions / trading value) increased by 0.3bp YoY to 0.053%. Excluding Margin Trading Service for Day-trades accounts, the brokerage commission rate was 0.102%, up 0.2bp YoY.

### Net interest income

Net interest income (interest and dividend income minus interest costs) was JPY11.7bn (+3.0% YoY). Net interest margin—average outstanding margin transactions divided by net interest income—was 3.6% during Q4 (January–March 2015), up 0.1pp YoY.

### SG&A expenses

SG&A expenses shrank 7.2% YoY to JPY10.8bn. Transaction-related expenses, which move with trading value, were JPY4.7bn (-4.8% YoY).

### Extraordinary income

Extraordinary income totaled JPY2.1bn. Key contributing factors included the booking of a JPY2.9bn gain on sales of investment securities despite a JPY738mn loss resulting from recording a provision for financial instrument transaction liability reserves.

On **April 1, 2015**, the company announced a change to its dividend policy.

At an extraordinary meeting held on April 1, 2015, the board of directors resolved to change the company's dividend policy from a dividend payout ratio of at least 30% of net income, to a dividend payout ratio of between 60% and 100%, and a dividend on equity (DOE) ratio of at least 7%.

### Reasons for the change

Recently, the company has returned significantly more of its profits to shareholders than its stated goal of 30% of net income. The company intends to continue focusing on shareholder returns, and has decided to clarify this position by raising its target dividend payout ratio. The company has also added a supplementary target for the DOE ratio, which has received significant attention in recent years as a measure of shareholder return.

View the [full report](#).



## MONTHLY WRAP – May 2015

### NAIGAI TRANS LINE LTD. (9384)

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

On **April 30, 2015**, Naigai Trans Line Ltd. (NTL) announced earnings results for Q1 FY12/15 and a revision to the interim dividend forecast (a commemorative dividend and an increase in dividend).

#### Revision to interim dividend forecast

The company plans to issue a special dividend of JPY10 per share at the end of Q2 FY12/15 (interim dividend), to commemorate its move from the Second to the First Section of the Tokyo Stock Exchange on March 20, 2015. Furthermore, in view of expected earnings for FY12/15, the company has revised its interim dividend forecast upward by JPY7, to JPY20 per share. Together with the commemorative dividend, this means the company now forecasts an interim dividend of JPY30, and a full-year dividend of JPY50.

Quarterly Performance (cml.) (JPYmn)		FY12/14				FY12/15				FY12/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	
Sales	4,604	9,640	14,671	20,095	5,546				55.5%	10,000	
YoY	32.8%	28.5%	22.3%	19.6%	20.4%					3.7%	
Gross Profit	1,242	2,673	4,098	5,663	1,506						
YoY	22.5%	19.9%	17.1%	16.9%	21.3%						
GPM	27.0%	27.7%	27.9%	28.2%	27.2%						
SG&A Expenses	1,006	2,350	3,411	4,518	1,099						
YoY	20.2%	33.6%	25.5%	22.1%	9.2%						
SG&A / Sales	21.8%	24.4%	23.2%	22.5%	19.8%						
Operating Profit	236	323	687	1,145	407				62.6%	650	
YoY	33.4%	-31.3%	-12.1%	0.3%	72.6%					101.2%	
OPM	5.1%	3.4%	4.7%	5.7%	7.3%					6.5%	
Recurring Profit	234	320	706	1,208	405				62.4%	650	
YoY	15.7%	-37.3%	-16.1%	0.3%	73.6%					103.1%	
RPM	5.1%	3.3%	4.8%	6.0%	7.3%					6.5%	
Net Income	125	-408	-169	216	244				55.5%	440	
YoY	6.9%	-	-	-70.4%	94.7%					-	
NPM	2.7%	-	-	1.1%	4.4%					4.4%	

Quarterly Performance (JPYmn)		FY12/14				FY12/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales	4,604	5,035	5,031	5,424	5,546				
YoY	32.8%	24.8%	11.9%	12.9%	20.4%				
Gross Profit	1,242	1,431	1,425	1,565	1,506				
YoY	22.5%	17.8%	12.2%	16.5%	21.3%				
GPM	27.0%	28.4%	28.3%	28.9%	27.2%				
SG&A Expenses	1,006	1,344	1,061	1,107	1,099				
YoY	20.2%	45.8%	10.5%	15.2%	9.2%				
SG&A / Sales	21.8%	26.7%	21.1%	20.4%	19.8%				
Operating Profit	235	87	364	459	407				
YoY	33.4%	-70.3%	17.1%	26.9%	73.2%				
OPM	5.1%	1.7%	7.2%	8.5%	7.3%				
Recurring Profit	233	87	386	502	405				
YoY	15.9%	-71.9%	16.7%	37.9%	74.0%				
RPM	15.7%	1.7%	7.7%	9.3%	7.3%				
Net Income	125	-533	239	385	244				
YoY	6.9%	-	18.0%	75.4%	94.7%				
NPM	2.7%	-	4.7%	7.1%	4.4%				

Source: Company data

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

At the parent level, NTL reported year-on-year growth in less-than-container-load (LCL) export sales and full-container-load (FCL) export sales. Consolidated subsidiaries both at home and abroad also mostly reported significant growth in sales and profits, contributing to group results.

View the [full report](#).

## MONTHLY WRAP – May 2015

### NanoCarrier Co. (4571)

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

On **April 3, 2015**, NanoCarrier Co. announced revisions to its full-year FY03/15 earnings forecasts, the booking of non-operating income and an extraordinary loss, and FY03/16 earnings forecasts.

#### Full-year FY03/15 forecast revisions

Sales: JPY675mn (previous forecast: JPY673mn)  
 Operating loss: JPY1,129mn (previous forecast: JPY1,127mn)  
 Recurring loss: JPY189mn (previous forecast: JPY285mn)  
 Net loss: JPY227mn (previous forecast: JPY322mn)

#### Reasons for the revisions

The company expects sales and operating profit to be roughly in line with previous forecasts. As forex gains on foreign currency deposits have increased more than expected, recurring loss and net loss are expected to be narrower than previous forecasts. The previously expected forex rate was USD/JPY118, but with the weakening yen, the actual rate at the end of the fiscal year was USD/JPY120.17.

#### Booking of non-operating income (forex gains and interest income)

For cumulative Q3 FY03/15 (April–December 2014), the company booked forex gains of JPY939mn as non-operating revenue. But volatile movement in the forex market in Q4 (January–March 2015) resulted in a forex loss of JPY20mn, so the company booked a forex gain of JPY919mn for FY03/15. This was mainly due to the revaluation of foreign currency deposits. The company also booked non-operating profit of JPY33mn, mainly interest from time deposits in foreign currencies.

#### Extraordinary loss (impairment loss on fixed assets)

The impairment loss on fixed assets of JPY33mn is from the impairment of analysis equipment for research as of the end of FY03/15.

#### Earnings forecasts for FY03/16

##### Full-year earnings forecasts for FY03/16

(JPYmn)	Sales	OP	RP	NI
FY03/16 Est.	137	-2,666	-2,617	-2,772
FY03/15 Est.	675	-1,129	-189	-227

Source: Company data

During FY03/16, NanoCarrier plans to invest in clinical development to expand the labels of existing products, taking into consideration future NDAs for drugs currently being clinically tested in Japan and elsewhere. The company also plans to launch full-scale investments in R&D for new pipeline products. It thus expects a significant year-on-year increase in R&D expenses related to clinical development and the development of new pipeline products. The company, however, believes that these investments will lead to higher corporate value over the medium to long term.

Specifically, the company plans to increase R&D spending as it expands clinical trials related to the development of major pipeline products, pursue development of next-generation pharmaceuticals with the use of Antibody/Drug Conjugated Micelle (ADCM), and accelerate the development of Active-type NanoFect® micellar nanoparticle technology applicable to siRNA and other nucleic-acid pharmaceuticals.

Nanoplatin® (NC-6004): NanoCarrier is conducting Phase III clinical trials on pancreatic cancer patients jointly with Orient Europharma Co., Ltd. (Taiwan), the licensee for Asia. The company may expand the

## MONTHLY WRAP – May 2015

geographical reach of this product and seek approval for the additional indication of head-and-neck carcinoma. In the US, in addition to ongoing Phase Ib/II clinical trials for non-small-cell lung cancer, the company also plans to begin Phase I/II or Phase II trials targeting various indications, including head-and-neck carcinoma. In addition to existing clinical trials, it also intends to expand this product's label, and focus on indications that are likely to be approved quickly, thereby shortening clinical trial time and increasing the approval rate.

DACH-Platin Micelle (NC-4016): NanoCarrier is conducting Phase I clinical trials in the United States on patients with solid tumors. It also plans to expand this product's label with additional of Phase I/II clinical trials and sNDAs.

Epirubicin Micelle (NC-6300/ K-912): NanoCarrier is conducting Phase I clinical trials in Japan jointly with Kowa Company, Ltd., a global licensee, targeting solid tumors. The company plans to begin Phase I/II clinical trials with breast cancer soon, and is considering the possibility of adding new indications.

Regarding R&D into new pipeline products, the company is applying ADCM technology to E7974—acquired from Eisai Co., Ltd.—to develop a new pharmaceutical with a wider therapeutic range owing to better capacity for targeting cancer cells and lower toxicity. At the time of writing, it is preparing to launch clinical trials on human subjects. NanoCarrier also plans to conduct joint research and development with Chugai Pharmaceutical Co., Ltd. to develop a new first-in-class siRNA pharmaceutical based on its Active-type NanoFect® nucleic-acid delivery technology.

The company forecasts sales of JPY137mn in FY03/16, mainly from the sale of cosmetic materials to Albion Co., Ltd. The projection does not include sales of investigational drugs and up-front fees resulting from new joint R&D agreements or business collaboration agreements. In the event that sales may be affected by such business progress, the company plans to disclose the relevant information as soon as possible.

In addition, in its cosmetics operations, the company plans to commercialize new essence and hair-growth products. It also intends to release any relevant information as soon as possible, in the event that net sales appear likely to be affected by progress in the development of these new products.

View the [full report](#).

## MONTHLY WRAP – May 2015

### Nippon Parking Development (2353)

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

On **April 16, 2015**, Nippon Parking Development Co., Ltd. (NPD) announced the acquisition of all shares in JMA Co., Ltd., making it a consolidated subsidiary.

#### Overview of the acquisition

JMA operates one of Japan's largest portal websites for searching for rental conference facilities. It acts as an agency for booking conference halls, offering clients a dedicated support representative to ensure quality service.

NPD plans to link its parking lot search website for the monthly rental business with JMA's portal website. The aim is to increase visitors and grow the business by offering corporate administrative staff and other clients more value-added services.

#### **JMA Co., Ltd. overview**

(JPYmn)	FY12/12	FY12/13	FY12/14
Sales	281	252	231
YoY	-	-10.2%	-8.3%
Operating Profit	-2	-1	0
OPM	-	-	-
Recurring Profit	-2	-1	0
Net Profit	-2	-1	0
Total Assets	27	17	22
Net Assets	1	0	7

Source: Company data

On **April 10, 2015**, the company announced the recognition of extraordinary profit from the listing of a subsidiary, and revisions to its earnings forecast.

#### Expected amount of extraordinary profit

The company recorded an extraordinary profit of JPY1.5bn from the sale of 560,000 common shares and an over-allotment of 93,300 shares held in Nippon Ski Resort Development, as well as a public offering of 62,000 shares newly issued by Nippon Ski Resort Development. Combined with JPY760mn in extraordinary profits as of 1H FY07/15, the company expects to record extraordinary profits of JPY2.2bn for consolidated earnings of FY07/15. These numbers may change with Q3 FY07/15 consolidated earnings, scheduled to be announced at the end of May 2015. The extraordinary gain includes the amount of shares sold in the over-allotment (93,000 shares).

#### FY07/15 earnings forecast revisions

Sales: JPY17.1bn (unchanged)  
 Operating profit: JPY2.6bn (previous forecast: JPY2.9bn)  
 Recurring profit: JPY2.9bn (unchanged)  
 Net income: JPY3.4bn (previous forecast: JPY2.6bn)

#### Reasons for the revisions

The operating profit forecast was revised down due to SG&A expenses that were higher than initial expectations. These included company-wide expenses related to structural reforms in support of business expansion, up-front investment costs associated with expansion of the parking lot business into South Korea and Indonesia, and the promotion of new businesses (including education services and travel). The forecast for recurring profit remains unchanged due to a JPY280mn gain on sales of investment securities in 1H FY07/15 and the continued weakening of the yen. The net income forecast



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was revised up due to the aforementioned recognition of extraordinary profit.

View the [full report](#).

Shared Research



## MONTHLY WRAP – May 2015

### NTT Urban Development Corporation (8933)

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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 **April 1, 2015**, NTT Urban Development Corporation announced a reversal of deferred tax assets and liabilities.

Following the promulgation of a law regarding changes to corporation tax in March 2015, the company expects to reverse deferred tax assets of JPY500mn and deferred tax liabilities of JPY6.6bn, and report an increase in other comprehensive income of JPY100mn in FY03/15. Adjustments for corporate taxes total JPY5.9bn on the group's balance sheet, so the company expects the impact on net income to increase by JPY4bn after the deduction of profits attributable to minority interests. The company has yet to confirm the impact on full-year earnings forecasts.

View the [full report](#).

# MONTHLY WRAP – May 2015

## 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 **April 22, 2015**, Shared Research updated comments on Onward Holdings Co., Ltd.'s full-year earnings results for FY02/15 after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14(*)				FY02/15				FY02/15 Rev.	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
<b>Sales</b>	<b>67,581</b>	<b>53,305</b>	<b>70,479</b>	<b>67,004</b>	<b>72,361</b>	<b>60,358</b>	<b>73,303</b>	<b>73,985</b>	<b>73,561</b>	<b>58,564</b>	<b>75,595</b>	<b>73,781</b>	<b>101.3%</b>	<b>277,900</b>
YoY	10.1%	1.9%	2.5%	11.8%	6.8%	12.9%	3.8%	10.0%	1.7%	-3.0%	3.1%	-0.3%		-0.8%
Gross Profit	33,886	23,863	36,649	30,092	35,719	27,046	36,571	31,401	36,541	26,019	36,609	29,894	99.7%	129,400
YoY	11.4%	3.2%	1.4%	18.3%	-	-	-	-	2.3%	-3.8%	0.1%	-4.8%		-1.0%
<b>GPM</b>	<b>50.1%</b>	<b>44.8%</b>	<b>52.0%</b>	<b>44.9%</b>	<b>49.4%</b>	<b>44.8%</b>	<b>49.9%</b>	<b>42.4%</b>	<b>49.7%</b>	<b>44.4%</b>	<b>48.4%</b>	<b>40.5%</b>		<b>46.6%</b>
SG&A Expenses	27,669	26,923	29,102	29,604	29,170	29,943	29,621	31,803	30,577	29,405	31,066	32,284	101.0%	122,100
YoY	7.5%	2.8%	10.3%	14.5%	5.4%	11.2%	1.8%	7.4%	4.8%	-1.8%	4.9%	1.5%		1.3%
SG&A / Sales	40.9%	50.5%	41.3%	44.2%	40.3%	49.6%	40.4%	43.0%	41.6%	50.2%	41.1%	43.8%		43.9%
<b>Operating Profit</b>	<b>6,216</b>	<b>-3,059</b>	<b>7,547</b>	<b>488</b>	<b>6,548</b>	<b>-2,897</b>	<b>6,950</b>	<b>-401</b>	<b>5,963</b>	<b>-3,386</b>	<b>5,544</b>	<b>-2,390</b>	<b>78.5%</b>	<b>7,300</b>
YoY	32.9%	-	-22.8%	-	3.3%	-	-	-	-8.9%	-	-20.2%	-		-28.4%
OPM	9.2%	-	10.7%	0.7%	9.0%	-	9.5%	-	8.1%	-	7.3%	-		2.6%
<b>Recurring Profit</b>	<b>6,029</b>	<b>-2,307</b>	<b>8,038</b>	<b>1,645</b>	<b>7,184</b>	<b>-2,413</b>	<b>7,100</b>	<b>340</b>	<b>5,807</b>	<b>-2,806</b>	<b>5,719</b>	<b>-1,558</b>	<b>86.3%</b>	<b>8,300</b>
YoY	12.2%	-	-17.4%	45.3%	19.2%	-	-11.7%	-79.3%	-19.2%	-	-19.5%	-		-32.0%
RPM	8.9%	-	11.4%	2.5%	10.0%	-	9.7%	0.5%	7.9%	-	7.6%	-		3.0%
<b>Net Income</b>	<b>2,815</b>	<b>-2,293</b>	<b>4,114</b>	<b>-133</b>	<b>3,841</b>	<b>-2,190</b>	<b>4,106</b>	<b>-1,099</b>	<b>3,528</b>	<b>-1,826</b>	<b>4,121</b>	<b>-1,619</b>	<b>89.4%</b>	<b>4,700</b>
YoY	30.4%	-	-3.9%	-	36.4%	-	-0.2%	-	-8.1%	-	0.4%	-		0.9%
NPM	4.2%	-	5.8%	-	5.3%	-	5.6%	-	4.8%	-	5.5%	-		1.7%

Source: Company data

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

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

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

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15				FY02/14(*)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Sales</b>	<b>67,581</b>	<b>53,305</b>	<b>70,479</b>	<b>67,004</b>	<b>72,174</b>	<b>60,145</b>	<b>73,122</b>	<b>73,632</b>	<b>73,561</b>	<b>58,564</b>	<b>75,595</b>	<b>73,781</b>	<b>72,361</b>	<b>60,358</b>	<b>73,303</b>	<b>73,985</b>
Apparel	63,287	49,925	66,550	62,913	67,455	56,403	68,836	69,381	68,987	54,902	71,028	69,383	67,642	56,616	69,017	69,735
Japan	52,398	43,346	56,406	50,203	55,045	44,866	55,737	52,446	55,664	45,231	57,688	52,436	55,114	44,912	55,782	52,548
Europe	9,330	5,076	8,806	10,002	10,609	9,564	11,452	13,898	11,819	8,152	11,363	14,003	10,727	9,730	11,587	14,151
Asia / N. America	1,558	1,504	1,336	2,709	1,800	1,973	1,646	3,038	1,502	1,520	1,976	2,945	1,800	1,974	1,647	3,038
Other	4,294	3,379	3,929	4,091	4,719	3,741	4,286	4,251	4,574	3,662	4,566	4,399	4,719	3,741	4,287	4,250
<b>YoY</b>	<b>10.1%</b>	<b>1.9%</b>	<b>2.5%</b>	<b>11.8%</b>	<b>6.8%</b>	<b>12.8%</b>	<b>3.8%</b>	<b>9.9%</b>	<b>1.7%</b>	<b>-3.0%</b>	<b>3.1%</b>	<b>-0.3%</b>				
Apparel	10.7%	1.6%	2.5%	11.8%	6.6%	13.0%	3.4%	10.3%	2.0%	-3.0%	2.9%	-0.5%				
Japan	11.9%	6.7%	3.1%	7.0%	5.1%	3.5%	-1.2%	4.5%	1.0%	0.7%	3.4%	-0.2%				
Europe	5.5%	-28.2%	-1.6%	42.4%	13.7%	88.4%	30.0%	39.0%	10.2%	-16.2%	-1.9%	-1.0%				
Asia / N. America	3.2%	3.7%	7.0%	16.3%	15.5%	31.2%	23.2%	12.1%	-16.6%	-23.0%	20.0%	-3.1%				
Other	2.7%	6.1%	1.8%	12.3%	9.9%	10.7%	9.1%	3.9%	-3.1%	-2.1%	6.5%	3.5%				
<b>Operating profit</b>	<b>6,216</b>	<b>-3,059</b>	<b>7,547</b>	<b>488</b>	<b>6,390</b>	<b>-3,059</b>	<b>6,792</b>	<b>-701</b>	<b>5,963</b>	<b>-3,386</b>	<b>5,544</b>	<b>-2,390</b>	<b>6,548</b>	<b>-2,897</b>	<b>6,950</b>	<b>-401</b>
Apparel	6,577	-1,868	8,335	1,454	6,495	-1,968	6,780	327	6,091	-2,356	6,057	-995	6,652	-1,806	6,938	628
Japan	6,121	-878	8,008	2,247	6,587	-567	6,634	1,223	7,057	-1,505	5,798	-778	6,626	-550	6,655	1,282
Europe	244	-823	557	-416	-53	-1,163	529	-547	-544	-567	571	602	64	-997	665	-295
Asia / N. America	211	-166	-229	-387	-38	-238	-383	-349	-421	-283	-313	-820	-38	-258	-382	-360
Other	491	-237	164	-86	602	-322	191	-182	589	-271	294	-223	602	-322	191	-182
Eliminations	-851	-954	-954	-870	-706	-770	-179	-846	-717	-759	-808	-1,171	-706	-770	-179	-846
<b>YoY</b>	<b>32.9%</b>	<b>-</b>	<b>-22.6%</b>	<b>-</b>	<b>2.8%</b>	<b>-</b>	<b>-10.0%</b>	<b>-</b>	<b>-8.9%</b>	<b>-</b>	<b>-20.2%</b>	<b>-</b>				
Apparel	30.6%	-	-20.4%	123.7%	-1.2%	-	-18.7%	-77.5%	-8.4%	-	-12.7%	-				
Japan	32.8%	-	-12.7%	359.5%	7.6%	-	-17.2%	-45.6%	6.5%	-	-12.9%	-				
Europe	3.4%	-	-51.9%	-	-	-	-5.0%	-	-	-	-14.1%	-				
Asia / N. America	11.1%	-	-	-	-	-	-	-	-	-	-	-				
Other	15.0%	-	2.5%	-	22.6%	-	16.5%	-	-2.2%	-	53.9%	-				
<b>OPM</b>	<b>9.2%</b>	<b>-5.7%</b>	<b>10.7%</b>	<b>0.7%</b>	<b>8.9%</b>	<b>-5.1%</b>	<b>9.3%</b>	<b>-1.0%</b>	<b>8.1%</b>	<b>-5.8%</b>	<b>7.3%</b>	<b>-3.2%</b>	<b>9.0%</b>	<b>-4.8%</b>	<b>9.5%</b>	<b>-0.5%</b>
Apparel	10.4%	-3.7%	12.5%	2.3%	9.6%	-3.5%	9.8%	0.5%	8.8%	-4.3%	8.5%	-1.4%	9.8%	-3.2%	10.1%	0.9%
Japan	11.7%	-2.0%	14.2%	4.5%	12.0%	-1.3%	11.9%	2.3%	12.7%	-3.3%	10.1%	-1.5%	12.0%	-1.2%	11.9%	2.4%
Europe	2.6%	-16.2%	6.3%	-4.2%	-0.5%	-12.2%	4.6%	-3.9%	-4.6%	-7.0%	5.0%	4.3%	0.6%	-10.2%	5.7%	-2.1%
Asia / N. America	13.5%	-11.0%	-17.1%	-14.3%	-2.1%	-12.1%	-23.3%	-11.5%	-28.0%	-18.6%	-15.8%	-27.8%	-2.1%	-13.1%	-23.2%	-11.8%
Other	11.4%	-7.0%	4.2%	-2.1%	12.8%	-8.6%	4.5%	-4.3%	12.9%	-7.4%	6.4%	-5.1%	12.8%	-8.6%	4.5%	-4.3%

Source: Company data

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

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

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

### Group operating profit down 43.8% YoY

Consolidated sales grew 0.5% YoY in FY02/15, but operating profit fell significantly, down 43.8% YoY. In Japan, core operating company Onward Kashiya reported lower sales and profits amid difficult conditions, while other subsidiaries reported lower profits or wider operating losses. Overseas, profits grew in Europe as restructuring efforts paid off, but the operating loss widened in Asia owing to weak results and restructuring expenses.

## MONTHLY WRAP – May 2015

The JPY4.5bn drop in operating profit may be attributed to costs of about JPY1bn related to the relocation of headquarters and the Shibaura office, an increase in overheads of JPY1.4bn at new domestic subsidiaries, an increase in allowances at businesses in Asia of about JPY300–400mn, and rising SG&A expenses overseas in line with the weak yen. Note, in terms of segmentation, the increase in allowances businesses in Asia are included in consolidated eliminations and others.

### **Operating profit missed the target, despite a downward revision in Q3**

Profits fell short of targets, despite downward revisions in Q3. This was mainly due to rising allowances in Asia, inventory write-downs at Onward Global Fashion and other domestic subsidiaries, and rising overheads at new domestic subsidiaries (Intimates, Candy International, and J. Direction). According to the company, these expenditures are all laying the foundations for future growth.

View the [full report](#).

# MONTHLY WRAP – May 2015

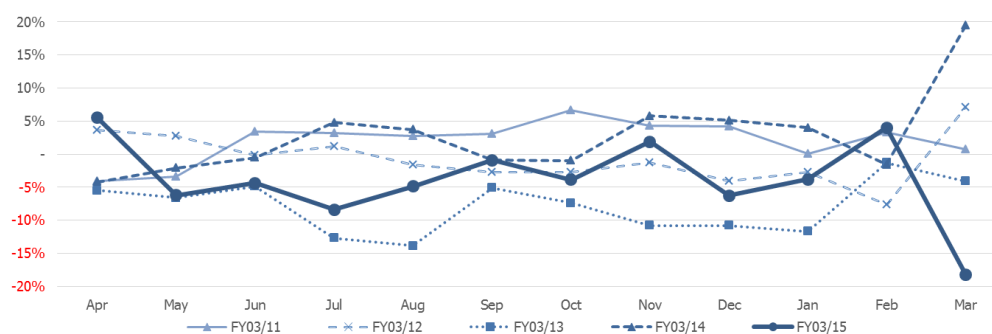
## Paris Miki Holdings Inc. (7455)

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

On **April 2, 2015**, Paris Miki Holdings announced March 2015 sales figures.

### Monthly comparable-store sales

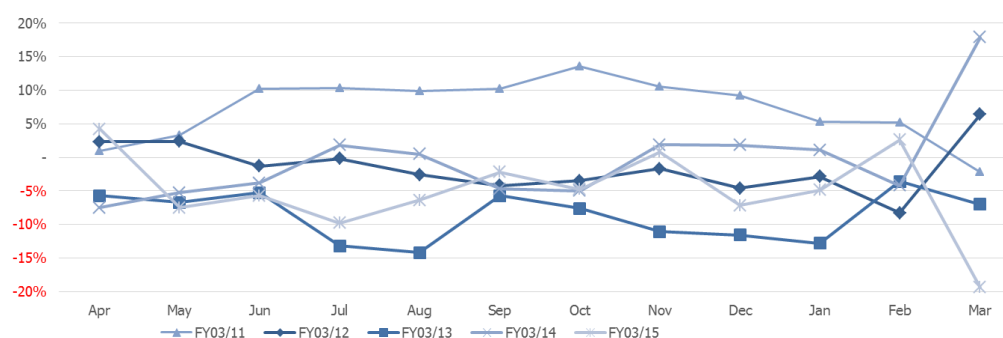
Existing Stores	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY03/10	-4.4%	-7.2%	-9.3%	-4.8%	-3.3%	-3.7%	-6.8%	-7.8%	1.9%	1.0%	-5.4%	-4.7%
FY03/11	-4.1%	-3.4%	3.4%	3.2%	2.7%	3.1%	6.7%	4.3%	4.2%	0.1%	3.3%	0.7%
FY03/12	3.6%	2.7%	-0.2%	1.2%	-1.6%	-2.7%	-2.7%	-1.3%	-4.1%	-2.7%	-7.7%	7.1%
FY03/13	-5.5%	-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%	4.0%	-18.3%



Source: Company data

### Monthly all-store sales

All Stores	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY03/10	-4.5%	-7.0%	-9.3%	-5.2%	-3.5%	-3.7%	-6.8%	-8.4%	1.9%	1.0%	-6.3%	-6.0%
FY03/11	1.0%	3.3%	10.2%	10.3%	9.9%	10.2%	13.6%	10.6%	9.2%	5.3%	5.2%	-2.2%
FY03/12	2.3%	2.4%	-1.3%	-0.2%	-2.6%	-4.2%	-3.5%	-1.7%	-4.6%	-2.9%	-8.3%	6.4%
FY03/13	-5.7%	-6.7%	-5.3%	-13.2%	-14.2%	-5.7%	-7.6%	-11.1%	-11.6%	-12.8%	-3.6%	-7.0%
FY03/14	-7.5%	-5.3%	-3.8%	1.8%	0.5%	-4.7%	-5.0%	1.9%	1.8%	1.1%	-4.2%	17.9%
FY03/15	4.2%	-7.5%	-5.7%	-9.8%	-6.4%	-2.2%	-4.8%	0.8%	-7.2%	-4.9%	2.6%	-19.4%



Source: Company data

View the [full report](#).

# MONTHLY WRAP – May 2015

## Pigeon Corp. (7956)

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

On **April 20, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance (JPYmn)	FY01/14				FY01/15				FY01/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	16,896	19,726	20,919	19,925	18,859	20,370	21,939	22,945	-	-
YoY	17.8%	17.0%	24.7%	16.6%	11.6%	3.3%	4.9%	15.2%		
Gross Profit	7,351	8,813	9,483	8,817	8,379	9,323	10,172	10,422		
YoY	20.5%	23.3%	30.0%	22.2%	14.0%	5.8%	7.3%	18.2%		
GPM	43.5%	44.7%	45.3%	44.3%	44.4%	45.8%	46.4%	45.4%		
SG&A Expenses	5,438	5,912	5,876	6,872	5,696	6,021	6,444	7,355		
YoY	15.9%	10.9%	15.4%	23.6%	4.7%	1.8%	9.7%	7.0%		
SG&A / Sales	32.2%	30.0%	28.1%	34.5%	30.2%	29.6%	29.4%	32.1%		
Operating Profit	1,913	2,901	3,607	1,944	2,684	3,302	3,728	3,067	-	-
YoY	35.9%	59.6%	63.6%	17.4%	40.3%	13.8%	3.4%	57.7%		
OPM	11.3%	14.7%	17.2%	9.8%	14.2%	16.2%	17.0%	13.4%		
Recurring Profit	2,188	2,974	3,729	2,111	2,660	3,298	3,992	3,349	-	-
YoY	36.1%	79.3%	65.8%	12.6%	21.6%	10.9%	7.1%	58.6%		
RPM	12.9%	15.1%	17.8%	10.6%	14.1%	16.2%	18.2%	14.6%		
Net Income	1,328	1,793	2,517	1,347	1,773	2,302	2,303	2,075	-	-
YoY	26.4%	108.5%	63.7%	19.8%	33.5%	28.4%	-8.5%	54.0%		
NPM	7.9%	9.1%	12.0%	6.8%	9.4%	11.3%	10.5%	9.0%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	16,896	36,622	57,540	77,465	18,859	39,229	61,168	84,113	100.5%	83,700
YoY	17.8%	17.3%	19.9%	19.0%	11.6%	7.1%	6.3%	8.6%		8.0%
Gross Profit	7,351	16,164	25,648	34,464	8,379	17,702	27,874	38,296		
YoY	20.5%	22.0%	24.8%	24.1%	14.0%	9.5%	8.7%	11.1%		
GPM	43.5%	44.1%	44.6%	44.5%	44.4%	45.1%	45.6%	166.9%		
SG&A Expenses	5,438	11,350	17,226	24,099	5,696	11,716	18,160	-		
YoY	15.9%	13.3%	14.0%	16.6%	4.7%	3.2%	5.4%	-		
SG&A / Sales	32.2%	31.0%	29.9%	31.1%	30.2%	29.9%	29.7%	-		
Operating Profit	1,913	4,814	8,421	10,366	2,684	5,986	9,714	12,781	105.6%	12,100
YoY	35.9%	49.3%	55.1%	46.3%	40.3%	24.3%	15.4%	23.3%		16.7%
OPM	11.3%	13.1%	14.6%	13.4%	14.2%	15.3%	15.9%	55.7%		14.5%
Recurring Profit	2,188	5,162	8,891	11,002	2,660	5,958	9,950	13,299	108.1%	12,300
YoY	36.1%	58.0%	61.2%	48.9%	21.6%	15.4%	11.9%	20.9%		11.8%
RPM	12.9%	14.1%	15.5%	14.2%	14.1%	15.2%	16.3%	58.0%		14.7%
Net Income	1,328	3,121	5,638	6,986	1,773	4,074	6,377	8,452	108.4%	7,800
YoY	26.4%	63.3%	63.5%	52.7%	33.5%	30.5%	13.1%	21.0%		11.7%
NPM	7.9%	8.5%	9.8%	9.0%	9.4%	10.4%	10.4%	36.8%		9.3%

Source: Company data

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

Sales for FY01/15 were strong due to strong overseas expansion, particularly in China. Operating profit and recurring profit were higher as sales increased, utilization of production facilities expanded, and the CoGS-to-sales ratio improved by 1.0pp year-on-year. Net income also exceeded the previous year even though the company took at JPY104mn charge in extraordinary loss linked to voluntary product recalls.

On a quarterly basis, robust results continued in Q4, as in the previous three quarters. Over the full year, forex movements added JPY3.4bn YoY to sales, JPY1.8bn to gross profit, and JPY1.2bn to recurring profit. Forex movements made a particularly significant contribution in Q4, resulting in relatively high profit growth that quarter.

View the [full report](#).



# MONTHLY WRAP – May 2015

## Round One Corp. (4680)

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

On **April 9, 2015**, Round One Corporation announced revisions to full-year earnings forecasts for FY03/15.

Full-year earnings forecasts for FY03/15 (previous forecast in parentheses)

Sales: JPY83.3bn (JPY85.5bn)  
 Operating profit: JPY6.1bn (JPY8.8bn)  
 Recurring profit: JPY5.7bn (JPY8.0bn)  
 Net loss: JPY5.3bn (net income of JPY4.5bn)  
 EPS: minus JPY55.63 (JPY47.23).

### Reasons for the revisions

Sales have declined since the positive impact of price changes began to wear off in December 2014. Costs have also risen as the company has stocked up on amusement prizes and spent on energy-saving supplies. The company thus expects recurring profit to underperform the previous target by JPY2.3bn. The company also projects that extraordinary losses will overshoot the previous forecast by JPY4.1bn, partly owing to impairment losses.

As a result of the above, Round One now expects pretax net income of JPY400mn. But corporation tax has increased with changes to tax regulations, so the company projects a net loss of JPY5.3bn. According to the company, impairment losses and the reversal of deferred tax assets will affect profit and loss, but there will be no actual cash flows associated with these accounting changes.

On the **same day**, the company released monthly sales data for March 2015.

Monthly Sales Trends FY03/15												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Total Sales (JPYmn)</b>	<b>6,408</b>	<b>7,024</b>	<b>5,913</b>	<b>6,134</b>	<b>9,318</b>	<b>6,321</b>	<b>5,793</b>	<b>6,071</b>	<b>6,960</b>	<b>7,808</b>	<b>6,102</b>	<b>8,050</b>
Bowling	2,001	2,064	1,688	1,686	2,649	1,756	1,624	1,660	2,045	2,431	1,849	2,652
Game	2,686	3,070	2,652	2,894	3,955	2,898	2,661	2,777	3,067	3,240	2,527	2,952
Karaoke	641	711	625	650	927	645	569	595	775	777	598	746
SPO-CHA	878	956	745	700	1,531	805	730	834	849	1,112	904	1,451
Other	199	221	201	202	254	216	207	203	223	242	220	248
<b>Total Sales YoY</b>	<b>-3.3%</b>	<b>0.1%</b>	<b>-6.0%</b>	<b>-0.6%</b>	<b>8.4%</b>	<b>-4.4%</b>	<b>3.7%</b>	<b>9.9%</b>	<b>-4.4%</b>	<b>-9.2%</b>	<b>-0.8%</b>	<b>-5.8%</b>
Bowling	-13.2%	-14.7%	-20.4%	-12.3%	-2.4%	-16.8%	-9.5%	-3.9%	-8.6%	-10.2%	-5.9%	-8.8%
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%	11.9%	16.7%	-2.5%	-10.5%	-2.1%	-8.9%
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%	5.7%	10.9%	-4.9%	-5.7%	-0.6%	-8.1%
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%	9.3%	21.8%	-3.6%	-7.3%	12.8%	7.1%
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%	2.0%	5.8%	9.0%	2.8%	11.9%	6.8%
<b>Comparable Store Sales YoY</b>	<b>-3.3%</b>	<b>0.1%</b>	<b>-6.0%</b>	<b>-0.6%</b>	<b>8.4%</b>	<b>-4.4%</b>	<b>2.0%</b>	<b>7.3%</b>	<b>-6.4%</b>	<b>-10.9%</b>	<b>-2.7%</b>	<b>-7.5%</b>
Bowling	-13.2%	14.7%	-20.4%	-12.3%	-2.4%	-16.8%	-10.6%	-5.6%	-10.0%	-11.5%	-7.3%	-10.1%
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%	10.0%	13.4%	-4.9%	-12.8%	-4.4%	-10.8%
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%	4.5%	9.0%	-6.5%	-7.2%	-2.2%	-9.6%
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%	5.4%	18.2%	-6.4%	-9.3%	10.1%	4.7%
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%	1.7%	5.3%	8.7%	2.5%	11.5%	6.3%
Monthly Sales Trends FY03/14												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Total Sales (JPYmn)</b>	<b>6,625</b>	<b>7,015</b>	<b>6,291</b>	<b>6,168</b>	<b>8,597</b>	<b>6,611</b>	<b>5,586</b>	<b>5,522</b>	<b>7,284</b>	<b>8,596</b>	<b>6,146</b>	<b>8,548</b>
Bowling	2,306	2,420	2,122	1,922	2,713	2,110	1,795	1,727	2,237	2,708	1,965	2,908
Game	2,598	2,763	2,571	2,719	3,502	2,756	2,379	2,380	3,145	3,621	2,580	3,239
Karaoke	630	667	627	639	838	631	538	537	816	824	601	812
SPO-CHA	862	918	738	668	1,278	881	668	684	880	1,205	802	1,355
Other	227	245	231	219	264	231	203	192	204	235	197	231
<b>Total Sales YoY</b>	<b>-2.2%</b>	<b>-7.1%</b>	<b>0.2%</b>	<b>-6.7%</b>	<b>-1.9%</b>	<b>-8.5%</b>	<b>-3.1%</b>	<b>2.9%</b>	<b>0.6%</b>	<b>-4.0%</b>	<b>-2.1%</b>	<b>2.1%</b>
Bowling	-4.9%	-7.3%	-3.9%	-12.3%	-7.2%	-12.1%	-10.9%	-7.2%	-7.7%	-13.2%	-14.5%	-7.5%
Game	-4.7%	-11.4%	0.5%	-2.7%	1.7%	-2.0%	-8.6%	-2.9%	9.9%	9.2%	2.5%	11.1%
Karaoke	3.2%	2.5%	3.2%	-5.2%	1.8%	-8.0%	-9.0%	-2.3%	2.0%	3.2%	0.3%	5.3%
SPO-CHA	10.7%	0.4%	10.2%	-6.7%	-1.4%	3.7%	-0.3%	8.9%	16.9%	15.5%	5.9%	6.0%
Other	-3.5%	-4.7%	-2.4%	-7.5%	-4.2%	-7.5%	-8.2%	-8.2%	-13.2%	-11.9%	-15.3%	-11.9%
<b>Comparable Store Sales YoY</b>	<b>-7.1%</b>	<b>-8.9%</b>	<b>-2.0%</b>	<b>-8.8%</b>	<b>-3.7%</b>	<b>-7.7%</b>	<b>-10.7%</b>	<b>-5.5%</b>	<b>1.8%</b>	<b>0.6%</b>	<b>-4.0%</b>	<b>2.1%</b>
Bowling	-8.6%	-8.9%	-5.7%	-14.1%	-8.6%	-14.2%	-13.2%	-9.5%	-9.0%	-13.2%	-14.5%	-7.5%
Game	-10.0%	-13.9%	-2.5%	-5.4%	-0.9%	-4.8%	-11.3%	-5.9%	8.6%	9.2%	2.5%	11.1%
Karaoke	-1.7%	0.4%	1.0%	-7.2%	-0.1%	-10.3%	-11.3%	-4.9%	0.4%	3.2%	0.3%	5.3%
SPO-CHA	-3.9%	0.4%	10.2%	-6.7%	-1.4%	3.7%	-0.3%	8.9%	16.9%	15.5%	5.9%	6.0%
Other	-7.4%	-7.0%	-4.6%	-9.9%	-6.5%	-10.1%	-10.9%	-10.3%	-13.6%	-11.9%	-15.3%	-11.9%

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

View the [full report](#).

# MONTHLY WRAP – May 2015

## 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 **April 9, 2015**, Ryohin Keikaku Co., Ltd. announced full-year earnings results for FY02/15.

(JPYmn)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Operating revenue	49,431	41,948	48,803	48,168	55,076	49,071	58,184	58,288	66,704	56,882	66,917	69,749	103.0%	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%	19.7%		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	33,252	102.7%	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%	25.1%		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%	47.7%		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	27,235	105.2%	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%	24.6%		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%	39.0%		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	6,016	93.5%	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%	27.5%		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%	8.6%		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	6,270	103.9%	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%	14.0%		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%	9.0%		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	4,145	107.9%	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%	-32.3%		-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%	5.9%		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.

Quarterly performance breakdown (JPYmn)		FY02/12				FY02/13				FY02/14				FY02/15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenue		45,242	40,609	46,401	45,933	49,431	41,948	48,802	48,168	55,076	49,070	58,184	58,288	66,704	56,882	66,917	69,749
Domestic		38,159	33,182	38,654	36,479	41,231	33,569	39,985	36,249	42,863	35,481	43,277	39,485	48,471	37,025	45,708	40,937
Directly managed		30,631	27,355	30,943	30,634	33,428	28,199	32,514	30,365	35,372	29,852	35,398	33,058	39,745	31,672	37,605	35,104
Wholesale		7,527	5,827	7,711	5,846	7,803	5,370	7,470	5,885	7,490	5,630	7,878	6,427	8,726	5,353	8,103	5,832
Overseas		5,196	5,374	5,870	7,504	6,179	6,255	6,664	9,393	9,389	10,472	11,602	15,353	15,423	16,931	18,663	26,101
Europe		1,702	1,716	1,903	2,428	1,689	1,652	1,856	2,734	1,928	2,147	2,466	3,392	2,294	2,465	2,767	3,923
Asia		3,277	3,399	3,720	4,748	4,223	4,319	4,499	6,231	7,050	7,786	8,528	11,129	12,459	13,783	15,051	20,965
Other regions		217	258	247	328	266	283	310	428	410	539	608	832	668	684	846	1,212
Other		1,886	2,054	1,877	1,950	2,019	2,125	2,154	2,526	2,823	3,118	3,306	3,450	2,809	2,927	2,546	2,712
Operating profit		4,579	2,425	5,167	3,266	5,811	3,692	5,679	3,168	5,728	3,993	6,473	4,720	6,624	4,326	6,880	6,016
Domestic		3,955	1,826	4,374	2,163	5,138	2,787	5,007	1,936	4,604	2,404	4,977	1,972	4,963	1,818	4,214	1,499
Directly managed		3,385	1,389	3,602	1,676	4,379	2,388	4,153	1,509	3,889	2,098	4,275	1,509	4,278	1,401	3,509	1,167
Wholesale		569	438	771	488	759	399	854	427	715	306	701	463	684	417	706	331
Overseas		244	321	410	768	196	566	201	885	541	1,005	456	2,139	346	2,089	1,163	3,667
Europe		-27	27	191	370	-42	-54	34	290	-41	-38	-50	379	-198	-60	-182	358
Asia		281	279	211	346	229	587	157	569	598	1,008	478	1,724	568	2,148	1,323	3,271
Other regions		-8	13	8	52	9	33	10	25	-15	34	27	36	-22	0	22	38
Other		452	340	423	291	196	609	542	383	780	872	1,101	944	1,432	1,182	1,656	1,918
OPM		10.1%	6.0%	11.1%	7.1%	11.8%	8.8%	11.6%	6.6%	10.4%	8.1%	11.1%	8.1%	9.9%	7.6%	10.3%	8.6%
Domestic		10.4%	5.5%	11.3%	5.9%	12.5%	8.3%	12.5%	5.3%	10.7%	6.8%	11.5%	5.0%	10.2%	4.9%	9.2%	3.7%
Directly managed		11.1%	5.1%	11.6%	5.5%	13.1%	8.5%	12.8%	5.0%	11.0%	7.0%	12.1%	4.6%	10.8%	4.4%	9.3%	3.3%
Wholesale		7.6%	7.5%	10.0%	8.3%	9.7%	7.4%	11.4%	7.3%	9.5%	5.4%	8.9%	7.2%	7.8%	7.8%	8.7%	5.7%
Overseas		4.7%	6.0%	7.0%	10.2%	3.2%	9.0%	3.0%	9.4%	5.8%	9.6%	3.9%	13.9%	2.2%	12.3%	6.2%	14.0%
Europe		-1.6%	1.6%	10.0%	15.2%	-2.5%	-3.3%	1.8%	10.6%	-2.1%	-1.8%	-2.0%	11.2%	-8.6%	-2.4%	-6.6%	9.1%
Asia		8.6%	8.2%	5.7%	7.3%	5.4%	13.6%	3.5%	9.1%	8.5%	12.9%	5.6%	15.5%	4.6%	15.6%	8.8%	15.6%
Other regions		-3.7%	5.0%	3.2%	15.9%	3.4%	11.7%	3.2%	5.8%	-3.7%	6.3%	4.4%	4.3%	-3.3%	0.0%	2.6%	3.1%
Other		24.0%	16.6%	22.5%	14.9%	9.7%	28.7%	25.2%	15.2%	27.6%	28.0%	33.3%	27.4%	51.0%	40.4%	65.0%	70.7%

Source: Company data

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

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

Estimates for Q4 FY02/15 are the difference between full-year estimates and earnings results for Q3.

### Sales grow in Japan, Asia; operating profit driven by Asian operations

Sales and operating profit grew from a year earlier. Sales rose and profits decline at directly run stores in Japan. However, sales and profits surged in Asia. Earnings reached a record as a result.

### Executive changes

The company announced that it decided on executive changes at a board meeting held on April 9, 2015. Masaaki Kanai, president and representative director, will become chairman and representative director, replacing Chuzo Matsui. Satoru Matsuzaki, who currently serves as senior managing director, will become president and representative director. These changes will be made official after a shareholder meeting on May 20.

# MONTHLY WRAP – May 2015

On April 2, 2015, the company announced monthly sales data for March 2015.

## Year-on-year sales growth

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

FY02/15	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%	5.3%
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%	10.9%
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%	-1.0%
Licensed Stores (Inc. Seiyu) total	21.7%	-1.9%	2.0%	3.8%	0.0%	1.3%	0.4%	-3.1%	2.1%	-4.2%	-2.2%	0.7%
Instore (comparable)	21.9%	-2.2%	1.4%	5.0%	1.2%	-0.9%	1.7%	-2.4%	0.3%	-3.2%	0.2%	4.0%
Instore total	27.0%	1.3%	4.9%	7.3%	5.3%	3.4%	5.8%	3.2%	6.5%	1.1%	4.4%	8.9%
<b>Total</b>	<b>30.6%</b>	<b>12.0%</b>	<b>11.0%</b>	<b>13.6%</b>	<b>22.7%</b>	<b>13.2%</b>	<b>18.1%</b>	<b>8.6%</b>	<b>12.2%</b>	<b>6.4%</b>	<b>13.9%</b>	<b>10.5%</b>

FY02/13	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	14.4%	-1.0%	0.1%	-4.1%	0.5%	2.5%	2.9%	-1.8%	2.6%	-5.5%	-4.9%	1.3%
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%	5.3%
Apparel	11.4%	6.8%	5.0%	6.5%	5.9%	0.6%	9.5%	-0.2%	2.6%	3.4%	2.9%	10.8%
Household Goods	31.8%	-8.7%	-1.9%	3.2%	2.8%	-0.6%	-1.3%	-1.0%	2.2%	-3.9%	2.9%	4.3%
Food	2.8%	1.9%	6.5%	8.3%	-16.1%	-7.0%	-9.4%	-17.9%	-16.6%	-16.7%	-10.8%	-2.9%
Customers Traffic	3.0%	-0.3%	3.6%	3.2%	0.9%	0.0%	-2.2%	-6.3%	-3.7%	-5.3%	-3.4%	1.8%
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%	3.4%

FY02/16	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	-10.3%	-	-	-	-	-	-	-	-	-	-	-
Apparel	-2.8%	-	-	-	-	-	-	-	-	-	-	-
Household Goods	-14.1%	-	-	-	-	-	-	-	-	-	-	-
Food	-7.6%	-	-	-	-	-	-	-	-	-	-	-
Customers Traffic	-7.0%	-	-	-	-	-	-	-	-	-	-	-
Spending per Customer	-3.5%	-	-	-	-	-	-	-	-	-	-	-

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 comKIOSK stores.

View the [full report](#).

## MONTHLY WRAP – May 2015

### Sanix Incorporated (4651)

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

On **April 24, 2015**, Sanix Incorporated announced a service for the purchase of solar power and the expansion of the electricity retail business.

On October 1, 2015, the company will launch a service to purchase electricity generated mainly at solar power plants constructed by Sanix of 10-50kW output, for a price determined under the feed-in tariff scheme. The service will be available in areas covered by Tokyo Electric Power Co., Chubu Electric Power Co., Kansai Electric Power Co., Chugoku Electric Power Co., and Kyushu Electric Power Co.

Customers that use the Sanix Eye remote monitoring service will be able to choose to sell electricity to Sanix. The company also operates an electricity retail business, which it plans to expand by selling electricity to customers requiring high voltage electricity, as approved for power producers and suppliers (new PPS). The company also plans to help customers cut their electricity costs by offering contracts that provide for optimum electricity usage.

The company does not expect any additional capex as a result of the launch of this business. It plans to include the effect of this action in earnings forecasts for FY03/16, to be announced with earnings results for FY03/15 on May 13, 2015.

View the [full report](#).

# MONTHLY WRAP – May 2015

## SATO Holdings Corp. (6287)

Provider of comprehensive solutions based on auto-ID technology.

On **April 30, 2015**, SATO Holdings Corp. announced full-year earnings results for FY03/15.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15		FY03/14	FY03/15	FY3/16
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.	FY	FY	FY Est.
Sales	22,619	23,494	24,589	26,071	23,512	24,054	25,368	26,897	99.8%	100,000	96,773	99,831	110,000
Hardware	8,601	9,743	9,513	11,365	9,478	10,150	10,354	12,060			39,222	42,042	
Supplies	14,017	13,752	15,076	14,706	14,033	13,903	15,013	14,839			57,551	57,788	
YoY	6.7%	9.5%	10.3%	16.9%	3.9%	2.4%	3.2%	3.2%	3.3%		10.9%	3.2%	44.1%
Hardware	5.8%	13.1%	13.7%	18.0%	10.2%	4.2%	8.8%	-			12.9%	7.2%	
Supplies	7.2%	7.0%	8.3%	16.1%	0.1%	1.1%	-0.4%	-			9.6%	0.4%	
Gross Profit	9,655	9,825	10,403	11,297	10,293	10,289	10,764	11,362			41,180	42,708	
YoY	9.4%	10.3%	11.8%	20.6%	6.6%	4.7%	3.5%	0.6%			13.1%	3.7%	
GPM	42.7%	41.8%	42.3%	43.3%	43.8%	42.8%	42.4%	42.2%			42.6%	42.8%	
SG&A Expenses	8,362	8,171	8,547	9,341	8,757	8,807	8,852	8,848			34,421	35,264	
YoY	7.7%	7.8%	8.0%	21.2%	4.7%	7.8%	3.6%	-5.3%			11.2%	2.4%	
SG&A / Sales	37.0%	34.8%	34.8%	35.8%	37.2%	36.6%	34.9%	32.9%			35.6%	35.3%	
Operating Profit	1,292	1,655	1,856	1,955	1,536	1,482	1,911	2,515	93.1%	8,000	6,758	7,444	8,500
YoY	21.0%	25.1%	33.1%	17.3%	18.9%	-10.5%	3.0%	28.6%		18.4%	24.0%	10.2%	43.9%
OPM	5.7%	7.0%	7.5%	7.5%	6.5%	6.2%	7.5%	9.4%		8.0%	7.0%	7.5%	7.7%
Recurring Profit	1,425	1,764	1,984	1,911	1,590	1,581	2,020	2,293	94.7%	7,900	7,084	7,484	8,400
YoY	99.6%	59.6%	14.9%	1.5%	11.6%	-10.4%	1.8%	20.0%		11.5%	30.5%	5.6%	42.5%
RPM	6.3%	7.5%	8.1%	7.3%	6.8%	6.6%	8.0%	8.5%		7.9%	7.3%	7.5%	7.6%
Net Income	845	1,048	1,393	1,009	886	890	1,358	629	75.3%	5,000	4,295	3,763	5,500
YoY	277.2%	107.5%	60.5%	-10.6%	4.9%	-15.1%	-2.5%	-37.7%		16.4%	57.6%	-12.4%	91.2%
NPM	3.7%	4.5%	5.7%	3.9%	3.8%	3.7%	5.4%	2.3%		5.0%	4.4%	3.8%	5.0%

Performance by Region (JPYmn)	FY03/14				FY03/15				FY03/15		FY03/14	FY03/15	FY3/16
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.	FY	FY	FY Est.
Sales	22,619	23,494	24,589	26,071	23,512	24,054	25,368	26,897	99.8%	100,000	96,773	99,831	110,000
Japan	15,707	16,488	17,296	18,908	15,834	16,437	16,965	17,438	99.5%	67,000	68,399	66,674	-
The Americas	2,296	2,326	2,298	2,328	2,489	2,498	2,898	2,954			9,248	10,839	
Europe	1,728	1,692	1,865	1,888	1,966	1,828	1,974	2,968			7,173	8,736	
Asia and Oceania	2,887	2,989	3,130	2,945	3,221	3,292	3,530	3,537			11,951	13,580	
(Total overseas)	6,912	7,006	7,293	7,163	7,678	7,617	8,403	9,459	103.6%	32,000	28,374	33,157	-
YoY	6.7%	9.5%	10.3%	16.9%	3.9%	2.4%	3.2%	3.2%			10.9%	3.2%	
Japan	-0.8%	2.1%	3.0%	17.4%	0.8%	-0.3%	-1.9%	-7.8%			5.4%	-2.5%	
The Americas	26.4%	41.5%	26.4%	12.5%	8.4%	7.4%	26.1%	26.9%			25.9%	17.2%	
Europe	33.5%	37.3%	32.6%	19.3%	13.8%	8.0%	5.8%	57.2%			30.1%	21.8%	
Asia and Oceania	27.7%	22.7%	38.3%	15.6%	11.6%	10.1%	12.8%	20.1%			25.7%	13.6%	
Operating Profit	1,292	1,655	1,856	1,955	1,536	1,482	1,911	2,515	93.1%	8,000	6,758	7,444	8,500
Japan	867	1,126	1,353	1,768	1,000	997	1,486	1,820	98.2%	5,400	5,114	5,303	-
The Americas	122	143	111	56	213	171	128	219			432	731	
Europe	29	44	81	-30	103	121	128	150			124	502	
Asia and Oceania	263	376	373	244	278	240	353	418			1,256	1,289	
(Total overseas)	414	563	565	270	594	532	609	787	93.4%	2,700	1,812	2,522	-
Eliminations	11	-34	-62	-83	-58	-47	-184	-92		-100	-169	-381	-
YoY	21.0%	25.1%	33.1%	17.3%	18.9%	-10.5%	3.0%	28.6%		18.4%	24.0%	10.2%	43.9%
Japan	-3.5%	-3.8%	12.3%	20.8%	15.3%	-11.5%	9.8%	2.9%		5.6%	8.0%	3.7%	-
The Americas	28.4%	210.9%	88.1%	-61.9%	74.6%	19.6%	15.3%	291.1%			24.5%	69.2%	-
Europe	-	-	-	-	-255.2%	175.0%	58.0%	-			-	304.8%	-
Asia and Oceania	73.0%	129.3%	227.2%	80.7%	5.7%	-36.2%	-5.4%	71.3%			122.3%	2.6%	-
(Total overseas)	108.0%	291.0%	328.0%	20.5%	43.5%	-5.5%	7.8%	191.5%	49.0%		160.0%	39.2%	-
OPM	5.7%	7.0%	7.5%	7.5%	6.5%	6.2%	7.5%	9.4%		8.0%	7.0%	7.5%	7.7%
Japan	5.5%	6.8%	7.8%	9.4%	6.3%	6.1%	8.8%	10.4%		8.1%	7.5%	8.0%	-
The Americas	5.3%	6.1%	4.8%	2.4%	8.6%	6.8%	4.4%	7.4%			4.7%	6.7%	
Europe	1.7%	2.6%	4.3%	-1.6%	5.2%	6.6%	6.5%	5.1%			1.7%	5.7%	
Asia and Oceania	9.1%	12.6%	11.9%	8.3%	8.6%	7.3%	10.0%	11.8%			10.5%	9.5%	
(Total overseas)	6.0%	8.0%	7.7%	3.8%	7.7%	7.0%	7.2%	8.3%	8.4%		6.4%	7.6%	-

Source: Company data

The company achieved 99.8% of its full-year sales target of JPY100bn and 93.1% of its operating profit target of JPY8bn. The company's analysis of the factors affecting results in Japan and overseas is as follows.

### Domestic: discussions with new clients contribute to profits, mainly mechatronics products

Domestic sales fell short of the company's target (97.8%), owing to the fallback after the rush to beat the consumption tax hike, and sluggish consumer spending. Yet discussions with new purchasers of mechatronics products contributed to profits, leading operating profit to outperform the target (100.1%).

### Overseas: upfront investment weighed on profits

Results in existing businesses were mostly in line with targets, but the company made upfront



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investments in new companies. As a result, operating profit fell short of the target (90.1%; sales outperformed the target by 4.3%).

### **Domestic results mostly in line with targets as of Q3**

As of Q3, domestic operating profit was slightly short of the target, at 98.2% (at that point, domestic sales were down JPY1.2bn QoQ, and domestic operating profit was up JPY100mn QoQ).

### **Next medium-term plan targeting OP of JPY12bn for FY03/18, JPY18bn for FY03/21**

At its business strategy meeting on February 25, 2015, the company provided an overview for its medium-term plan: it aims to boost earnings in Japan and overseas, centered on solutions business sales. It is targeting operating profit of JPY12bn for FY03/18 and JPY18bn for FY03/21 (see the Medium-term plan section for details). Shared Research will watch for measures to achieve its medium-term targets.

Although results fell short of targets in FY02/15, the company expected results to be in line with targets in its medium-term plan.

View the [full report](#).

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## SBS Holdings, Inc. (2384)

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

On **April 13, 2015**, Shared Research updated the report after interviewing management of SBS Holdings, Inc.

Quarterly Performance (JPYmm)	FY12/13				FY12/14				FY12/14	
	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 (JPYmm)	FY12/13				FY12/14			
	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.

From Q3 onward, the company's subsidiary in Singapore, SBS Logistics Holdings Singapore Pte. Ltd., has been retroactively included in consolidated accounts dating back to Q1 FY12/14. Furthermore, two acquisitions—Transpole Logistics Pvt. Ltd. (India) and a subsidiary in Hong Kong—have been included in consolidated accounts at SBS Logistics Holdings Singapore Pte. Ltd.

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.

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The company focused on growing 3PL orders by making proposals to clients, and won new orders to manage logistics centers for major drugstore, supermarket, and department store chains from FY12/15 onward. The company also launched 3PL and logistics center operations for a major food processing company, a department store chain, and a glasses lens manufacturer. Existing businesses struggled as consumer spending remained at low levels, but the company grew its businesses by winning new clients and launching new services. The customs clearance and CD and DVD logistics businesses, however, struggled to stay profitable. Imports of high-end apparel and accessories fell due to the weak yen, while the increasingly popularity of smartphones—mainly among young people—led to structural changes and lower volumes in the music and video distribution markets.

Overseas, SBS focused on establishing the foundations for growth. It restructured its subsidiaries in Singapore, entered the container transportation business with the acquisition of a drayage company in Singapore, and completed the construction of its first overseas warehouse, in Thailand. The company also acquired shares in Indian forwarder Transpole Logistics Pvt. Ltd. (now SBS Transpole Logistics Pvt. Ltd.), making it a subsidiary. According to the company, bringing Transpole into the group represents a major step toward achieving its medium-term target of JPY30bn in overseas sales.

The company also invested about JPY15bn in acquiring two overseas subsidiaries, acquiring land for logistics centers—as it looks to win more 3PL orders—and installing more solar power generation facilities. The company also recovered about JPY5.5bn from the sale of an office building and the transfer of trust beneficiary rights in logistics facilities to a private-placement fund, SBS Logifund No. 1.

View the [full report](#).

# MONTHLY WRAP – May 2015

## Ship Healthcare Holdings Inc. (3360)

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

On **April 2, 2015**, Shared Research updated comments on Ship Healthcare's Q3 FY03/15 earnings 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.
<b>Sales</b>	<b>51,185</b>	<b>56,624</b>	<b>52,906</b>	<b>63,648</b>	<b>55,330</b>	<b>54,256</b>	<b>58,337</b>	<b>91,266</b>	<b>51,504</b>	<b>73,852</b>	<b>61,302</b>	<b>93,342</b>	<b>66.7%</b>	<b>280,000</b>
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%			
<b>Operating Profit</b>	<b>3,122</b>	<b>3,629</b>	<b>2,081</b>	<b>3,711</b>	<b>2,511</b>	<b>2,333</b>	<b>2,625</b>	<b>6,388</b>	<b>1,267</b>	<b>4,514</b>	<b>2,593</b>	<b>6,226</b>	<b>57.4%</b>	<b>14,600</b>
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.

Performance by Segment (JPYmn)	FY03/13				FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		% of FY	FY Est.
<b>Sales</b>	<b>51,185</b>	<b>107,809</b>	<b>160,715</b>	<b>224,363</b>	<b>55,330</b>	<b>109,586</b>	<b>167,923</b>	<b>259,189</b>	<b>51,504</b>	<b>125,356</b>	<b>186,658</b>		<b>63.2%</b>	<b>280,000</b>
Total Pack Produce	17,912	39,568	53,940	79,644	17,303	32,942	49,675	96,059	11,461	42,910	60,669		51.8%	105,000
Medical Supplies	24,643	50,828	78,971	106,769	27,866	56,140	86,916	121,196	29,583	61,334	93,730		69.1%	131,500
Healthcare	4,622	9,264	13,932	18,493	4,643	9,357	14,100	18,872	4,864	9,828	14,889		66.8%	22,000
Dispensing Pharmacy	3,802	7,636	13,022	18,233	5,318	10,714	16,386	21,867	5,402	10,848	16,622		73.9%	22,000
Other	206	514	850	1,225	200	432	845	1,192	191	433	746		-	-
YoY	23.1%	32.9%	24.9%	18.8%	8.1%	1.6%	4.5%	15.5%	-6.9%	14.4%	11.2%		8.0%	
Total Pack Produce	22.4%	49.1%	31.4%	19.0%	-3.4%	-16.7%	-7.9%	20.6%	-33.8%	30.3%	22.1%		9.3%	
Medical Supplies	17.5%	18.2%	17.5%	15.3%	13.1%	10.5%	10.1%	13.5%	6.2%	9.3%	7.8%		8.5%	
Healthcare	135.7%	143.7%	65.9%	42.9%	0.5%	1.0%	1.2%	2.1%	4.8%	5.0%	5.6%		16.6%	
Dispensing Pharmacy	0.9%	5.2%	15.8%	19.9%	39.9%	40.3%	25.8%	19.9%	1.6%	1.3%	1.4%		0.6%	
Other	-10.0%	-0.6%	7.6%	3.6%	-3.0%	-15.9%	-0.6%	-2.7%	-4.5%	0.2%	-11.7%		-	
<b>Operating Profit</b>	<b>3,122</b>	<b>6,752</b>	<b>8,833</b>	<b>12,544</b>	<b>2,511</b>	<b>4,844</b>	<b>7,469</b>	<b>13,857</b>	<b>1,267</b>	<b>5,781</b>	<b>8,374</b>		<b>48.3%</b>	<b>14,600</b>
YoY	32.9%	56.4%	30.2%	23.8%	-19.6%	-28.3%	-15.4%	10.5%	-49.5%	19.3%	12.1%		5.4%	
Total Pack Produce	2,195	5,011	6,284	9,114	1,738	3,018	4,379	9,369	632	3,949	5,571		43.2%	10,600
Medical Supplies	400	880	1,272	1,788	389	839	1,398	2,156	418	1,043	1,522		66.4%	2,200
Healthcare	273	326	470	414	86	264	408	577	-2	39	134		6.2%	600
Dispensing Pharmacy	331	696	1,083	1,597	399	832	1,444	1,972	264	834	1,352		68.6%	1,600
Other	31	78	129	154	30	61	84	127	27	54	94		-	-
Elimination	-107	-239	-405	-524	-133	-171	-245	-346	-72	-140	-301		-	-
Operating Profit Margin	6.1%	6.3%	5.5%	5.6%	4.5%	4.4%	4.4%	5.3%	2.5%	4.6%	4.5%		5.2%	
Total Pack Produce	12.3%	12.7%	11.7%	11.4%	10.0%	9.2%	8.8%	9.8%	5.5%	9.2%	9.2%		10.1%	
Medical Supplies	1.6%	1.7%	1.6%	1.7%	1.4%	1.5%	1.6%	1.8%	1.4%	1.7%	1.6%		1.7%	
Healthcare	5.9%	3.5%	3.4%	2.2%	1.9%	2.8%	2.9%	3.1%	-0.0%	0.4%	0.9%		2.7%	
Dispensing Pharmacy	8.7%	9.1%	8.3%	8.8%	7.5%	7.8%	8.8%	9.0%	4.9%	7.7%	8.1%		7.3%	
Other	15.2%	15.2%	15.1%	12.6%	15.0%	14.1%	9.9%	10.7%	14.1%	12.5%	12.6%		-	
<b>Recurring Profit</b>	<b>3,460</b>	<b>7,284</b>	<b>9,567</b>	<b>13,590</b>	<b>2,779</b>	<b>5,313</b>	<b>8,172</b>	<b>14,754</b>	<b>1,538</b>	<b>6,232</b>	<b>8,940</b>		<b>51.8%</b>	<b>15,000</b>
YoY	30.9%	47.6%	25.1%	20.8%	-19.7%	-27.1%	-14.6%	8.6%	-44.7%	17.3%	9.4%		1.7%	
<b>Net Profit</b>	<b>2,149</b>	<b>4,407</b>	<b>5,797</b>	<b>8,590</b>	<b>1,597</b>	<b>2,974</b>	<b>4,589</b>	<b>8,523</b>	<b>570</b>	<b>3,193</b>	<b>4,528</b>		<b>42.8%</b>	<b>8,800</b>
YoY	31.0%	46.5%	29.0%	22.2%	-25.7%	-32.5%	-20.8%	-0.8%	-64.3%	7.4%	-1.3%		3.3%	

Source: Company data

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

### Solid earnings except for the Healthcare segment up to Q3

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 (manufacturing subsidiaries on a percentage-of-completion basis). 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

## MONTHLY WRAP – May 2015

segment.

In Shared Research's view, the company is unlikely to meet its full-year operating profit target of JPY600mn in the Healthcare segment, despite more new residents at existing facilities.

### **Unlikely to meet FY forecast due to stagnant replacement demand from medical institutions**

Going into Q4, replacement demand is weakening in the core Total Pack Produce segment. Replacement demand from medical institutions is dampened by a worsening business environment caused by the consumption tax hike and other factors. Demand usually rises at the end of each fiscal year, but this year (FY03/15) there were no such indications.

Although shortfalls in the Healthcare segment were covered to some extent by the Dispensing Pharmacy, segment, the slump in replacement demand in Total Pack Produce was deeper than expected. However, conditions are not expected to worsen in FY03/16.

View the [full report](#).



# MONTHLY WRAP – May 2015

## SMS Co., Ltd. (2175)

SMS provides recruitment services and managing professional community websites.

On **April 30, 2015**, SMS Co., Ltd. announced earnings results for full-year FY03/15.

Quarterly Performance (cumulative) (JPYmn)		FY03/14				FY03/15				FY03/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	Est.
Sales		3,823	6,420	8,720	12,046	4,390	7,493	10,667	15,056	96.2%	15,658
YoY		18.1%	18.0%	17.8%	18.3%	14.8%	16.7%	22.3%	25.0%		30.0%
Gross Profit		3,634	6,051	8,122	11,094	4,075	6,904	9,811	13,724		
YoY		18.9%	17.9%	16.7%	17.0%	12.1%	14.1%	20.8%	23.7%		
GPM		95.0%	94.2%	93.1%	92.1%	92.8%	92.1%	92.0%	91.1%		
SG&A Expenses		2,300	4,713	7,030	9,363	2,837	5,604	8,463	11,644		
YoY		14.0%	16.3%	16.5%	18.4%	23.3%	18.9%	20.4%	24.4%		
SG&A / Sales		60.2%	73.4%	80.6%	77.7%	64.6%	74.8%	79.3%	77.3%		
Operating Profit		1,333	1,338	1,092	1,730	1,238	1,299	1,348	2,079	109.2%	1,904
YoY		28.5%	23.9%	18.4%	10.2%	-7.2%	-2.9%	23.4%	20.2%		10.0%
OPM		34.9%	20.8%	12.5%	14.4%	28.2%	17.3%	12.6%	13.8%		12.2%
Recurring Profit		1,552	1,646	1,457	2,340	1,506	1,657	1,799	2,693	105.7%	2,549
YoY		36.0%	31.8%	24.3%	17.6%	-2.9%	0.7%	23.4%	15.1%		8.9%
RPM		40.6%	25.6%	16.7%	19.4%	34.3%	22.1%	16.9%	17.9%		16.3%
Net Income		1,022	1,081	932	1,380	1,211	1,296	1,379	1,824	106.8%	1,709
YoY		39.2%	35.5%	25.5%	12.5%	18.5%	19.8%	47.9%	32.2%		23.8%
NPM		26.7%	16.8%	10.7%	11.5%	27.6%	17.3%	12.9%	12.1%		10.9%

Quarterly Performance (JPYmn)		FY03/14				FY03/15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales		3,823	2,598	2,300	3,326	4,390	3,103	3,174	4,389
YoY		18.1%	17.9%	17.2%	19.7%	14.8%	19.4%	38.0%	32.0%
Gross Profit		3,634	2,417	2,071	2,971	4,075	2,829	2,908	3,913
YoY		18.9%	16.4%	13.5%	17.7%	12.1%	17.0%	40.4%	31.7%
GPM		95.0%	93.1%	90.1%	89.3%	92.8%	91.2%	91.6%	89.1%
SG&A Expenses		2,300	2,412	2,318	2,333	2,837	2,767	2,859	3,181
YoY		14.0%	18.6%	16.9%	24.4%	23.3%	14.7%	23.4%	36.4%
SG&A / Sales		60.2%	92.9%	100.8%	70.1%	64.6%	89.2%	90.1%	72.5%
Operating Profit		1,333	5	-246	638	1,238	62	48	732
YoY		28.5%	-88.9%	-	-1.5%	-7.2%	-	-	-
OPM		34.9%	0.2%	-	19.2%	28.2%	2.0%	1.5%	16.7%
Recurring Profit		1,552	94	-189	883	1,506	151	141	895
YoY		36.0%	-12.9%	-	8.0%	-2.9%	60.3%	-174.9%	1.3%
RPM		40.6%	3.6%	-	26.5%	34.3%	4.9%	4.5%	20.4%
Net Income		1,022	59	-149	448	1,211	85	83	446
YoY		39.2%	-6.7%	-	-7.5%	18.5%	43.1%	-155.9%	-0.5%
NPM		26.7%	2.3%	-	13.5%	27.6%	2.7%	2.6%	10.2%

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

Sales increased to JPY15.1bn (+25% YoY) thanks to growth in existing businesses, coupled with increased prices due to enhancement of the Kaipoke management support services.

Operating profit rose to JPY2.1bn (+20.2% YoY) as sales expanded and Kaipoke became profitable.

Recurring profit grew to JPY2.7bn (+15.1% YoY) with gains in equity-method investments countered by impairment losses on HSP shares.

The company acquired more stock in eChannelling PLC and turned it from an equity-method affiliate to a consolidated subsidiary, thus realizing an extraordinary gain on the difference in the price of the stock (between the initial and subsequent acquisitions). Thus, net income totaled JPY1.8bn (+32.2% YoY).

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 21, 2015**, SOURCENEXT Corporation announced a business alliance with Sony Creative Software Inc.

Effective April 21, 2015, SOURCENEXT is the exclusive domestic distributor of all 12 of Sony Creative Software (US) Inc.'s PC software products.

#### Reasons for the alliance

Sony Creative Software's flagship products include the Vegas™ professional video-editing software series, the ACID™ professional music-editing software series, and the Sound Forge™ professional audio-editing software series. Professionals use these software products in the broadcasting, music, and video game industries. SOURCENEXT also offers versions of these applications for general use.

As an official partner of Sony Creative Software, SOURCENEXT has sold over 30,000 units of Sony Creative Software products on its website. It also began offering support for these products in March 2015. Now, SOURCENEXT has entered into an exclusive agreement with Sony Creative Software for 12 products, and will be able to sell them in Japan from August 1, 2015 onward. It plans to sell Sony Creative Software products through more channels, including packaged sales at mass market electronics retailers.

On **the same day**, the company announced a business alliance with ZVT Inc. Limited (UK, Zinstall).

#### Reasons for the alliance

Zinstall provides data migration and crash recovery products, mainly for corporate and household computers. SOURCENEXT plans to act as the official domestic distributor of the Zinstall Migration Kit Pro software for consumer use, marketed as a PC migration software that is compatible with Microsoft Corporation's new OS, Windows 10 (scheduled for release in summer 2015). Through this alliance, SOURCENEXT plans to expand its own business and that of Zinstall by combining the appeal of Zinstall's products with its own software planning, development, and sales skills.

The company does not expect the above business alliances to have any material effect on earnings results for FY03/16, but it expects them to contribute to a long-term increase in corporate value.

View the [full report](#).

## MONTHLY WRAP – May 2015

### Star Mica (3230)

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

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

Quarterly Performance (Cumulative)					FY11/15				FY11/15		FY11/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Sales	3,118	6,333	9,856	13,901	4,712				60.9%	7,739	31.7%	14,872
YoY	19.8%	2.7%	-3.1%	2.6%	51.1%					22.2%		7.0%
Gross Profit	870	1,762	2,642	3,531	1,064							
YoY	29.7%	11.6%	6.3%	9.0%	22.3%							
GPM	27.9%	27.8%	26.8%	25.4%	22.6%							
SG&A Expenses	304	731	1,140	1,628	398							
YoY	-0.1%	5.2%	13.4%	13.4%	30.9%							
SG&A / Sales	9.7%	11.6%	11.6%	11.7%	8.4%							
Operating Profit	566	1,031	1,502	1,903	666				60.7%	1,097	31.6%	2,109
YoY	54.5%	16.7%	1.5%	5.5%	17.7%					6.4%		10.8%
OPM	18.2%	16.3%	15.2%	13.7%	14.1%					14.2%		14.2%
Recurring Profit	415	741	1,052	1,286	504				67.2%	750	36.0%	1,400
YoY	80.4%	23.1%	0.0%	4.5%	21.4%					1.1%		8.8%
RPM	13.3%	11.7%	10.7%	9.3%	10.7%					9.7%		9.4%
Net Income	253	445	633	773	317				67.7%	469	36.2%	877
YoY	86.2%	29.3%	-0.4%	3.8%	25.4%					5.4%		13.5%
NPM	8.1%	7.0%	6.4%	5.6%	6.7%					6.1%		5.9%
EBITDA	640	1,201	1,781	2,355	740						28.4%	2,610
YoY	56.9%	22.9%	8.5%	14.2%	15.6%							10.8%
(Quarterly)					FY11/15							
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Sales	3,118	3,215	3,523	4,045	4,712							
YoY	19.8%	-9.8%	-12.1%	20.0%	51.1%							
Gross Profit	870	892	880	889	1,064							
YoY	29.7%	-1.7%	-3.1%	18.0%	22.3%							
GPM	27.9%	27.7%	25.0%	22.0%	22.6%							
SG&A Expenses	304	428	408	488	398							
YoY	-0.1%	9.3%	31.7%	13.5%	30.9%							
SG&A / Sales	9.7%	13.3%	11.6%	12.1%	8.4%							
Operating Profit	566	464	472	401	666							
YoY	54.5%	-10.1%	-21.1%	24.0%	17.7%							
OPM	18.2%	14.4%	13.4%	9.9%	14.1%							
Recurring Profit	415	326	310	234	504							
YoY	80.4%	-12.3%	-30.9%	31.0%	21.4%							
RPM	13.3%	10.1%	8.8%	5.8%	10.7%							
Net Income	253	192	188	140	317							
YoY	86.2%	-7.8%	-35.4%	28.4%	25.4%							
NPM	8.1%	6.0%	5.3%	3.5%	6.7%							
EBITDA	640	561	580	574	740							
YoY	56.9%	-1.5%	-12.6%	36.6%	15.6%							

Source: Company data

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

EBITDA = operating profit + depreciation expenses

In addition to profits, the company considers EBITDA (operating profit + depreciation costs) an important measure of performance. EBITDA for Q1 FY11/15 was JPY740mn (+15.6% YoY).

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 7, 2015**, Takashimaya Co., Ltd. announced earnings results for full-year FY02/15.

Quarterly Performance (JPYmm)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Operating Revenue	207,348	212,482	209,350	241,152	214,007	221,284	212,900	255,989	224,269	217,404	213,824	257,026	99.6%	916,000
YoY	6.5%	-1.3%	2.3%	-0.9%	3.2%	4.1%	1.7%	6.2%	4.8%	-1.8%	0.4%	0.4%		1.3%
Sales	193,702	198,995	195,951	226,739	199,848	206,571	198,598	240,768	209,100	202,393	198,825	241,056	99.5%	856,000
YoY	6.6%	-1.6%	2.2%	-1.5%	3.2%	3.8%	1.4%	6.2%	4.6%	-2.0%	0.1%	0.1%		1.2%
GP	50,813	51,300	50,335	57,252	51,934	52,291	50,729	59,719	53,109	50,907	50,716	59,760	99.3%	216,100
YoY	7.2%	-1.9%	0.9%	-2.4%	2.2%	1.9%	0.8%	4.3%	2.3%	-2.6%	-0.0%	0.1%		0.7%
GPM	26.2%	25.8%	25.7%	25.3%	26.0%	25.3%	25.5%	24.8%	25.4%	25.2%	25.5%	24.8%		25.2%
SG&A	58,574	60,547	59,482	60,566	59,999	61,941	59,725	62,304	60,743	61,239	60,088	61,548	99.8%	244,100
YoY	2.9%	1.1%	0.0%	-4.2%	2.4%	2.3%	0.4%	2.9%	1.2%	-1.1%	0.6%	-1.2%		0.1%
SG&A / Sales	30.2%	30.4%	30.4%	26.7%	30.0%	30.0%	30.1%	25.9%	29.0%	30.3%	30.2%	25.5%		28.5%
OP	5,884	4,240	4,251	11,092	6,094	5,062	5,317	12,626	7,535	4,679	5,627	14,181	100.1%	32,000
YoY	68.7%	-24.0%	28.1%	27.3%	3.6%	19.4%	25.1%	13.8%	23.6%	-7.6%	5.8%	12.3%		10.0%
OP / Operating Revenue	3.0%	2.1%	2.2%	4.9%	3.0%	2.5%	2.7%	5.2%	3.6%	2.3%	2.8%	5.9%		3.7%
RP	6,374	5,366	5,445	12,681	7,715	5,777	6,151	13,707	8,552	5,650	6,358	15,344	102.6%	35,000
YoY	47.0%	-16.8%	36.5%	32.4%	21.0%	7.7%	13.0%	8.1%	10.8%	-2.2%	3.4%	11.9%		4.9%
RP / Operating Revenue	3.3%	2.7%	2.8%	5.6%	3.9%	2.8%	3.1%	5.7%	4.1%	2.8%	3.2%	6.4%		4.1%
NI	3,860	2,744	2,501	7,435	4,016	3,598	2,995	8,107	4,551	5,028	3,453	9,549	105.0%	21,500
YoY	125.6%	-25.1%	71.3%	83.2%	4.0%	31.1%	19.8%	9.0%	13.3%	39.7%	15.3%	17.8%		14.9%
NPM	2.0%	1.4%	1.3%	3.3%	2.0%	1.7%	1.5%	3.4%	2.2%	2.5%	1.7%	4.0%		2.5%

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

Source: Company data

The operating environment remains lackluster, with consumer sentiment depressed as a result of the consumption tax hike. Against this backdrop, Takashimaya has worked to augment its sales capabilities, centering on department stores, and pursued structural reforms. These efforts have paid off in the form of recurring profit growth over five consecutive fiscal years.

Pushing up operating revenue in Japan were demand growth from inbound tourists and successful efforts to take advantage of a demand rush prior to the consumption tax hike. Overseas, higher sales at principal subsidiaries were the main factor behind higher revenue. However, the company performed slightly below its operating revenue forecast, chiefly due to the effect of the consumption tax rise on performance at domestic department stores.

Takashimaya succeeded in augmenting operating profit and recurring profit year-on-year by lowering SG&A expenses even more than planned, mainly at domestic department stores. Higher profits than forecast at major subsidiaries also contributed to strong profits. Net income also rose year-on-year and outperformed the forecast, due to the posting of gains on the sale of fixed assets.

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On April 1, 2015, the company released monthly store sales data for March 2015.

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>FY02/13</b>												
Takashimaya (Parent)	16.5%	2.8%	-0.2%	-0.9%	-1.9%	0.6%	1.9%	-1.0%	2.4%	-2.7%	-2.2%	-0.3%
Domestic Department Stores	16.9%	1.9%	-0.7%	-0.5%	-3.0%	-0.6%	1.1%	-1.6%	1.6%	-2.6%	-2.9%	0.3%
Corporate Business	0.1%	23.6%	9.0%	-2.5%	31.5%	20.0%	26.1%	10.3%	21.8%	-7.8%	5.2%	-5.6%
Cross-Media Business	13.4%	-10.3%	-3.8%	-11.7%	-1.4%	22.3%	0.9%	3.6%	7.1%	-0.8%	13.8%	-6.1%
<b>FY02/14</b>												
Takashimaya (Parent)	2.9%	-1.3%	2.5%	8.9%	-3.6%	0.4%	1.9%	-2.6%	2.2%	1.8%	4.1%	3.7%
Domestic Department Stores	4.9%	-0.5%	1.0%	7.8%	-4.0%	0.3%	2.6%	-2.3%	3.0%	1.8%	4.1%	3.9%
Corporate Business	29.1%	-11.5%	20.7%	38.8%	6.0%	-3.0%	3.7%	-4.2%	-5.9%	11.7%	7.5%	3.0%
Cross-Media Business	-1.8%	4.5%	11.3%	0.6%	3.9%	13.2%	-18.3%	-5.3%	-11.2%	-7.0%	-0.7%	-5.8%
<b>FY02/15</b>												
Takashimaya (Parent)	32.3%	-13.2%	-7.0%	-4.9%	-4.4%	0.1%	-0.3%	-0.4%	0.7%	-1.0%	-1.3%	0.3%
Domestic Department Stores	31.7%	-13.5%	-6.5%	-4.9%	-4.3%	0.0%	-0.4%	-0.5%	0.5%	-1.1%	-1.5%	-0.1%
Corporate Business	55.4%	-21.1%	-17.9%	-15.6%	1.2%	-5.3%	-3.6%	-1.3%	-11.4%	-8.7%	34.5%	20.6%
Cross-Media Business	5.4%	-33.8%	-36.0%	-25.2%	-12.8%	-3.4%	-11.7%	1.0%	-10.7%	16.2%	-13.4%	-2.8%
<b>FY02/16</b>												
Takashimaya (Parent)	-24.0%	-	-	-	-	-	-	-	-	-	-	-
Domestic Department Stores	-23.8%	-	-	-	-	-	-	-	-	-	-	-
Corporate Business	-	-	-	-	-	-	-	-	-	-	-	-
Cross-Media Business	-	-	-	-	-	-	-	-	-	-	-	-

Source: Company data

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

Store sales in March 2015 were down 23.8% across Takashimaya (parent) stores and 17 domestic subsidiary department stores. Sales were down significantly year-on-year compared to March 2014, when the rush in demand to beat the consumption tax hike pushed sales up 32% YoY, and because there were two fewer non-working days this year. Compared to March 2013, however, sales of high-priced items and accessories were up, higher by almost 1% overall.

View the [full report](#).



# MONTHLY WRAP – May 2015

## Takihyo Co., Ltd. (9982)

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

On **April 16, 2015**, Shared Research updated the report 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	Q1	Q2	Q3	Q4	% of FY	FY Est.
<b>Sales</b>	<b>18,796</b>	<b>16,392</b>	<b>21,752</b>	<b>17,607</b>	<b>19,635</b>	<b>17,666</b>	<b>23,701</b>	<b>18,368</b>	<b>19,384</b>	<b>16,650</b>	<b>22,118</b>	<b>19,504</b>					<b>94.7%</b>	<b>82,000</b>
YoY	15.4%	6.2%	6.2%	2.9%	4.5%	7.8%	9.0%	4.3%	-1.3%	-5.8%	-6.7%	6.2%					3.3%	
GP	4,695	3,660	5,020	3,424	4,110	3,522	4,897	3,486	4,068	3,270	4,773	3,793						
YoY	31.6%	17.5%	3.7%	-1.9%	-12.5%	-3.8%	-2.5%	1.8%	-1.0%	-7.2%	-2.5%	8.8%						
GPM	25.0%	22.3%	23.1%	19.4%	20.9%	19.9%	20.7%	19.0%	21.0%	19.6%	21.6%	19.4%						
SG&A	3,650	3,317	3,515	3,573	3,736	3,408	3,550	3,399	3,512	3,247	3,437	3,461						
YoY	13.2%	6.4%	8.0%	7.3%	2.4%	2.7%	1.0%	-4.9%	-6.0%	-4.7%	-3.2%	1.8%						
SG&A / Sales	19.4%	20.2%	16.2%	20.3%	19.0%	19.3%	15.0%	18.5%	18.1%	19.5%	15.5%	17.7%						
<b>OP</b>	<b>1,045</b>	<b>342</b>	<b>1,505</b>	<b>-148</b>	<b>373</b>	<b>115</b>	<b>1,347</b>	<b>86</b>	<b>555</b>	<b>23</b>	<b>1,336</b>	<b>333</b>					<b>107.0%</b>	<b>2,100</b>
YoY	203.9%	-	-5.2%	-	-64.3%	-66.4%	-10.5%	-	48.8%	-80.0%	-0.8%	287.2%					9.3%	
OPM	5.6%	2.1%	6.9%	-	1.9%	0.7%	5.7%	0.5%	2.9%	0.1%	6.0%	1.7%					2.6%	
<b>RP</b>	<b>1,070</b>	<b>351</b>	<b>1,519</b>	<b>-65</b>	<b>453</b>	<b>105</b>	<b>1,367</b>	<b>85</b>	<b>605</b>	<b>61</b>	<b>1,407</b>	<b>329</b>					<b>114.4%</b>	<b>2,100</b>
YoY	192.0%	-	-4.3%	-	-57.7%	-	-10.0%	-	33.6%	-41.9%	2.9%	287.1%					4.5%	
RPM	5.7%	2.1%	7.0%	-	2.3%	0.6%	5.8%	0.5%	3.1%	0.4%	6.4%	1.7%					2.6%	
<b>NI</b>	<b>589</b>	<b>158</b>	<b>907</b>	<b>-210</b>	<b>271</b>	<b>79</b>	<b>854</b>	<b>-52</b>	<b>429</b>	<b>15</b>	<b>521</b>	<b>95</b>					<b>106.0%</b>	<b>1,000</b>
YoY	-	-	-3.1%	-	-54.0%	-50.0%	-5.8%	-	58.3%	-81.0%	-39.0%	-					-13.2%	
NPM	3.1%	1.0%	4.2%	-	1.4%	0.4%	3.6%	-	2.2%	0.1%	2.4%	0.5%					1.2%	
<b>Inventories</b>	<b>3,494</b>	<b>3,675</b>	<b>3,953</b>	<b>3,950</b>	<b>4,238</b>	<b>4,381</b>	<b>5,131</b>	<b>4,152</b>	<b>3,705</b>	<b>3,967</b>	<b>3,886</b>	<b>5,000</b>						
YoY	-11.6%	-4.8%	-6.6%	7.6%	21.3%	19.2%	29.8%	5.1%	-12.6%	-9.4%	-24.3%	20.4%						
Days in Inventory	23.2	25.7	20.8	25.4	24.1	27.8	23.1	28.4	23.4	26.2	20.7	25.8						

Source: Company data

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

### Market environment

Apparel sales at stores in Japan were sluggish because of weak consumer spending, a lack of clear trends in the fashion industry, typhoons, and heavy rains. In addition, the weak yen meant that the company was squeezed by rising costs, as the majority of products are manufactured overseas.

### Overview of full-year earnings

Sales for FY02/15 were JPY77.7bn, down 2.2% YoY. However, operating profit rose 17.0% to JPY2.2bn after the company adopted the following measures: establishing new production facilities in the ASEAN countries and inland China; raising product prices; reducing distribution costs, which comprise about 30% of its SG&A expenses; improving profit structure through effective use of properties; and enhancing product materials, design, and function.

View the [full report](#).

## MONTHLY WRAP – May 2015

### 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 **April 20, 2015**, Tamagawa Holdings Co., Ltd. announced that the Ministry of Economy, Trade and Industry (METI) authorized a geothermal binary power plant.

The Kyushu Bureau of Economy, Trade and Industry (under METI) authorized the company's planned geothermal power plant in Beppu (Oita Prefecture) as a facility to generate renewable energy.

As of April 2015, the company holds seven plots for the construction of this facility, offering a total capacity of about 875kW (a one plot, 125kW geothermal plant generates electricity roughly equivalent to a 1MW solar power plant). Having received authorization from METI, the company plans to build the plant and begin selling electricity as soon as possible.

The company plans to make a further announcement once the effect on earnings for FY03/15 is calculated.

On **April 2, 2015**, the company announced additional information on a business alliance with Etrion Japan KK, which was first announced on March 30, 2015.

#### Overview of Etrion Corporation

According to the company, Etrion Corporation, the parent company of Etrion Japan KK, is a member of the Lundin Group, which a resource group with an established track record in the fields of oil, natural gas, mining, and energy. The market capitalization of the Lundin Group totals CND15.4bn as of the time of writing, and is composed of 11 group companies spanning 25 countries. The top shareholder of the Etrion Corporation is the Lundin Group, which holds 24% of shares, and the Etrion Corporation is positioned as the most important renewable energy company within the Lundin Group.

#### Overview of the Lundin Group (unit: Canadian dollars)

##### **Etrion Corporation \$217 million** (Solar Power Generation)

##### **MINING SECTOR**

NGEx Resources	\$338 million	Mining exploration
Lundin Mining	\$3.32 billion	Mining production
Lucara Diamond	\$744 million	Mining production
Fortress Minerals	\$52 million	Other
Denison Mines	\$635 million	Mining production

##### **OIL SECTOR**

Africa Oil	\$2.39 billion	Oil exploration
BlackPearl Resources	\$758 million	Oil production
Horn Petroleum	\$29 million	Oil exploration
Lundin Petroleum	\$6.63 billion	Oil production
Shamara Petroleum	\$268 million	Oil exploration



Source: Company data

View the [full report](#).

# MONTHLY WRAP – May 2015

## Verite Co., Ltd. (9904)

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

On **April 17, 2015**, Verite Co. announced that Mr. Kavan Choksi would step down as director, for personal reasons, effective the same day.

On **April 8, 2015**, the company announced March 2015 sales figures.

Monthly Sales (YoY)	FY03/15												FY03/15				FY03/15		FY
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Q1	Q2	Q3	Q4	1H	2H	
All Stores																			
Sales	-27.6%	-15.0%	-10.9%	-9.1%	-16.2%	-11.7%	-13.0%	-15.7%	-17.4%	6.9%	4.9%	-5.2%	-17.7%	-11.9%	-15.6%		-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%	9.8%	-3.0%	-27.6%	-18.4%	-16.9%		-23.2%		-9.6%
Sales Per Customer	18.0%	13.2%	9.0%	13.2%	3.7%	5.0%	1.6%	-0.4%	2.5%	14.4%	-4.5%	-2.3%	13.7%	8.0%	1.5%		11.2%		8.8%
Stores	81	81	81	80	80	80	83	83	84	81	81	79	81	80	84		80		0
Vérité	74	74	74	73	73	73	74	74	75	72	72	70	74	73	75		73		0
MAHARAJA	5	5	5	5	5	5	7	7	7	7	7	7	5	5	7		5		0
MiMiKaZaRi	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2		2		0
Comparable Stores																			
Sales	-21.8%	-8.6%	-11.1%	-2.3%	-9.7%	-10.6%	-10.7%	-11.7%	-11.6%	15.8%	3.6%	1.1%	-13.5%	-7.4%	-11.4%		-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%	13.1%	-3.1%	-24.9%	-16.9%	-14.4%		-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%	-8.4%	4.3%	15.3%	11.4%	3.5%		13.5%		11.3%
Stores	76	79	79	80	79	79	79	80	80	80	77	77	79	79	80		79		0
	FY03/14												FY03/14				FY03/14		FY
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Q1	Q2	Q3	Q4	1H	2H	
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%	-3.3%	-4.2%	-0.1%	-0.8%	-3.8%	-0.5%	-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%	2.8%	-11.1%	-10.7%	-20.6%	-4.3%	-15.8%	-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%	-6.0%	7.7%	11.8%	25.0%	0.5%	18.2%	9.3%
Stores	87	84	83	83	83	82	82	84	84	82	81	80	83	82	84	80	82	80	80
Vérité	75	75	75	76	76	75	75	77	77	75	74	73	75	75	77	73	75	73	73
MAHARAJA	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
MiMiKaZaRi	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Other	5	2	1										1						
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%	1.2%	-0.4%	8.0%	4.8%	0.4%	6.3%	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%	5.8%	-4.5%	-2.6%	-14.0%	0.6%	-8.5%	-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%	-4.4%	4.3%	10.9%	21.8%	-0.2%	16.2%	8.0%
Stores	81	78	78	77	77	76	77	78	79	79	76	77	78	76	79	77	76	77	77
	FY03/13												FY03/13				FY03/13		FY
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Q1	Q2	Q3	Q4	1H	2H	
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%	0.1%	-1.0%	-8.8%	-3.9%	-0.5%	-6.3%	-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%	-2.9%	-4.8%	-8.5%	4.1%	-3.9%	-2.4%	-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%	3.1%	4.0%	-0.3%	-7.7%	3.5%	-3.9%	-0.6%
Stores	100	100	101	101	101	102	103	104	104	102	99	97	101	102	104	97	102	97	97
Vérité	75	75	76	76	76	78	78	78	78	76	73	73	76	78	78	73	78	73	73
MAHARAJA	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
ilya	2	2	2	2	2	2							2						
PANDORA	19	19	19	19	19	19	20	20	20	20	20	18	19	19	20	18	19	18	18
MiMiKaZaRi						1	1	2	2	2	2	2		1	2	2	1	2	2
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%	0.8%	-1.5%	-6.2%	-1.9%	-0.4%	-4.0%	-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%	-1.8%	-6.4%	-8.0%	6.2%	-4.3%	-1.2%	-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%	2.6%	5.2%	2.0%	-7.6%	4.0%	-2.8%	0.3%
Stores	81	81	82	84	85	90	92	96	96	95	90	90	82	90	96	90	90	90	90

View the [full report](#).

**VOYAGE GROUP, Inc. (3688)**

On **April 22, 2015**, VOYAGE GROUP, Inc. announced earnings results for Q2 FY09/15 and the acquisition of Kauli, Inc.

FY09/13				FY09/14				FY09/15				FY09/15	
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	
2,123	2,356	2,552	2,825	3,451	3,833	3,965	3,797	4,275	4,465			48.6%	
0.6%	15.7%	31.7%	37.7%	62.5%	62.7%	55.4%	34.4%	23.9%	16.5%				
1,311	1,478	1,541	1,682	1,992	2,294	2,465	2,334	2,612	2,786				
61.7%	62.7%	60.4%	59.6%	57.7%	59.8%	62.2%	61.5%	61.1%	62.4%				
812	878	1,011	1,143	1,459	1,540	1,500	1,463	1,663	1,679				
38.3%	37.3%	39.6%	40.4%	42.3%	40.2%	37.8%	38.5%	38.9%	37.6%				
805	647	860	995	1,013	994	1,037	1,038	1,101	1,108				
-1.8%	-22.7%	1.7%	26.4%	25.9%	53.6%	20.5%	4.2%	8.7%	11.5%				
37.9%	27.5%	33.7%	35.2%	29.4%	25.9%	26.1%	27.3%	25.8%	24.8%				
8	231	150	147	446	546	464	425	561	571			49.2%	
				5,681.4%	136.3%	208.4%	188.8%	25.9%	4.6%				
0.4%	9.8%	5.9%	5.2%	12.9%	14.2%	11.7%	11.2%	13.1%	12.8%				
			-7		3	9	-24	23	35			-1	
			5		-1	3	3	-	7				
			-3		4	-4	-8	35	43			-1	
			-19		-2	5	-6	-7	-10			25	
			10		2	5	-14	-7	2			-32	
			529		448	555	439	448	596			570	
								-15.2%	32.9%			2.8%	
			18.7%		13.0%	14.5%	11.1%	11.8%	13.9%			12.8%	
			-19		-	-14	7	-3	-3			-11	
			-201		-169	-210	-170	-227	-231			-203	
			39.4%		37.7%	38.8%	38.1%	51.1%	38.9%			36.3%	
			0		-6	-2	10	8	9			15	
			310		273	328	286	225	371			371	
								-27.2%	35.8%			12.9%	
			11.0%		7.9%	8.6%	7.2%	5.9%	8.7%			8.3%	

FY09/13				FY09/14				FY09/15				FY09/15
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY
2,123	2,356	2,552	2,825	3,451	3,833	3,965	3,797	4,275	4,465			48.6%
1,219	1,385	1,391	1,503	1,810	2,007	1,909	1,871	1,933	2,004			49.2%
1,135	1,302	1,306	1,383	1,549	1,653	1,543	1,488	1,479	1,532			
800	894	908	907	1,000	1,100	1,069	1,064	1,116	1,098			
335	408	398	476	549	553	474	424	363	433			
84	83	85	120	261	354	366	383	453	472			
86	90	92	93	98	101	103	104	103	109			
330	363	355	371	395	409	375	359	360	351			
813	918	1,047	1,288	1,576	1,834	2,069	1,914	2,312	2,427			48.4%
364	498	650	797	961	1,172	1,472	1,304	1,610	1,717			
165	287	338	377	414	512	572	490	524	492			
199	212	312	420	547	661	900	814	1,085	1,225			
250	224	341	443	470	552	593	669	725	731			
14.6	22.2	19.1	18.0	20.5	21.3	24.8	19.5	22.2	23.5			
246	256	283	234	343	283	284	266	273	234			42.3%
0.6%	15.7%	31.7%	37.7%	62.5%	62.7%	55.4%	34.4%	23.9%	16.5%			
8.6%	25.7%	36.0%	35.5%	48.5%	44.9%	37.2%	24.5%	6.8%	-0.1%			
11.8%	29.9%	38.2%	36.2%	36.5%	26.6%	18.2%	7.6%	-4.5%	-7.3%			
15.9%	29.3%	30.2%	30.8%	25.1%	23.0%	17.7%	17.2%	11.6%	-0.2%			
3	31.2%	60.2%	47.7%	63.8%	35.4%	19.9%	-10.2%	-33.8%	-21.7%			
-21.5%	-16.5%	9.3%	28.6%	210.3%	328.2%	329.5%	219.1%	73.9%	93.3%			
10.1%	8.2%	13.1%	13.2%	14.0%	12.8%	11.8%	11.0%	5.0%	7.8%			
1.5%	20.0%	22.1%	20.3%	19.7%	12.5%	5.7%	-3.1%	-9.0%	-14.0%			
-20.4%	2.8%	28.1%	52.0%	93.8%	99.7%	97.7%	48.6%	46.7%	32.4%			
84.6%	136.9%	201.8%	171.5%	163.8%	135.2%	126.4%	63.6%	67.6%	46.5%			
-3.7%	70.7%	164.2%	181.5%	150.7%	78.5%	69.0%	29.8%	26.7%	-3.8%			
666.8%	398.0%	256.9%	163.0%	174.6%	211.9%	188.8%	94.0%	98.4%	85.4%			
258.1%	80.8%	45.9%	55.7%	87.8%	146.2%	73.9%	51.0%	54.3%	32.5%			
-48.4%	31.0%	106.8%	74.4%	40.5%	-4.5%	30.2%	8.3%	8.6%	10.5%			
43.8%	7.6%	9.6%	-6.6%	39.7%	10.7%	0.5%	13.7%	-20.4%	-17.3%			
8	231	150	147	446	546	464	425	561	571			49.2%
42	176	73	121	269	271	200	198	231	241			54.8%
13	93	92	78	196	304	260	228	319	358			46.1%
-47	-38	-15	-51	-19	-29	3	-0	12	-28			53.8%
0.4%	9.8%	5.9%	5.2%	12.9%	13.2%	11.7%	11.2%	13.1%	12.8%			
3.5%	12.7%	5.3%	8.0%	14.9%	14.5%	10.5%	10.6%	11.9%	12.0%			
1.6%	10.2%	8.8%	6.0%	12.4%	16.6%	12.6%	11.9%	13.8%	14.8%			
-19.2%	-15.0%	-5.2%	-21.9%	-5.5%	-10.3%	1.2%	-0.1%	4.4%	-12.0%			

Segment figures for sales, operating profit, and OPM include intragroup transactions.

## Ad-Tech earnings continue growing

VOYAGE posted sales of JPY4.5bn (+16.5% YoY), marking nine consecutive quarters of double-digit growth. Ad-Tech drove earnings, with sales and operating profit increasing by 32.4% and 17.9% YoY respectively. Operating profit was down 11.2% YoY in the Media segment, which continued to suffer from



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lower revenues from manual, human-handled advertising. The company also announced the acquisition of Kauli, in a bid to strengthen its SSP business.

### **Fast growth in smartphone earnings; growth strategies begin paying off**

In the Ad-Tech segment, sales from the smartphone SSP Fluct and Zucks Ad Network for smartphones continued growing, driving earnings along with overall growth in the scale of the business. Overall, sales increased by JPY632mn YoY, of which JPY593mn was attributable to the Ad-Tech segment, including a JPY565mn YoY increase in sales of SSP services for smartphones (+85.5% YoY).

Growth in smartphone-related sales shows that the company's strategy—establishing itself in the ad network and SSP market for smartphones—is bearing fruit.

### **GPM down; operating profit up just 4.6%, partly owing to higher SG&A expenses**

Ad-Tech has slim gross margins—so growth in Ad-Tech sales resulted in overall GPM falling by 2.6pp, from 40.2% to 37.6%. Sales grew by 16.5% YoY, but operating profit grew by 4.6% YoY to JPY571mn, partly because SG&A expenses—higher personnel and server-related expenses in line with business growth—rose 11.5% YoY.

On **April 9, 2015**, the company announced a capital and business alliance with DO HOUSE Inc. to grow its Media segment. On the same day, the company announced that it had finalized a one-year loan contract with a bank totaling JPY4.0bn, including a commitment-line contract (maximum loan amount: JPY1.5bn) and an overdraft agreement (JPY2.5bn).

#### About DO HOUSE

DO HOUSE is expanding its sampling and store promotion businesses, Moratame and Tentame.

FY09/14 sales: JPY2.2bn

Main shareholders: Impress Holdings Inc. (TSE1: 9479), transcosmos inc. (TSE1: 9715), Hakuhodo Incorporated (wholly owned subsidiary of Hakuhodo DY Holdings Inc., TSE1: 2433), and Mitsubishi Corporation (TSE1: 8058)

Clients: About 500 companies including manufacturers, retailers, financial institutions, and public service companies

Projects: About 2,500 a year

Established: 1980

Capital: JPY427mn (JPY676mn including capital reserves)

Employee count: 110 (93 permanent workers)

#### About the capital and business alliance

The company plans to acquire 22.32% of DO HOUSE's total shares issued (total of JPY226mn) from existing shareholders on April 10. Under the alliance, Voyage will dispatch one director to DO HOUSE.

The company aims to pursue synergies between its Media segment's customer base of 7.1mn users and DO HOUSE's promotion services for companies such as Moratame and Tentame. In addition, the company aims to develop new media and products, using DO HOUSE's direct sales channels focusing on national brand manufacturers.

#### About the commitment-line contract and the overdraft agreement

To ensure steady growth, the company is working on growth strategies including expanding existing businesses, developing new ones, and exploring M&A. It wants to use the commitment-line contract and overdraft agreement to avoid the temporary decrease in cash from business development, facilitating stable management and flexibility in procuring funds.



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On **April 6, 2015**, the company announced that wholly owned subsidiary adingo (Ad-Tech)'s supply-side platform (SSP) Fluct will offer access to Google Inc.'s DoubleClick Ad Exchange marketplace.

### Impact on earnings

Premium publishers can use DoubleClick Ad Exchange to increase transparency and boost advertising profits with preferred clients and private auctions. The addition of DoubleClick Ad Exchange to adingo's services also means that adingo consultants can help publishers optimize their advertising. In Shared Research's view, the addition of DoubleClick Ad Exchange complements VOYAGE's strategy, and may create opportunities for growth in the Ad-Tech segment.

### Background

According to the company, it is able to offer access to DoubleClick Ad Exchange because of its track record of maximizing the advertising revenues of over 6,000 publishers with Fluct and utilizing Google AdSense as an approved partner.

View the [full report](#).

# MONTHLY WRAP – May 2015

## WirelessGate Inc (9419)

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

On **April 14, 2015**, Shared Research updated the report after interviewing management.

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 were JPY9.1bn (+29.1% YoY), operating profit was JPY795mn (+1.2%), recurring profit was JPY790mn (+0.7%), and net income was JPY499mn (+3.3%). The company marked rises in both sales and profits for the third consecutive year since the listing of its stock on Mothers in July 2012.

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.

Sales were 107.0% of the company's full-year estimate. 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.

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Sales exceeded the target because of an increase in revenue from existing services. According to the company, the number of subscribers was in line with the forecast. However, the sales composition ratio of WiMAX, which is more expensive, increased.

Operating profit from existing operations would have exceeded the target by 1.7% and the previous year by 16.5% had there not been a JPY121mn loss in the SIM business. Still, the profit margin for existing operations fell to 10% from 11.1% a year earlier. The profitability deteriorated because the composition ratio of WiMAX, which is less profitable, increased, even as the absolute profit per user remained large. Nevertheless, WirelessGate executives said that they were not particularly concerned about the decline because profits continued to increase. At the same time, profitability at existing businesses began to improve at the end of December 2014, as the company seeks to review its cost structure. The effects of the company's cost-cutting efforts may surface during this fiscal year. The amount of profit in absolute terms, as well as the profitability, may rise.

On **April 13, 2015**, WirelessGate, Inc. announced that it will begin sales of low-price SIM cards with voice functions.

On April 28, 2015, the company will begin sales of the WirelessGate Wi-Fi+LTE Voice Plan SIM card—which allows for voice and data transmission—at Yodobashi Camera stores across Japan and via the Yodobashi.com website.

Since 2014, the company has offered the WirelessGate Wi-Fi+LTE SIM Card strictly for sending and receiving data, and the Wireless Prepaid SIM for foreign visitors to Japan. The new SIM card will add an additional option to the company's lineup of SIM card products.

Plans under the new SIM card will be available in four tiers, with monthly fees that range from JPY1,300 to JPY3,500 depending upon the speed and volume of transmitted data. Since use of WirelessGate Wi-Fi is JPY390 per month, consumers can effectively add voice and LTE data for JPY910, the lowest price in Japan for such a service.

View the [full report](#).

# MONTHLY WRAP – May 2015

## Yumeshin Holdings Co., Ltd. (2362)

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

On **April 27, 2015**, Yumeshin Holdings announced earnings results for Q2 FY09/15.

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	5,821			22,500~25,500	
YoY	25.8%	33.9%	36.9%	29.4%	35.8%	39.1%			36.5%~54.7%	
Gross Profit	1,004	1,245	1,151	1,182	1,399	1,517				
YoY	12.4%	30.9%	52.7%	38.9%	39.3%	21.8%				
GPM	26.6%	29.7%	27.7%	27.1%	27.3%	26.1%				
SG&A Expenses	699	678	658	691	777	868				
YoY	40.1%	18.3%	22.0%	13.5%	11.1%	28.0%				
SG&A / Sales	18.5%	16.2%	15.9%	15.8%	15.1%	14.9%				
Operating Profit	305	567	493	492	622	649				
YoY	-22.7%	50.1%	129.7%	102.3%	104.2%	14.4%				
OPM	8.1%	13.6%	11.9%	11.3%	12.1%	11.2%				
Recurring Profit	365	1,612	514	461	729	706				
YoY	-23.4%	236.2%	91.5%	-15.7%	99.7%	-56.2%				
RPM	9.7%	38.5%	12.4%	10.5%	14.2%	12.1%				
Net Income	299	1,119	435	392	416	391			2,250~3,200	
YoY	-3.9%	310.0%	138.7%	-37.0%	39.2%	-65.1%			0.2%~42.5%	
NPM	7.9%	26.7%	10.5%	9.0%	8.1%	6.7%				

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

Source: Company data

Sales grew in line with growth in the Construction Technician Temporary Staffing segment—the result of increased hiring of technicians—and the consolidation of Iwamotogumi Co., Ltd. Operating profit also grew significantly year-on-year, as the utilization rate and wages improved in the Construction Technician Temporary Staffing segment. Recurring profit and net income were both down year-on-year, owing to a difficult comparison with Q2 FY09/14, when the company booked a gain on the sale of investment securities of JPY958mn, and a gain on the sale of shares in a subsidiary of JPY299mn.

### Construction Technician Temporary Staffing

Sales: JPY7.0bn (+24.2% YoY)

Operating profit: JPY1.3bn (+56.3% YoY)

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 705 new technicians in Q2 FY09/15 (729 in Q2 FY09/14). The average number of technicians was 2,360 (1,929 in Q2 FY09/14) and that of technicians registered in the company's books at end March 2015 was 2,446 (2,082 at end March 2014).

Sales were up due to an increase in the number of hired technicians. Profits also increased, partly because GPM rose in line with higher utilization rates and wages, and also because of tight controls on SG&A expenditure.

### Engineer Temporary Staffing

Sales: JPY2.3bn (+11.2% YoY)

Operating profit: JPY247mn (+58.1% YoY)

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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.

On **April 9, 2015**, the company released quarterly sales and hiring data for Q2 FY09/15 (January – March).

Quarterly Sales FY09/15	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
<b>Sales (Million Yen)</b>	<b>3,367</b>			<b>3,568</b>									<b>6,935</b>
(YoY)	28.6%			20.0%									
<b>Hired Numbers of Construction Staffing</b>													
Est.	305			405			455			435			1,600
Act.	269			436									705
(Difference)	-36			31									-5

Source: Company data, SR Inc. Research

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

View the [full report](#).



## MONTHLY WRAP – May 2015

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