Shared Research Monthly Wrap – June 2015

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

Shared Research Inc. has produced this report to provide monthly updates on its coverage to investors. We at Shared Research Inc. make every effort to provide an accurate, objective, and neutral analysis.
In order to highlight any biases, we clearly attribute our data and findings. We will always present opinions from company management as such. Our views are ours where stated.
We appreciate your suggestions and feedback. Write to us at sr_inquiries@sharedresearch.jp or find us on Bloomberg

TABLE OF CONTENTS

MONTHLY WRAP – June 2015

To receive this monthly wrap on a regular basis, please contact us at
sr_inquiries@sharedresearch.jp.

MONTHLY WRAP – June 2015

Monthly musings

Market view from Sendagi

"The future ain't what it used to be."

–Attributed by Yogi Berra but used in earlier sources.

Dear readers,

In this edition of the Market view, I want to pick up where we left off. In the recent weeks, I've been hearing a lot of commentary on why Abenomics has worked and how Japan is out of the woods now, "at least until the Olympics." I addressed this point last month, concluding that we might indeed hold on till 2018 or so—all other things equal.

However, some short-term risks are emerging.

I hear anecdotal evidence—from the companies I speak to—that while the replacement capex, boosted by generous government subsidies to small manufacturing businesses, has been strong through March 2015, corporate Japan is turning somewhat cautious and **not rushing to build new capacity**. This concern seems to be shared by the Cabinet, which tries to convince large businesses to invest.

This can be a real problem. While the cheap yen is providing a major and critical boost to corporate profitability, in many cases businesses have yet to get back to their pre-Lehman shock capacity utilizations domestically (and in the case of suppliers and subcontractors, when they do, they often find they can't regain past profitability levels).

Renewal and replacement capex improves efficiency but it doesn't fuel growth. Adding new capacity is a big decision that precious few Japanese companies—apart from the generic drug manufacturers—have been making. The smoldering ruins of earlier patriotic attempts to have stuff "made in Japan"—of which Sharp's Kameyama factory is a symbol—remind newly ROE-aware managements that caution can be a virtue.

Consumption should pick up soon and stay firm till 2017. The consensus seems to be that the government will be smarter about the consumption tax hike at that time by making it less of a tax hike (through rebates, special rates, etc.). As businesses of all sizes realize they have personnel shortages, wages look set to go higher and bonuses should be healthy. The labor market will only get tighter as the baby boomers exit the workforce. The problem is that this creates a **cost push** for most businesses, while their ability to raise prices is severely constrained by relative bargaining power, established practices, and lack of competitive differentiation.

The logic of the economic upcycle should ensure GDP growth, possibly even at the 3% nominal level indicated by the government, which—if true—will help the LDP win in the next general elections. The problem is that the government is stubbornly basing its policy assumptions and fiscal revitalization programs on the assumption of the **3% nominal (2% real) GDP growth over the economic cycle**. I think this is impossible. The government's goals are either delusional, or—more likely—represent a politically motivated, long-term PR campaign. The reality is harsher than publicly admitted, but facing it means a need for more changes than the establishment and electorate are willing to accept.

In one of the previous Market views I spoke about the concept of the technological frontier and what happens at that frontier. The **technological frontier** is where good capitalist countries with strong institutions and rational allocation of capital end up over time. This is a decent place to be and only a handful of the world's most developed countries have gotten there. The US, Canada, and most of

MONTHLY WRAP – June 2015

Western Europe are there. Singapore is there. Japan is there.

Once you are there, you need to innovate to grow. When the countries at the frontier keep pace and stay on the leading edge of innovation, they tend to grow at **1.85% per annum in real terms**.

So, that shouldn't be a problem for Japan, right? With a bit of hard work, we only need to better this number by a few bps and the magic 2% is ours. Not so easy. **The magic 1.85%** (that has indeed accelerated to 2% in the past 25–30 years thanks to globalization and relentless milking of the Earth's resources) **is per capita**.

As I showed in one of the 2012 issues of the Market view, Japan has been growing the GDP per capita better than most of its peers, despite its already **shrinking working population**. However, the working population decline has accelerated and without more immigration—which, practically speaking, is out of the question—it will decline about 0.45% per annum through 2025. This is a substantial **handicap**.

Why is this important? Because the 2% real growth that the government proclaims as its goal is what is needed to balance public finances. Without achieving that goal, Japan may once again revisit the precipice of financial instability and deep stagnation.

Logically, the **two choices for Japan** to ensure future prosperity appear to be (a) to stabilize public finances through social security reform, and (b) value innovation. The former is politically impossible—read early editions of the Market view to see why. How about the latter?

Innovation is a complex topic, giving birth to a multitude of theories and opinions. What is **innovation**? Among many definitions, a good and compact one is the "**creation and capture of new value in new ways."** On a national level, it is obvious that something major is needed to move the proverbial needle. Social games where you pay to win instead of just paying to play are a great example of value-capturing innovation. However, to help a country the size of Japan out of its growth conundrum, you need things like the compact fuel-efficient cars of the 1970s and the possibility-expanding consumer electronics of the 1980s. You need iPhones and Googles, you need Las Vegas and mutual funds. You need things that become history and move trillions of dollars.

Japan—to make it through without major bruises—badly needs its entrepreneurs to create and find major innovations. We can only judge those by results and therefore pointing to possibilities is not productive. But I'm not here to innovate, just to critique. So let me state my case: The picture is bleak. It seems **unlikely that Japan can innovate** itself out of its problems.

One of the main sources of my pessimism is that Japanese businesses and the entire society see innovation through a manufacturer's prism—as a technological or technical innovation. This belief was cultivated and took root during the period of the rapid growth in the 1960s through 1980s. Back then, new manufacturing technologies were often value innovation.

The problem is, they are not anymore. The new wave of innovation has components that threaten the very core of Japanese industrial strength. Components such as 3D printing-based localized manufacturing, and my favorite, the **demise of an internal combustion engine domination**.

I spoke multiple times about my concerns. I believe that the biggest challenge of the next 20 years for Japan will be the **disruption** called "the electric vehicle." The attempts to ignore this problem, to pretend that it doesn't exist, a worrying. The problem for Japan is huge. Not because Toyota won't know how to make an electric car (quite the opposite, it will likely make the best electric car), but because there are thousands of fewer parts in an electric car, and many more parts are likely to be standardized components, which will dramatically redraw the map of the automotive value chain. The **Toyota ecosystem** is huge and complex, and generates trillions of yen for the economy. It is **not Denso** that is threatened either; it is **thousands of** engine parts, powertrain, suspension, and other **suppliers** that will see their markets **shrink** to a fraction. The amazing accumulated know-how of Japanese automotive *monozukuri,* or craftsmanship, will no longer be in demand.

The history lessons are everywhere. The shipbuilding industry, the electronics manufacturers—they all saw their domain dramatically redrawn. But why worry if we've got folks in Nagoya making up for it! Doesn't it show the resilience of Japan Inc.?

Unfortunately not. The auto industry is the **last one standing** among past drivers of Japan's economic growth. The sun is setting.

How about robots? I strongly believe that the country will benefit from, and indeed eventually be bailed out by, the robotics revolution. The problem is, it's unlikely to happen within the next 10–15 years, when miracles will be sorely needed. Also, it appears unlikely that Japan will lead the innovation in robotics, only supply the key parts and benefit from the robots rendering irrelevant the cheap workforce advantage of its Asian neighbors.

I also spoke about the incentives to innovate and entrepreneurism on the pages of past Market views. Japan lacks both and nothing I've heard over the past 24 months is telling me things are changing. While the government is focused on making big businesses more accountable and profitable, this doesn't address the fundamental issue—that big existing companies don't innovate. On the other hand, the compromises with which the government is trying to appease the electorate when raising the consumption tax—such as higher taxes for the "rich" (those who manage to make over $160,000 a year are considered thus and pay over 50% on their incremental income), send a strong signal—the **"salaryman" life is good,** and trying to break away from the herd is hardly worth risking.

While I have been blessed—in my capacity as a founder of Shared Research—to greet as clients, and learn about, dozens of innovative companies and world-class leaders, my broader experience and interactions with what I would describe as an average public company has left me deeply convinced that **innovation is hardly a word to describe** what's going on in corporate Japan. This takes us back to the point of "moving the needle"—the need to have not just a few outstanding entrepreneurs but a critical mass of entrepreneurs with desire, incentives, ideas, and capital to innovate. And on that, don't hold your breath.

But how about the corporate governance reforms and the new government shaming program to cause otherwise disinterested and entrenched managements to bring their ROEs to 8%? Could that lead to some major change or at least to a prolonged bull market?

I think that the hopes are overstated. Higher ROE is obviously good. However, that **doesn't address the fundamental issue of growth**. ROE is a measure that shows how much a business *can* grow without raising cash, not how much it *will* grow. A 10% or 15% ROE tells you nothing about innovation and ability to create new growth.

Good businesses with stable Rs are fantastic, and over time enrich their investors. However, it is also true that listed companies who feel the need to care about ROE two or three years out may forego investment opportunities and risks that would maximize their returns in the long run.

As a side note, I also struggle to see how share buybacks at rich valuations or higher dividends add to the value creation. Again, I don't defend hoarding but simply point out that to move forward we **need innovation, not just capital distributions** and investor dialogue.

Meanwhile, I look everywhere and I cannot see anything in existence today—of course apart from the tourism renaissance—that would even come close to replacing the auto and electronics industries that made Japan great. To presume that monetary risk taking by the BOJ and its attempts at pushing the country back into the inflation realm will somehow guarantee growth and prosperity is wishful thinking.

Speaking of innovation, there is another dimension that may hurt Japan in the future. Once could call it Japan's **lack of geopolitical innovation**. It's a topic outside of what the Market view normally is about. But it is relevant, and impacts the economic picture as well as long-term risks for the country.

There is a **fourth arrow** of Abenomics. It is the **conservative doctrine** to solidify the military, political, and economic partnership with the US, ostensibly to ensure security against the increasingly combative China. The question is whether this strategy might be based on outdated concepts and indicate a lack of innovation in geopolitical thought. Furthermore, Japan is deepening its commitment to the ally who also increasingly looks as if it's losing the initiative and the ability to innovate on the global stage. What do I mean? Let me give you some examples of what would be considered innovation in business language.

A terrorist organization manages to sneak under the radar screen and obtain a sizeable country under its control. Its ideology not only allows it to gain military superiority over demoralized opponents, but also attracts youth from all over the world. The West is at a loss but the terror state seems to achieve its substantial and undeniable success though a clever mix of decisive brutality, medieval religious rhetoric, and skillful use of modern propaganda tools. I'm obviously talking about ISIS, the top innovator on the geopolitical stage.

A large country ignores the rules and conventions carefully cultivated in the post-WWII era, retakes a territory that it considers its own, turns a large swath of its neighbor's territory into a no-man's zone, and challenges the West to save that neighbor from the economic collapse. It barely admits its own role. Despite the sanctions, Russia has been widely credited for using the West's vulnerabilities to pretty much do what it pleases.

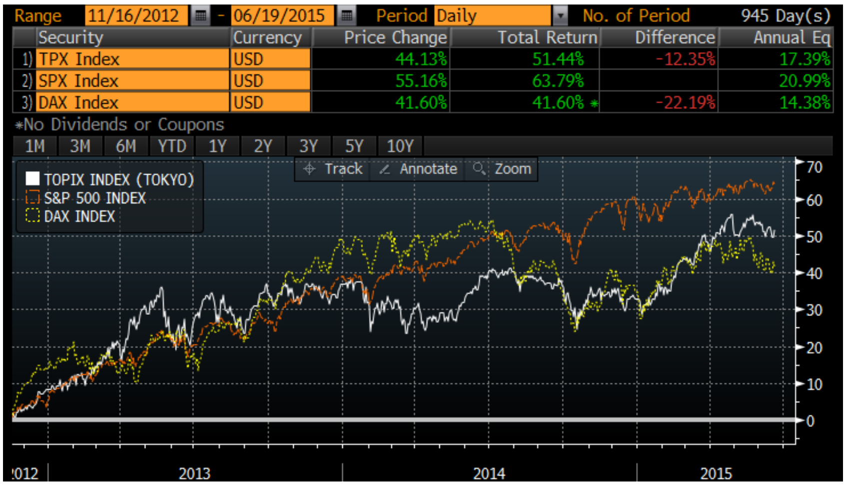
A *really* large country wants to expand its ability to project power over the high seas. Rather than spending years trying in vain to better its rivals at building aircraft carriers, it simply starts landfilling the waters around tiny islands it lays claims to—expanding its potential exclusive economic zone and building military airbases. Why do you need a big ship if you have a small island? By doing so, China has produced a great example of innovation—reframing the problem and coming up with a novel solution that unlocks a previously unattainable value.

The reason I give these examples is not to praise those countries for their actions or suggest that ignoring international laws and human rights should be emulated. I'm simply trying to show that Japan needs to learn to think outside the box not only about its economy but the entire world around it. Failing to do so by committing to a set of rigid and possibly outdated dogmas may further damage the chances of this country to stay great.

As for the stock market, everything I discuss here seems too complicated and thus irrelevant. Instead, we focus on whether the FRB raises the rates and whether Kuroda decides to double down. Why don't we pray for a summer rally?

Meanwhile, as my favorite chart shows, in the same currency terms, Abenomics gets a yawn and the dog is still wagging the tail, not the other way around.

MONTHLY WRAP – June 2015



Source: Bloomberg

Yours,

Oleg Zuravljov

***

Good afternoon. David here. Hope you are having a good month. With the Japan rainy season in full form, I'll reflect on our spring hits and misses, as well as our current interests and curiosities.

Hits

Some of the names we've highlighted over the past five months performed robustly. The free money printed by the BOJ, the cheap yen, the pre-Olympic construction boom, and the improvement in corporate governance such as Fanuc's dividend hike have prodded most stocks in the right direction. Even with that, the few companies that we've told you about have produced generous alpha.

Titanium stocks: In January, we highlighted the lack of interest and negative pressure on both Toho Titanium (5727) and Osaka Titanium (5726). I visited Toho Titanium on February 10 and wrote this:

> We believe that there is a high probability of recovery in profits for next fiscal year, which confirmed our takeaway from a visit to Osaka Titanium in December. Next fiscal year should see decent top line growth powered by airplane demand. Further, inventory is almost all cleared out, and utilization should increase from April, which should expand profit margins. Lastly, the non-titanium business is going well in both MLCC materials and polypropylene, and should continue the upward trajectory next year. Q3 OP recovered to a slight profit of JPY0.1bn from a loss of JPY0.2bn last year on an 18% increase in sales YoY. This was the first quarterly profit in 2 years (8 quarters).
> Bullish factors:
> Growth in titanium usage per aircraft
> Growth in raw aircraft demand, helped by cheap fuel prices
> Titanium inventory clear out complete, utilization to improve going forward.
> Profitable and growing non-titanium businesses.

> FOREX, +0.1bn per 1 yen move against the dollar.

Since that visit, Toho Titanium is up 90% versus +15% for the TOPIX. Osaka Titanium is up 35%. Year to date performance is about the same for both companies.

Kaneka: Around the same time frame, we acknowledged that Kaneka was interesting and similarly overlooked by investors. I visited Kaneka in March and wrote:

> Positive impression. "Wigging out"
> A big swing in energy costs and forex are both providing tailwinds. Synthetic fibers for wigs in Africa is cannot be produced fast enough. Despite a downward revision in Q3, the stock has outperformed the market over the past month owing to higher expectations for profits next year. The main reasons for the downward revision to the OP forecast, which was lowered to JPY25bn from JPY30bn for FY3/15, were sluggish sales in expandable plastics in Japan and higher material costs for palm oil in the foodstuffs division. However, going forward, the firm should benefit from lower oil prices as it consumes naphtha for its chemicals, functional plastics, and expandable plastics divisions. Further, Kaneka gets a strong tailwind from the weaker yen particularly in its synthetic fiber division's Kanekalon (hair wigs) and Kanecaron (carpets) products, which are mainly exported from Japan.

Year to date, **Kaneka is +39% versus +17% for the TOPIX.** The stock is not exactly wigging out, but has had decent performance.

Misses

Nippon Electric Glass (5214): Although the stock did eventually spike after an upward revision, performance was actually worse than the Nikkei or Asahi Glass (5201) year to date. I visited the firm in February and wrote this:

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

Year to date, NEG is +14% versus +17% for the TOPIX.

Current interests

Outsourcing (2427): When I met the president of Outsourcing last month, he mentioned that a government regulation change to temporary workers (Haken shain) is likely. The bill just passed the house of representatives last Friday. Under the current law, a company can keep a temp worker on the payroll for a maximum of three years, after which the worker must renew the contract. The draft bill would allow companies to keep temp workers indefinitely. The bill is **clearly positive for Outsourcing**. Outsoucing's stock has risen 25% in the past month, reflecting the potential good news from a regulation change. In addition, it appears likely that the firm will overshoot earnings by 15–20%. OP forecast for FY12/15 is JPY3.1bn, and April and May are quite strong. These days the firm is getting more demand from both domestic engineering outsourcing business and overseas. Also, one-time consulting costs from last quarter are going away, and so the rest of the year should have higher profits.

Hulic (3003): Shifting gears to the real estate sector, I paid Hulic a visit on May 13. The firm has a decent investor story, focused on mid-sized buildings in central Tokyo. It is trying to exploit the aging society and shifts to safer and environmental-friendly buildings. The stock has underperformed the market this year, but its business model is unique, different than the big three real estate companies: Mitsui, Mitsubishi, and Sumitomo. Hulic is focused on mid-size business-type buildings close to train stations in central Tokyo. 90% of properties are in Tokyo. 70% of buildings are offices and bank branches, and 30% are commercial shops, hotels, nursing homes, and apartments. Long-term management plan calls for JPY85bn in RP for 2023, more than double the estimate of JPY39bn for FY12/15. Assumptions include 2–3% GDP growth in Japan, low interest rates, population decline, senior citizen increase, foreign tourism increases. The firm cites the three K's (koreisha, kanko, kankyo) as big themes for their business:

- Koreisha = senior citizens. The increase in the senior population as the baby boomers retire is an opportunity to capture consumption from active seniors who want to splurge on expensive property in central Tokyo.
- Kanko = tourism. The firm expects tourism to soar to 30mn visitors per year by 2030, from 20mn expected in 2020 and 13mn last year.
- Kankyo = environment. The firm will employ more low energy materials and earthquake-proof measures in their building to further differentiate from other buildings.

Along a similar vein, we are also interested in:
Tokyu Construction (1720): Results and forecasts were over my expectations. OP for FY3/15 was JPY6.0bn versus JPY5.3bn company guidance. OP forecast for FY3/16 is JPY8.0bn versus consensus JPY6.5bn (one analyst). Orders for the full year were JPY333bn versus JPY254bn in sales, or a 1.31x book to bill ratio. Orders rose 17% YoY. In Q4, order momentum slowed but its sales guidance of JPY260bn for next year is higher than internal guidance of JPY240–250bn. In Q4, OP rose to JPY2.7bn from JPY2.0bn, a 35% YoY rise despite a 7% fall in revenues YoY, reflecting Tokyu's ability to choose more attractive projects.

Curiosities, upcoming visits

Real estate, chemicals, medical, bicycles, food, laggards.

Showa Denko (4004)
Asahi (3333)
Goldcrest (8871)
Medical Data Vision (3902)
Tokyu Construction (1720)
Yoshinoya (9861)

All the best,

David

MONTHLY WRAP – June 2015

TOPIX100 Portfolio

Return Comparison (%)	
TPX100	14.75
Portfolio	18.98
TPX100	**Points**
2015/2/12	954.2
2015/6/22	1084.63

Start Date	Current Date
2015/2/12	2015/6/22

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

Ticker	Name	Weight Rel. To TPX100	Total Return (%)	Wgt (%)	Ticker	Name	Weight Rel. To TPX100	Total Return (%)	Wgt (%)
7203	Toyota Motor Corp	MW	7.2	8.3	6594	Nidec Corp	UW	11.7	0.0
8306	Mitsubishi UFJ Financial G	BOW	28.2	18.7	9983	Fast Retailing Co Ltd	MW	22.2	0.7
9984	SoftBank Corp	UW	3.5	0.0	9531	Tokyo Gas Co Ltd	MW	-3.9	0.7
7267	Honda Motor Co Ltd	MW	5.3	2.7	6326	Kubota Corp	UW	6.8	0.0
8316	Sumitomo Mitsui Financial G	OW	29.0	3.7	2502	Asahi Group Holdings Ltd	UW	6.5	0.0
8411	Mizuho Financial Group Inc	OW	30.1	3.2	4523	Eisai Co Ltd	UW	30.3	0.0
9432	Nippon Telegraph & Telephone	UW	20.4	0.0	1605	Inpex Corp	BOW	3.9	2.8
9433	KDDI Corp	UW	14.6	0.0	3402	Toray Industries Inc	MW	0.0	0.6
4502	Takeda Pharmaceutical Co Ltd	UW	0.8	0.0	8601	Daiwa Securities Group Inc	MW	8.0	0.6
4503	Astellas Pharma Inc	UW	-0.8	0.0	4661	Oriental Land Co Ltd/Japan	UW	12.3	0.0
7751	Canon Inc	OW	9.2	2.6	4578	Otsuka Holdings Co Ltd	UW	7.8	0.0
2914	Japan Tobacco Inc	UW	25.1	0.0	4755	Rakuten Inc	MW	12.7	0.6
6954	FANUC Corp	UW	21.2	0.0	2503	Kirin Holdings Co Ltd	UW	6.5	0.0
6758	Sony Corp	OW	15.5	2.4	3407	Asahi Kasei Corp	UW	-13.4	0.0
6501	Hitachi Ltd	UW	5.8	0.0	1925	Daiwa House Industry Co Ltd	OW	33.1	0.9
8802	Mitsubishi Estate Co Ltd	MW	4.8	1.5	7974	Nintendo Co Ltd	OW	70.4	0.9
3382	Seven & i Holdings Co Ltd	UW	16.4	0.0	7269	Suzuki Motor Corp	OW	15.8	0.9
9022	Central Japan Railway Co	UW	5.7	0.0	7261	Mazda Motor Corp	UW	3.5	0.0
9020	East Japan Railway Co	MW	15.9	1.3	8308	Resona Holdings Inc	OW	11.9	0.9
8058	Mitsubishi Corp	MW	27.7	1.3	9735	Secom Co Ltd	UW	14.5	0.0
8801	Mitsui Fudosan Co Ltd	MW	10.3	1.3	5411	JFE Holdings Inc	OW	7.3	0.8
8766	Tokio Marine Holdings Inc	MW	21.2	1.3	8630	Sompo Japan Nipponkoa HD	OW	32.7	0.8
6752	Panasonic Corp	UW	25.7	0.0	8053	Sumitomo Corp	OW	19.4	0.8
9437	NTT DOCOMO Inc	UW	12.8	0.0	8035	Tokyo Electron Ltd	UW	-5.5	0.0
4063	Shin-Etsu Chemical Co Ltd	MW	-8.9	1.2	6702	Fujitsu Ltd	OW	0.7	0.8
7201	Nissan Motor Co Ltd	MW	11.2	1.2	8113	Unicharm Corp	UW	-14.7	0.0
5108	Bridgestone Corp	OW	5.9	1.7	4568	Daiichi Sankyo Co Ltd	UW	30.4	0.0
4452	Kao Corp	UW	15.7	0.0	9202	ANA Holdings Inc	OW	2.1	0.7
7270	Fuji Heavy Industries Ltd	MW	11.9	1.1	9021	West Japan Railway Co	UW	24.8	0.0
6981	Murata Manufacturing Co Ltd	UW	65.7	0.0	8002	Marubeni Corp	UW	5.4	0.0
6902	Denso Corp	MW	14.0	1.1	6988	Nitto Denko Corp	MW	32.0	0.5
8031	Mitsui & Co Ltd	OW	6.9	1.6	2802	Ajinomoto Co Inc	UW	17.7	0.0
6503	Mitsubishi Electric Corp	MW	23.7	1.0	5802	Sumitomo Electric Industries	OW	37.3	0.7
5401	Nippon Steel & Sumitomo Metal	OW	10.3	1.5	1878	Daito Trust Construction	UW	-1.4	0.0
6861	Keyence Corp	UW	19.0	0.0	5020	JX Holdings Inc	OW	15.5	0.7
8604	Nomura Holdings Inc	OW	25.7	1.5	1928	Sekisui House Ltd	MW	27.0	0.4
6301	Komatsu Ltd	UW	5.8	0.0	8267	Aeon Co Ltd	OW	28.6	0.6
6367	Daikin Industries Ltd	MW	18.7	0.9	5713	Sumitomo Metal Mining Co Ltd	MW	13.2	0.4
7741	Hoya Corp	OW	5.8	1.3	8795	T&D Holdings Inc	OW	28.6	0.6
8750	Dai-ichi Life Insurance	OW	37.1	1.2	7202	Isuzu Motors Ltd	UW	-2.4	0.0
7011	Mitsubishi Heavy Industries	MW	18.5	0.8	9532	Osaka Gas Co Ltd	UW	4.0	0.0
8591	ORIX Corp	BOW	25.5	3.6	9064	Yamato Holdings Co Ltd	UW	-8.5	0.0
8001	ITOCHU Corp	BOW	31.8	3.6	8332	Bank of Yokohama Ltd/The	UW	10.2	0.0
6502	Toshiba Corp	UW	-12.5	0.0	9502	Chubu Electric Power Co Inc	OW	25.8	0.5
6273	SMC Corp/Japan	UW	19.2	0.0	9503	Kansai Electric Power Co Inc	OW	24.4	0.5
4901	FUJIFILM Holdings Corp	BOW	18.5	3.4	4188	Mitsubishi Chemical HD	OW	24.0	0.5
8309	Sumitomo Mitsui Trust HD	OW	23.2	1.1	4911	Shiseido Co Ltd	UW	39.8	0.0
8830	Sumitomo R & D	UW	13.9	0.0	7752	Ricoh Co Ltd	OW	13.3	0.4
8725	MS&AD Insurance Group HD	OW	23.2	1.1	7912	Dai Nippon Printing Co Ltd	UW	15.9	0.0
6971	Kyocera Corp	BOW	14.6	3.1	1963	JGC Corp	OW	-0.2	0.3

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

MONTHLY WRAP – June 2015

June 2015 Client Updates

3-D Matrix, Ltd. (7777)

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

On **May 27, 2015**, 3-D Matrix Ltd. (3DM) announced the establishment of a subsidiary in the Netherlands.

In order to expand the medical products business—utilizing self-assembling peptide technology, which is currently under development—in Europe, the company has decided to establish a wholly owned subsidiary in the Netherlands, mainly as a sales and marketing base.

Overview of the new subsidiary

Name:	3-D Matrix EMEA
Business:	Medical products business in Europe, such as hemostatic agents
Capital:	EUR300,000 (planned).

View the full report.

MONTHLY WRAP – June 2015

Accretive Co., Ltd. (8423)

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

On **May 7, 2015**, Accretive Co., Ltd. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Operating Revenue	712	720	759	742	726	821	901	898	106.1%	3,154
YoY	7.1%	6.1%	1.4%	3.6%	2.0%	14.1%	18.7%	21.0%		7.6%
Funding Costs (Interest Expense)	53	52	51	45	43	42	40	40		
YoY	-29.6%	-32.3%	-32.9%	-26.4%	-20.1%	-20.1%	-21.3%	-11.6%		
GPM	7.5%	7.2%	6.7%	6.0%	5.9%	5.1%	4.4%	4.4%		
SG&A Expenses	387	361	367	507	373	414	444	503		
YoY	9.5%	5.0%	-29.9%	37.4%	-3.8%	14.9%	20.9%	-0.6%		
SG&A / Sales	54.4%	50.1%	48.4%	68.3%	51.3%	50.5%	49.3%	56.1%		
Operating Profit	272	307	341	190	311	365	417	355	113.5%	1,276
YoY	15.3%	18.9%	127.8%	-33.6%	14.5%	19.0%	22.4%	86.3%		15.0%
OPM	38.1%	42.6%	44.9%	25.7%	42.8%	44.5%	46.3%	39.5%		40.5%
Recurring Profit	274	336	346	187	308	402	422	354	114.3%	1,300
YoY	9.6%	3.4%	123.0%	-25.0%	12.5%	19.6%	22.1%	89.1%		13.8%
RPM	38.5%	46.7%	45.5%	25.3%	42.4%	48.9%	46.8%	39.5%		41.2%
Net Income	244	374	303	255	270	368	361	456	118.1%	1,232
YoY	5.3%	37.2%	162.2%	9.4%	10.6%	-1.7%	19.2%	78.7%		4.7%
NPM	34.3%	52.0%	39.9%	34.4%	37.2%	44.8%	40.1%	50.8%		39.1%

Source: Company data

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

Note: Figures represent most recent company forecasts.

In FY03/14, the company had booked JPY81mn in extraordinary profits, with JPY68mn in gains from the sale of fixed assets. This was not the case in FY03/15. As a result, the year-on-year growth rate of net profit did not keep up with that of recurring profit.

The company promoted its Flex Payment Service (FPS), which combines financial services and outsourcing, and focused on its three main earnings drivers: a factoring service for accounts receivable, the outsourcing of payment operations, and custom financial services.

Operating revenue increased year-on-year, owing to higher factoring volume in the medical and nursing care sector, the launch of factoring operations in Thailand, and growth in the outsourcing business in line with new orders for cash register services.

Overall, increased operating revenues combined with decreased funding costs from efficient use of overdrafts and continued control of overheads—despite higher personnel expenses in line with growth in the outsourcing business—led to higher profits year-on-year.

View the full report.

MONTHLY WRAP – June 2015

Aeon Delight Co., Ltd. (9787)

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

On **May 8, 2015**, Shared Research updated the report after interviewing Aeon Delight Co. Ltd.

Quarterly Performance	FY02/13				FY02/14				FY02/15				FY02/15	
(JPYmn)	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	FY02/13				FY02/14				FY02/15				FY02/15	
(JPYmn)	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 & suppies 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 & suppies 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 & suppies 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 & suppies 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 & suppies 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 & suppies 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.

MONTHLY WRAP – June 2015

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 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.

View the full report.

MONTHLY WRAP – June 2015

AnGes MG, Inc. (4563)

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

On **May 25, 2015**, AnGes MG, Inc. announced the cancellation of the issuance of new shares by third-party allocation.

Reasons for the cancellation of the issuance of shares

The company has resolved to cancel the series 2, 4, 5, and 6 new share issuances, which were announced on March 20, 2015. The company also resolved to withdraw the securities registration statement it submitted to the Director of the Kanto Finance Bureau for the series 5 and 6 allocations, and to close this program.

The company's share price fluctuated significantly after announcing the establishment of this program and the series 1 allocation on March 20, 2015. As a result, the company decided not to conduct the series 2 allocation, and changed the allocation and payment date. The company, however, resolved to conduct the series 3 allocation as announced on April 24, 2015, as the cause of the sudden fluctuation in the share price remained unclear. But the share price fell further and remained low—even more so than would be expected from the dilution effect of the program. As a result, the company postponed the series 4 allocation.

The company's share price has remained low since the series 3 allocation, leading the company to think it unlikely that the share price will recover by July 31, 2015, when this program ends. As a result the company has decided to cancel the series 2, 4, 5, and 6 allocations of new shares in view of the dilution effect on existing shareholders. Also, it would be unable to obtain the expected amount of funding from the series 2 and 4 allocations, for which it has not yet agreed upon the new schedule with the subscribers to the new shares. The company thus plans to notify the subscribers and bring this program to a close. It also withdrew the securities registration statement it submitted to the Director of the Kanto Finance Bureau for the series 5 and 6 allocations on March 20, 2015.

Overview of the results of the funding

(JPYmn)	Expected amount	Actual amount
Payment for new shares from this program	2,750	736
Issuance expenses	33	19
Net proceeds	2,628	717

Source: Company data

The close of this program means a significant decrease in the total funding amount. The funds raised will be unable to cover the cost of clinical trials of NF-κB decoy oligonucleotide in Japan and the US. The company aims to continue developing NF-κB decoy oligonucleotide for the indications of atopic dermatitis and lumbar disc disorders. In order to do so, it plans to formulate a policy combining equity financing with funds from one-time payments from contracts with new business partners, as it considers ways to make up for the deficit in funding.

MONTHLY WRAP – June 2015

On **May 13, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance	FY12/14				FY12/15				FY12/15	
(JPYmn)	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 – June 2015

Ai Holdings Corp. (3076)

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

On **May 14, 2015**, Ai Holdings Corp. announced earnings results for Q3 FY06/15.

Quarterly Performance	FY06/14				FY06/15				FY06/15 Est.	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,564	9,249	10,870	8,293	9,501	10,177	11,126	-	73.3%	42,000
YoY	1.0%	21.7%	13.9%	22.6%	10.9%	10.0%	2.4%	-		13.6%
Gross Profit	3,673	3,879	4,795	3,449	4,000	4,316	4,865	-		
YoY	21.2%	25.5%	29.1%	7.5%	8.9%	11.3%	1.5%	-		
GPM	42.9%	41.9%	44.1%	41.6%	42.1%	42.4%	43.7%	-		
SG&A	2,188	2,356	2,397	2,455	2,399	2,654	2,595	-		
YoY	17.3%	22.1%	19.3%	8.4%	9.6%	12.6%	8.3%	-		
SG&A / Sales	25.5%	25.5%	22.1%	29.6%	25.2%	26.1%	23.3%	-		
Operating Profit	1,484	1,523	2,398	994	1,600	1,662	2,271	-	74.8%	7,400
YoY	27.3%	31.3%	40.7%	5.3%	7.8%	9.1%	-5.3%	-		15.6%
OPM	17.3%	16.5%	22.1%	12.0%	16.8%	16.3%	20.4%	-		17.6%
Recurring Profit	1,513	1,577	2,423	1,040	2,529	1,760	2,402	-	79.7%	8,400
YoY	25.8%	27.3%	44.3%	8.4%	67.2%	11.6%	-0.9%	-		28.2%
RPM	17.7%	17.1%	22.3%	12.5%	26.6%	17.3%	21.6%	-		20.0%
Net Income	929	994	1,510	610	1,801	1,140	1,500	-	79.3%	5,600
YoY	21.4%	76.9%	43.5%	2.5%	93.9%	14.7%	-0.7%	-		38.5%
NPM	10.8%	10.7%	13.9%	7.4%	19.0%	11.2%	13.5%	-		13.3%

Figures may differ from company materials due to differences in rounding methods.
Company forecast figures are based on the most recently issued company forecast.
Source: Company data

Recurring profit was up as the company booked non-operating profit of JPY1.2bn in the form of profits from equity-method affiliates, a result of the inclusion of Nihon Denkei Co., Ltd. as an equity-method affiliate from Q1 FY06/15.

The mainstay Security Equipment segment, Card Equipment and Other Office Equipment segment, Measuring and Environmental Testing Devices segment, and Design segment all declined year-on-year, but due to significant profit gains from the Peripheral Computer Equipment Sales segment, operating profit was up overall.

View the full report.

MONTHLY WRAP – June 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 **May 28, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Recurring revenue	**3,846**	**4,093**	**3,848**	**4,399**	**4,394**	**4,455**	**4,614**	**4,903**	**5,163**	**5,499**	**5,823**	**6,153**	**102.1%**	**22,179**
YoY	20.2%	23.3%	8.6%	16.3%	14.2%	8.8%	19.9%	11.5%	17.5%	23.4%	26.2%	25.5%		20.8%
Underwriting revenue	3,774	4,025	3,771	4,211	4,327	4,389	4,558	4,813	5,012	5,267	5,557	5,897		
Investment revenue	39	32	38	151	30	20	19	39	98	127	174	123		
Interest and dividend income	31	31	32	19	4	6	4	4	51	51	85	102		
Gains on the sale of securities	7	1	6	133	26	14	14	35	47	75	90	20		
Other recurring revenue	32	37	39	35	36	46	37	52	52	106	91	133		
Recurring expenses	**3,614**	**3,826**	**3,831**	**4,077**	**4,280**	**4,269**	**4,502**	**4,582**	**4,784**	**5,205**	**5,419**	**5,979**	**102.1%**	**20,947**
YoY	10.1%	15.5%	11.3%	17.4%	18.4%	11.6%	17.5%	12.4%	11.8%	21.9%	20.4%	30.5%		18.8%
Underwriting expenses	2,609	2,869	2,851	3,121	3,208	3,248	3,475	3,517	3,585	3,960	4,199	4,176		
Investment expenses	-	-	-	-	13	5	-	-	4	2	7	8		
Operation and administration expenses	933	886	904	909	1,010	968	983	1,021	1,148	1,193	1,159	1,405		
Other recurring expenses	71	72	75	46	48	47	44	44	46	50	54	390		
Recurring profit	**231**	**267**	**18**	**321**	**113**	**187**	**112**	**321**	**379**	**293**	**404**	**174**	**101.5%**	**1,232**
YoY	-	3,237.5%	-81.6%	2.9%	-51.1%	-30.0%	522.2%	-	235.4%	56.7%	260.7%	-45.8%		68.1%
RPM	6.0%	6.5%	0.5%	7.3%	2.6%	4.2%	2.4%	6.5%	7.3%	5.3%	6.9%	2.8%		5.6%
Net profit	**183**	**207**	**36**	**214**	**68**	**118**	**65**	**196**	**251**	**206**	**280**	**92**	**100.9%**	**822**
YoY	-	10,250.0%	-77.4%	-45.5%	-62.8%	-43.0%	80.6%	-8.4%	269.1%	74.6%	330.8%	-53.1%		83.7%
NPM	4.8%	5.1%	0.9%	4.9%	1.5%	2.6%	1.4%	4.0%	4.9%	3.7%	4.8%	1.5%		3.7%
Metrics														
Total contracts	408,761	421,197	433,345	446,414	462,343	477,952	491,452	504,969	516,618	526,439	535,906	544,815	99.1%	550,000
New contracts	24,777	24,306	24,523	25,898	28,599	27,841	26,024	26,706	26,398	25,249	24,841	25,140	97.7%	104,000
Pet shops	14,850	14,679	14,955	16,888	19,096	18,433	17,543	18,930	18,682	17,867	18,372	20,086	101.4%	74,000
General agents	9,927	9,627	9,568	9,010	9,503	9,408	8,481	7,776	7,716	7,382	6,469	5,054	88.7%	30,000
Pet shop & General agents	4,410	4,464	4,530	4,752	4,862	4,892	4,865	4,924	5,009	5,423	5,608	5,804		
Hospitals accepting anicom	5,176	5,220	5,267	5,349	5,408	5,459	5,506	5,599	5,630	5,650	5,696	5,773	101.3%	5,700
YoY														
Total contracts	14.8%	13.9%	13.1%	12.7%	13.1%	13.5%	13.4%	13.1%	11.7%	10.1%	9.0%	7.9%		8.9%
New contracts	-6.9%	-1.4%	-1.0%	3.6%	15.4%	14.5%	6.1%	3.1%	-7.7%	-9.3%	-4.5%	-5.9%		-4.7%
Pet shops	-13.2%	-3.1%	-1.3%	11.6%	28.6%	25.6%	17.3%	12.1%	-2.2%	-3.1%	4.7%	6.1%		
General agents	4.6%	1.4%	-0.5%	-8.7%	-4.3%	-2.3%	-11.4%	-13.7%	-18.8%	-21.5%	-23.7%	-35.0%		1.8%
Pet shop & General agents	11.8%	9.1%	9.9%	15.9%	10.2%	9.6%	7.4%	3.6%	3.0%	10.9%	15.3%	17.9%		
Hospitals accepting anicom	6.7%	4.9%	4.9%	4.6%	4.5%	4.6%	4.5%	4.7%	4.1%	3.5%	3.5%	3.1%		
E/I loss ratio	**65.5%**	**73.4%**	**68.1%**	**63.1%**	**69.0%**	**69.5%**	**66.3%**	**62.1%**	**66.7%**	**68.9%**	**64.2%**	**58.7%**		**65.5%**
Operating expenses / earned premiums	31.6%	29.2%	29.1%	29.3%	30.5%	28.3%	27.7%	27.9%	28.7%	28.3%	26.8%	29.2%		28.4%
Combined ratio	**97.1%**	**102.6%**	**97.2%**	**92.4%**	**99.5%**	**97.9%**	**93.9%**	**90.1%**	**95.4%**	**97.2%**	**91.0%**	**87.9%**		**93.9%**
Underwriting expenses	**2,609**	**2,869**	**2,851**	**3,121**	**3,208**	**3,248**	**3,475**	**3,517**	**3,585**	**3,960**	**4,199**	**4,176**		
Net claims paid	2,157	2,398	2,519	2,391	2,427	2,866	2,748	2,652	2,844	3,092	3,088	3,125		
Loss adjustment expenses	146	143	144	148	156	176	166	162	171	188	193	189		
Net commissions and brokerage fees	204	202	213	234	255	252	251	271	296	303	321	349		
Provision for reserve for outstanding losses and claims	35	191	-48	-38	232	-83	-7	7	101	100	43	-100		
Provision for underwriting reserves	65	-276	234	386	136	36	319	425	171	277	554	614		
Prepaid premium	201	92	142	251	248	150	174	270	335	363	376	425		
Reserve for casualty	-135	-369	92	135	-111	-115	146	153	-163	-86	177	188		
Revised earnings (*)	**95**	**-98**	**107**	**315**	**-2**	**58**	**245**	**427**	**116**	**26**	**377**	**504**		
YoY	187.9%	-	282.1%	11.3%	-	-	129.0%	35.6%	-	-55.2%	53.9%	18.0%		

Recurring profit	FY03/14				FY03/15				FY03/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1 Act.	Q2 Act.	Q3 CE	Q4 CE	Q1 Est.	Q2 Est.	Q3 Est.	Q4 Est.
Recurring profit	113	187	112	321	379	293	404	174	311	-67	86	471
Change in contingency reserve	111	115	-146	-153	163	86	-177	-188	285	-27	-172	-182
Recurring profit minus change in contingency reserve	**2**	**72**	**258**	**474**	**216**	**207**	**581**	**362**	**26**	**-40**	**258**	**653**
E/I loss ratio	69.0%	69.5%	66.3%	62.1%	66.7%	68.9%	64.2%	58.7%	68.1%	71.6%	68.3%	61.7%
Operating expenses / earned premiums	30.5%	28.3%	27.7%	27.9%	28.7%	28.3%	26.8%	29.2%	30.2%	29.8%	28.0%	27.4%
Combined ratio	99.5%	97.9%	93.9%	90.1%	95.4%	97.2%	91.0%	87.9%	98.3%	101.4%	96.3%	89.1%

Source: Company data

Adjusted profit was calculated based on the formula used prior to FY03/15: recurring profit ± impact of contingency reserve ± investment income/expense ± other revenue/expense.

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

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

Recurring revenue and recurring profit were JPY22.6bn (+23.3% YoY) and JPY1.3bn (+70.7% YoY), compared with JPY21.8bn and JPY800mn projected earlier.

Recurring revenue rose because the number of contracts increased 7.9% from a year earlier and because the company raised its insurance premiums by an average of 12%. The company also increased its investment revenue with a better risk balance.

Recurring profit increases by JPY517mn despite JPY323mn depreciation for deferred assets
The company wrote off JPY323mn in deferred assets in accordance with Article 113 of the Insurance Business Act. Even so, recurring profit increased by JPY517mn from a year earlier in part because recurring revenue rose. The loss ratio and business expense ratio were also better than expected.

Loss ratio, expense ratio improve; expenses for FY03/16 already allocated
The loss ratio improved thanks to various measures implemented in the past. The company has increased its insurance premiums and strengthened payout assessment capabilities.

The business expense ratio improved as the company streamlined operations and increased recurring profit. The company has also implemented measures to win more contracts and improved the profitability of subsidiaries. These measures, which had been originally planned for FY03/16, were carried out early because the company had strong earnings.

Looking toward FY03/16

A number of factors may affect results, as the company looks toward FY03/16: First, the impact of efforts to lower the loss ratio may become more pronounced. Second, efforts to win more new contracts may bear fruit. Third, the company is developing new products in a bid to gain a competitive edge. Fourth, the company is entering new businesses other than pet insurance.

Shared Research expects impact from efforts to lower the loss ratio to peak in FY03/16
As mentioned, measures designed to lower the loss ratio take about a year to achieve full effect. Anicom could further tighten controls on the loss ratio.

Shared Research expects that changes to the premium structure in June 2014 will continue to affect policies until May 2015. We also expect the loss ratio to fall as products with limits on the number and length of hospital visits account for a rising proportion of the total. With previous products, risk tended to increase for older animals, but in the company's view, the loss ratio will gradually fall across the board. According to the company, it will continue implementing these measures through FY03/17, although Shared Research thinks maximum effect may be seen in FY03/16.

Winning new contracts: hospitalization and surgery-only policies to boost competitiveness
As mentioned, the company's focus on its salesforce—in a bid to win more new contracts through pet shops—is gradually showing effects. But sluggish sales through agencies continue. Shared Research expects the company to release insurance policies that only cover hospitalization and surgery, which may boost competitiveness.

Revenue from investments; interest and dividend income likely to be on par with FY03/15
Shared Research understands that the company is unlikely to take on risk and will continue paying close heed to its solvency margin as it invests. The company's portfolio appears to be about 50% cash, with the other 50% invested in domestic markets (mainly REITs and bonds). Assuming there are no significant changes to market conditions, interest and dividend income will probably be on par with FY03/15.

New businesses
Results at JASMINE are on track to achieve initial targets, and the company is considering expanding this business. The company is also promoting the cloud-based medical records-management system Anirese F to new hospitals and increasingly encouraging existing hospitals to switch over from old products. This system was developed by consolidated subsidiary Anicom Pafe, Inc. In Shared Research's view, these two new businesses may boost the company's earnings in FY03/16.

MONTHLY WRAP – June 2015

Possibility of dividend payments for FY03/16

Anicom, a holding company that owns insurance businesses, must meet the following conditions under corporate and insurance laws in order to pay dividend: 1) the parent company has retained earnings; 2) Anicom Insurance, Inc., a subsidiary, has retained earnings and has no deferred assets outstanding under Article 113 of the Insurance Business Act.

As of the end of March 2015, the company did not meet condition 1. Thus, the company cannot pay dividend to outside shareholders for FY03/16. However, Anicom Insurance can pay dividend to the parent company. This will allow the parent to have retained earnings for FY03/16.

The company may start paying dividend after the FY03/16 shareholder meeting provided that earnings remain strong. However, Anicom executives said that the company will make a decision by taking into consideration various factors regarding its future business plans.

Medium-term management plan revised

The company has revised its medium-term business plan and released a new target that covers the period through FY03/18. The key point of the new plan, in our view, is a service that focuses on sickness prevention. The company will launch this new service while expanding existing businesses.

The new service consists of operations related to 1) treatment for animals, 2) clinical and research practices, and 3) customer services. The company wants to emphasize prevention by using clinical data accumulated through its pet insurance operations.

View the full report.

MONTHLY WRAP – June 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 **May 15, 2015**, Shared Research updated comments on ArtSpark Holdings Inc.'s earnings results for Q1 FY12/15 after interviewing management.

Quarterly Performance	FY12/13				FY12/14				FY12/15		FY12/15	
(JPYmn)	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	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.

According to the company, profits in the three main businesses all outperformed internal targets in Q1. Results in the UI/UX segment were particularly robust. The company remains cautious about the outlook for the rest of the year, but it appears to have gotten off to a strong start.

View the full report.

MONTHLY WRAP – June 2015

AS ONE Corporation (7476)

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

On **May 13, 2015**, AS ONE Corporation announced earnings results for full-year FY03/15, plans for a commemorative dividend, and a medium-term management plan.

Quarterly performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Sales	**11,324**	**11,048**	**11,864**	**13,893**	**11,488**	**11,803**	**12,635**	**15,266**	**11,694**	**11,883**	**12,689**	**15,776**	**98.3%**	**52,930**
Scientific instruments	6,243	6,152	6,829	8,407	6,538	6,822	7,481	8,914	6,543	6,705	7,430	9,480		
Industrial instruments	2,352	2,332	2,394	2,361	2,290	2,400	2,440	2,719	2,449	2,468	2,570	2,889		
Healthcare	2,729	2,564	2,640	3,124	2,661	2,581	2,714	3,632	2,701	2,710	2,688	3,408		
YoY	**2.2%**	**-0.2%**	**3.7%**	**2.0%**	**1.5%**	**6.8%**	**6.5%**	**9.9%**	**1.8%**	**0.7%**	**0.4%**	**3.3%**		**3.4%**
Scientific instruments	-0.3%	-3.2%	2.0%	4.1%	4.7%	10.9%	9.5%	6.0%	0.1%	-1.7%	-0.7%	6.3%		
Industrial instruments	-1.8%	-4.6%	-2.4%	-7.6%	-2.6%	2.9%	1.9%	15.2%	7.0%	2.8%	5.3%	6.2%		
Healthcare	12.4%	13.1%	15.3%	4.6%	-2.5%	0.7%	2.8%	16.3%	1.5%	5.0%	-0.9%	-6.2%		
Gross profit	**3,512**	**3,392**	**3,718**	**3,999**	**3,552**	**3,575**	**3,797**	**4,377**	**3,597**	**3,584**	**3,814**	**4,499**		
GPM	31.0%	30.7%	31.3%	28.8%	30.9%	30.3%	30.1%	28.7%	**30.8%**	**30.2%**	**30.1%**	**28.5%**		
SG&A expenses	2,235	2,591	2,281	2,213	2,308	2,241	2,409	2,425	2,269	2,293	2,620	2,328		
YoY	3.2%	21.6%	7.6%	-10.2%	3.3%	-13.5%	5.6%	9.6%	-1.7%	2.3%	8.8%	-4.0%		
SG&A / sales	19.7%	23.5%	19.2%	15.9%	20.1%	19.0%	19.1%	15.9%	19.4%	19.3%	20.7%	14.8%		
SG&A expenses	2,152	2,117	2,196	2,134	2,109	2,156	2,191	2,331	2,223	2,215	2,272	-		
YoY	7.6%	3.6%	5.9%	-6.2%	-2.0%	1.8%	-0.2%	9.3%	5.4%	2.7%	3.7%	-		
Operating profit	**1,278**	**800**	**1,437**	**1,785**	**1,244**	**1,335**	**1,389**	**1,952**	**1,328**	**1,292**	**1,194**	**2,171**	**100.2%**	**5,970**
YoY	-4.3%	-37.7%	1.3%	7.4%	-2.6%	66.8%	-3.4%	9.3%	6.8%	-3.2%	-14.0%	11.2%		0.9%
OPM	11.3%	7.2%	12.1%	12.9%	10.8%	11.3%	11.0%	12.8%	11.4%	10.9%	9.4%	13.8%		11.3%
Non-operating profit	**5**	**-12**	**-32**	**-0**	**24**	**-40**	**5**	**21**	**31**	**25**	**41**	**77**		**80**
Financial income	-1	-4	-5	-0	4	-9	-9	-4	-0	-9	-5	47		
Gains on foreign exchange	10	2	-21	7	-2	-0	-5	6	-	-	-	-		
Gains on real estate investment	-7	-7	-11	-2	5	4	16	16	29	33	32	36		
Other non-operating profit	4	-4	5	-5	17	-35	4	4	2	1	14	-6		
Recurring profit	**1,283**	**788**	**1,405**	**1,785**	**1,268**	**1,294**	**1,393**	**1,973**	**1,359**	**1,316**	**1,234**	**2,248**	**101.8%**	**6,050**
YoY	14.4%	-18.0%	0.3%	10.2%	-1.1%	64.2%	-0.8%	10.5%	7.2%	1.7%	-11.4%	14.0%		2.0%
Net income	**803**	**475**	**860**	**1,072**	**779**	**784**	**857**	**1,166**	**877**	**839**	**795**	**1,358**	**101.6%**	**3,810**
YoY	17.6%	-14.2%	25.7%	14.7%	-3.0%	65.3%	-0.3%	8.8%	12.6%	6.9%	-7.3%	16.5%		6.2%

Source: Company data

Quarterly performance	FY03/04	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	FY03/15	FY03/16	
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	FY Est.	dif.
Sales	**34,462**	**36,747**	**40,506**	**44,242**	**46,088**	**44,762**	**43,808**	**45,532**	**47,204**	**48,129**	**51,192**	**52,042**	**54,550**	**2,508**
Scientific instruments	20,421	21,539	23,997	26,174	27,284	25,960	25,012	26,193	27,385	27,632	29,755	30,158		
Industrial instruments	6,887	7,867	8,301	9,137	9,919	9,200	8,404	9,514	9,846	9,440	9,850	10,376		
Healthcare	6,854	7,036	7,838	8,539	8,680	9,602	10,391	9,825	9,973	11,057	11,587	11,507		
YoY	**9.7%**	**6.6%**	**10.2%**	**9.2%**	**4.2%**	**-2.9%**	**-2.1%**	**3.9%**	**3.7%**	**2.0%**	**6.4%**	**1.7%**	**4.8%**	
Scientific instruments	9.9%	5.5%	11.4%	9.1%	4.2%	-4.9%	-3.7%	4.7%	4.6%	0.9%	7.7%	1.4%		
Industrial instruments	14.1%	14.2%	5.5%	10.1%	8.6%	-7.3%	-8.6%	13.2%	3.5%	-4.1%	4.3%	5.3%		
Healthcare	5.0%	2.6%	11.4%	8.9%	1.7%	10.6%	8.2%	-5.4%	1.5%	10.9%	4.8%	-0.7%		
Gross profit	**10,676**	**11,611**	**12,737**	**13,946**	**14,270**	**13,791**	**13,320**	**13,971**	**14,581**	**14,620**	**15,301**	**15,494**		
GPM	**31.0%**	**31.6%**	**31.4%**	**31.5%**	**31.0%**	**30.8%**	**30.4%**	**30.7%**	**30.9%**	**30.4%**	**29.9%**	**29.8%**		
SG&A expenses	6,540	7,093	7,953	8,655	8,879	9,431	8,559	9,165	8,880	9,320	9,382	9,509		
YoY	4.6%	8.4%	12.1%	8.8%	2.6%	6.2%	-9.3%	7.1%	-3.1%	5.0%	0.7%	1.4%		
SG&A / sales	19.0%	19.3%	19.6%	19.6%	19.3%	21.1%	19.5%	20.1%	18.8%	19.4%	18.3%	18.3%		
Operating profit	**4,136**	**4,518**	**4,785**	**5,290**	**5,391**	**4,360**	**4,761**	**4,805**	**5,701**	**5,300**	**5,919**	**5,985**	**6,020**	**35**
YoY	27.6%	9.2%	5.9%	10.6%	1.9%	-19.1%	9.2%	0.9%	18.6%	-7.0%	11.7%	1.1%	0.6%	
OPM	12.0%	12.3%	11.8%	12.0%	11.7%	9.7%	10.9%	10.6%	12.1%	11.0%	11.6%	11.5%	11.0%	
Non-operating profit	**-32**	**-46**	**-73**	**20**	**87**	**69**	**-21**	**-75**	**-599**	**-40**	**10**	**173**	**160**	**-13**
Financial income	-12	-34	-33	29	94	58	25	13	10	-10	-19	33		
Gains on foreign exchange	-71	13	-16	-21	34	56	4	121	-461	-2	-1	-		
Gains on real estate investment	-	6	14	16	17	-19	-57	-115	-167	-27	41	130		
Other non-operating profit	51	-32	-39	-4	-58	-26	7	-95	20	-0	-11	11		
Recurring profit	**4,104**	**4,472**	**4,711**	**5,310**	**5,478**	**4,428**	**4,740**	**4,730**	**5,103**	**5,261**	**5,929**	**6,158**	**6,180**	**22**
YoY	27.5%	9.0%	5.4%	12.7%	3.2%	-19.2%	7.0%	-0.2%	7.9%	3.1%	12.7%	3.9%	0.4%	-
Net income	**2,003**	**2,608**	**2,744**	**3,002**	**3,099**	**2,658**	**2,738**	**2,495**	**2,855**	**3,210**	**3,587**	**3,869**	**3,940**	**71**
YoY	7.2%	30.2%	5.2%	9.4%	3.2%	-14.2%	3.0%	-8.9%	14.4%	12.4%	11.7%	7.9%	1.8%	-

Source: Company data

Dividend hike

The company also announced on May 13 that its new medium-term management plan targets a dividend payout ratio of 50%, higher than its previous 30% target, and that it will hike its FY03/15 year-end dividend from the previously planned JPY35 (JPY30 ordinary dividend + JPY5 commemorative dividend) to JPY41 (JPY31 ordinary dividend + JPY10 commemorative dividend). As a result, the company plans to pay a JPY71 annual dividend. Furthermore, it plans to pay a JPY103 annual dividend (JPY51 1H dividend + JPY52 year-end dividend) in FY03/16.

Summary

Even though private universities and public educational institutions remained cautious regarding their spending budgets, customer inquiries about analytical instruments increased toward the end of FY03/15, its general catalog released in November 2014 spurred demand, and sales of supplies improved. As such, sales of its mainstay scientific instruments came to JPY30.2bn (+1.4% YoY), increasing for the fifth straight year. The new general catalog also targeted engineering laboratories and featured a significantly expanded lineup including resins, metals, and other materials, as well as equipment used for processing these materials, which spurred demand and contributed to sales.

Sales also grew for industrial instruments, mainly to manufacturers. With improving business sentiment for electronic components (smartphone-related and others) and automobile parts, sales of supplies improved, especially for antistatic environments and clean rooms. The As Pure catalog released in December 2014 included new products and contributed to increased sales and better earnings. These sales came to JPY10.4bn (+5.3% YoY), increasing for the second straight year.

Meanwhile, sales of healthcare products declined slightly to JPY11.5bn (-0.7% YoY) owing to a pullback form the demand surge ahead of the consumption tax hike at the start of the financial year, and slowdown in inquiries from early autumn 2014 as customers ran into delays completing construction of new facilities and postponed the launch of new medical practices within healthcare facilities amid the tight labor market. That said, sales are increasing through a proactive approach focused on winning contracts for new and transferred hospitals / medical offices. This approach is turning into a core activity for future growth.

Announcement of medium-term business plan

Targeting sales of JPY70.0bn, operating margin of 13.0%, ROE of 11.0% in FY03/20

Along with releasing its earnings, the company also announced its “NANA (New Action Next ASONE)” medium-term management plan. Promoting reaccelerated growth, high profitability, and maximized shareholder value, this plan targets FY03/20 sales of JPY70.0bn (JPY52.0bn in FY03/15), operating profit margin of 13.0% (11.5%), and ROE of 11.0% (8.8%).

Specifically, for reaccelerated growth the company will focus on its e-commerce business (evolution from catalog business), overseas business (aiming to become No. 1 company in Asia), and new materials (cultivate niche markets utilizing specialties). For high profitability, it will streamline business by using e-commerce, cut SG&A costs, and improve profit margins through enhancement of original products.

Raise dividend payout target to 50%; target average total ratio of 70% for next three years

For maximizing shareholder value, the company will improve capital efficiency through management more aware of capital cost, raise its dividend payout ratio target from 30% to 50%, and flexibly buy back its shares aiming for an average total payout ratio (including share repurchases) of 70% for the three-year period from FY03/16 to FY03/18.

Full-year (FY03/16) outlook

Forecasts 4.8% sales increase, 0.6% operating profit increase

MONTHLY WRAP – June 2015

Based on strategies in its medium-term management plan, the company forecasts sales of JPY54.6bn (+4.8% YoY), operating profit margin of 11.0% (operating profit of JPY6.0bn, up 0.6% YoY), and ROE of 8.4% (Share Research estimate) for FY03/16, the first year of its medium-term management plan.

Publishing at least six catalogs

On the sales front, its catalog strategy calls for plans to issue 1) a fifth edition of its Chinese-language catalog in April 2015, 2) a new edition of Navis (mainstay catalog for healthcare products) in November 2015, 3) the first revision in three and a half years for its ASSRE catalog (research equipment) in December 2015, 4) the first SANIFOODS catalog (food inspection / hygiene management) in two and a half years in March 2016, and 5) the first As Tool catalog (production site environmental measurement / quality inspection equipment) in six and a half years, also in March 2016.

Preparing systems supporting e-commerce business growth

The company established a product database group inside its marketing headquarters. This group was created to prepare databases and expand the number of products handled by the e-commerce business to one million with the aim of annual average sales growth of 19.2% over five years in the medium-term business plan.

Leverage new catalogs to develop sales networks, invigorate sales in China, Southeast Asia

The medium-term management plan targets average annual sales growth of 26.1% over five years for its overseas business. As of FY03/15, the company had branches in the Chinese cities of Shanghai, Guangzhou, Suzhou, Tianjin, and Beijing, along with the new Dalian branch opened in December 2014. In FY03/16 the company plans to develop and invigorate its sales outlets in China, increase convenience through beefed-up internal systems and inventories, and promote use of the above-mentioned new catalogs. It also plans to use the new English-language catalog released in March 2015 to enliven its sales channels in the Southeast Asian region.

Costs, personnel expense expected to rise in FY03/16 on business expansion

In FY03/16, e-commerce business expansion is expected to drive up costs associated with system and distribution service enhancements, while headcount additions are expected to push up personnel costs. Thus, while the company forecasts a 4.8% YoY increase in sales for the year, a gain of only 0.6% YoY is expected for operating profit.

View the full report.

Axell Corporation (6730)

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

On **May 11, 2015**, Shared Research updated the report after interviewing management.

Cumulative Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	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	FY03/14				FY03/15			
(JPYmn)	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.

View the full report.

MONTHLY WRAP – June 2015

Azbil Corporation (6845)

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

On **May 13, 2015**, Azbil Corporation announced earnings results for full-year FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	48,577	62,709	58,356	78,774	51,060	64,639	60,867	77,903	-	-
YoY	2.9%	8.9%	11.6%	11.6%	5.1%	3.1%	4.3%	-1.1%		
Gross Profit	15,758	21,658	20,008	29,125	16,285	23,206	21,800	28,592		
GPM	32.4%	34.5%	34.3%	37.0%	31.9%	35.9%	35.8%	36.7%		
SG&A Expenses	17,281	17,678	18,418	19,268	17,820	18,081	18,804	19,841		
YoY	7.9%	13.8%	14.1%	14.8%	3.1%	2.3%	2.1%	3.0%		
Operating Profit	-1,523	3,980	1,589	9,857	-1,534	5,124	2,996	8,751	-	-
YoY	64.6%	-11.0%	-10.9%	22.0%	-	28.7%	88.5%	-11.2%		
OPM	-	6.3%	2.7%	12.5%	-	7.9%	4.9%	11.2%		
Recurring Profit	-991	3,752	2,274	9,564	-1,500	5,980	4,194	8,467	-	-
YoY	-	-12.4%	-7.0%	8.5%	-	59.4%	84.4%	-11.5%		
Net Income	-942	1,962	1,612	5,037	-1,272	3,442	1,866	3,132	-	-
YoY	-	-20.5%	48.4%	-12.1%	-	75.4%	15.8%	-37.8%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	48,577	111,286	169,642	248,416	51,060	115,699	176,566	254,469	99.8%	255,000
YoY	2.9%	6.2%	8.0%	9.2%	5.1%	4.0%	4.1%	2.4%		2.7%
Gross Profit	15,758	37,416	57,424	86,549	16,285	39,491	61,291	89,883		
GPM	32.4%	33.6%	33.9%	34.8%	31.9%	34.1%	34.7%	35.3%		
SG&A Expenses	17,281	34,959	53,377	72,645	17,820	35,901	54,705	74,546		
YoY	7.9%	10.8%	11.9%	12.7%	3.1%	2.7%	2.5%	2.6%		
Operating Profit	-1,523	2,457	4,046	13,903	-1,534	3,590	6,586	15,337	102.2%	15,000
YoY	-	-30.7%	-24.1%	3.7%	-	46.1%	62.8%	10.3%		7.9%
OPM	-	2.2%	2.4%	5.6%	-	3.1%	3.7%	6.0%		5.9%
Recurring Profit	-991	2,761	5,035	14,599	-1,500	4,480	8,674	17,141	112.0%	15,300
YoY	-	-16.5%	-12.5%	0.2%	-	62.2%	72.2%	17.4%		4.8%
RPM	-	2.5%	3.0%	5.9%	-	3.9%	4.9%	6.7%		6.0%
Net Income	-942	1,020	2,632	7,669	-1,272	2,170	4,036	7,168	84.3%	8,500
YoY	-	-31.6%	2.1%	-7.7%	-	112.7%	53.4%	-6.5%		10.8%

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

Total orders were JPY266.9bn (+5.7% YoY). Orders increased in the Building Automation and Advanced Automation segments, but fell in the Life Automation segment due to difficult conditions overseas. Sales totaled JPY254.5bn (+2.4% YoY).

Profit declined in the Life Automation segment and R&D expenses and information system renewal expenses increased. But overall operating profit increased to JPY15.3bn (+10.3% YoY), due to higher sales in the Building Automation and Advanced Automation segments, and efforts to limit COGS. Recurring profit increased 17.4% YoY to JPY17.1bn, mainly due to foreign exchange gains. Despite the recognition of gains on the sale of shares in line with the transfer of a subsidiary's shares and a decline in tax expenses, net income decreased 6.5% YoY to JPY7.2bn due to restructuring losses—owing to a fundamental overhaul of the business in preparation for medium- to long-term growth—impairment losses, and a loss on the abolishment of a retirement benefit plan in line with a reform to the retirement pension system.

On **the same day**, the board of directors decided upon the details of a share buyback.

<u>Overview of the share buyback</u>

Type of shares:	Ordinary shares
Number of shares:	Up to 600,000
	(0.8% of shares outstanding, excluding treasury stock)
Acquisition value:	Up to JPY2.1bn

MONTHLY WRAP – June 2015

Acquisition method:	Purchase on the open market (trust method)
Acquisition period:	May 14–June 23, 2015

View the full report.

MONTHLY WRAP – June 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 **May 27, 2015**, Shared Research updated comments on Bell-Park Co., Ltd.'s earnings results for Q1 FY12/15 and full-year outlook after interviewing management; see the results section for details.

Quarterly Performance	FY12/14				FY12/15				FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	26,116	15,410	21,492	28,467	24,007				50.0%	48,000
YoY	15.8%	-18.9%	14.0%	19.5%	-8.1%					15.6%
Gross Profit	5,957	3,730	4,109	4,279	5,000					
YoY	31.8%	-2.9%	6.8%	-0.2%	-16.1%					
GPM	22.8%	24.2%	19.1%	15.0%	20.8%					
SG&A Expenses	4,475	3,648	3,794	3,788	3,846					
YoY	35.1%	20.0%	14.8%	5.3%	-14.0%					
SG&A / Sales	17.1%	23.7%	17.7%	13.3%	16.0%					
Operating Profit	1,483	82	314	491	1,153				84.8%	1,360
YoY	22.6%	-89.8%	-42.0%	-28.7%	-22.2%					-13.1%
OPM	5.7%	0.5%	1.5%	1.7%	4.8%					2.8%
Recurring Profit	1,465	72	399	557	1,164				85.6%	1,360
YoY	14.0%	-91.5%	-24.8%	-27.1%	-20.5%					-11.5%
RPM	5.6%	0.5%	1.9%	2.0%	4.8%					2.8%
Net Income	795	-22	262	298	637				85.0%	750
YoY	12.2%	-	-7.4%	-27.6%	-19.9%					-3.0%
NPM	3.0%	-	1.2%	1.0%	2.7%					1.6%
(Cumulative)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	26,116	41,526	63,018	91,486	24,007				25.0%	95,900
YoY	15.8%	0.0%	4.3%	8.6%	-8.1%					4.8%
Gross Profit	5,957	9,687	13,795	18,075	5,000					
YoY	31.8%	15.9%	13.0%	9.6%	-16.1%					
GPM	22.8%	23.3%	21.9%	19.8%	20.8%					
SG&A Expenses	4,475	8,122	11,917	15,705	3,846					
YoY	35.1%	27.9%	23.4%	18.5%	-14.0%					
SG&A / Sales	17.1%	19.6%	18.9%	17.2%	16.0%					
Operating Profit	1,483	1,565	1,879	2,370	1,153				45.4%	2,540
YoY	22.6%	-22.1%	-26.3%	-26.8%	-22.2%					7.2%
OPM	5.7%	3.8%	3.0%	2.6%	4.8%					2.6%
Recurring Profit	1,465	1,537	1,936	2,493	1,164				45.8%	2,540
YoY	14.0%	-27.9%	-27.3%	-27.2%	-20.5%					1.9%
RPM	5.6%	3.7%	3.1%	2.7%	4.8%					2.6%
Net Income	795	773	1,035	1,333	637				45.2%	1,410
YoY	12.2%	-34.7%	-29.5%	-29.1%	-19.9%					5.8%
NPM	3.0%	1.9%	1.6%	1.5%	2.7%					1.5%

Source: Company data

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

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

Sales and profits were down year-on-year, mainly owing to robust one-time factors in the previous year; in Q1 FY12/14, the company achieved its highest sales and profits to date as new handset sales increased on the back of MNP competition between mobile carriers. The pullback meant that results slumped in the following quarter, Q2 FY12/14.

Progress toward 1H targets in Q1 FY12/15was slower than in Q1 FY12/14, with progress towards 1H forecasts as follows (Q1 FY12/14 performance in parentheses):

Sales: 50.0% (62.9%)
Operating profit: 84.8% (94.8%)
Recurring profit: 85.6% (95.3%)
Net income: 85.0% (102.9%)

The company projects that progress toward full-year targets for FY12/15 will follow a similar trend to 2013, not 2014, when profits were skewed toward Q1. According to the company, sluggish handset sales meant that progress toward targets was slightly slower than expected in Q1 FY12/15. Profits, however, outperformed expectations owing to a positive contribution from telecoms carriers' changes to promotional methods.

Shared Research expects Bell-Park to struggle to keep sales on track of targets from April 2015 onward. The company, however, has maintained its 1H and full-year earnings forecasts, as it tracks sales and the impact of telecoms carriers' future changes to promotion methods.

In the mobile market, the company's primary area of operations, telecoms carriers attracted households looking to switch carriers (MNP) through promotions, including discounts for bundled services offering mobile phone contracts together with NTT East and NTT West's Hikari Collaboration Model fiber optic broadband.

Amid these conditions, Bell-Park continued to focus on improving customer service and sell handsets. It also focused on tablet sales. Still, handset unit sales fell because the company faced a difficult comparison with the previous year, Q1 FY12/14, when it booked its highest ever handset unit sales due to cashback campaigns for MNP customers.

In total, the company sold 207,125 handsets (-24.3% YoY), including 98,434 new handsets (-38.0% YoY) and 108,691 replacement units (-5.4% YoY).

Bell-Park authorized-store count for each of the three main carriers was as follows:

- SoftBank: 239 stores
- DoCoMo: 8 stores
- au: 8 stores

Store count for each carrier was unchanged quarter-on-quarter.

On **May 12, 2015**, the company announced April monthly sales estimate.

Monthly Sales 2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
New	32,004	23,500	42,930	23,657									**122,091**
YoY	-14.7%	-36.9%	-48.9%	-22.0%									
ex-low ARPU handsets	29,464	21,959	41,064	21,125									**113,612**
(YoY)	4.6%	-18.7%	-28.4%	14.1%									
Replacement	41,949	29,468	37,274	29,933									**138,624**
YoY	23.3%	-7.6%	-23.8%	34.1%									
Total	**73,953**	**52,968**	**80,204**	**53,590**									**260,715**
YoY	**3.4%**	**-23.4%**	**-39.7%**	**1.8%**									
Monthly Sales 2014	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
New	37,521	37,268	84,090	30,311	31,067	29,803	36,075	36,118	41,293	34,307	33,474	30,924	**462,251**
YoY	-15.8%	-4.7%	4.8%	-28.2%	-29.7%	-0.4%	13.5%	7.5%	21.4%	-9.2%	-15.2%	-14.7%	**-6.3%**
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	**308,122**
(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%	**5.6%**
Replacement	34,016	31,893	48,944	22,325	23,426	22,687	29,112	28,791	57,084	60,363	65,875	44,047	**468,563**
YoY	-8.9%	23.3%	5.7%	-32.4%	-41.9%	-14.4%	0.2%	-4.3%	55.0%	30.9%	34.4%	8.2%	**6.2%**
Total	**71,537**	**69,161**	**133,034**	**52,636**	**54,493**	**52,490**	**65,187**	**64,909**	**98,377**	**94,670**	**99,349**	**74,971**	**930,814**
YoY	**-12.6%**	**6.4%**	**5.2%**	**-30.0%**	**-35.5%**	**-7.0%**	**7.2%**	**1.9%**	**38.8%**	**12.9%**	**12.3%**	**-2.6%**	**-0.4%**

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 – June 2015

Benefit One Inc. (2412)

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

On **May 7, 2015,** Benefit One Inc. announced full-year earnings results for FY03/15.

Quarterly performance (JPYmn)	FY03/13 Q1	FY03/13 Q2	FY03/13 Q3	FY03/13 Q4	FY03/14 Q1	FY03/14 Q2	FY03/14 Q3	FY03/14 Q4	FY03/15 Q1	FY03/15 Q2	FY03/15 Q3	FY03/15 Q4	FY3/14 FY	FY3/15 FY	FY03/15 % of FY	FY03/15 Est. (as of 1H)	FY3/16 Est.
Sales	3,886	4,290	4,526	4,908	4,552	4,884	5,283	5,637	4,850	5,082	5,568	6,142	20,356	21,642	95.4%	22,679	28,900
YoY	13.4%	17.9%	20.0%	19.2%	17.1%	13.8%	16.7%	14.9%	6.5%	4.1%	5.4%	9.0%	15.6%	6.3%		11.4%	33.5%
Gross Profit	1,544	1,345	1,855	1,944	1,768	1,526	2,102	2,142	1,936	1,819	2,241	2,356	7,538	8,352			
GPM	39.7%	31.4%	41.0%	39.6%	38.8%	31.2%	39.8%	38.0%	39.9%	35.8%	40.2%	38.4%	37.0%	38.6%			-
SG&A Expenses	1,075	934	953	994	1,218	1,050	1,005	1,095	1,340	1,177	1,163	1,319	4,368	4,999			
YoY	11.2%	12.3%	17.8%	21.1%	13.3%	12.4%	5.5%	10.2%	10.0%	12.1%	15.7%	20.5%	10.4%	14.4%			
Operating Profit	469	411	901	950	549	476	1,097	1,047	596	641	1,078	1,038	3,169	3,353	91.8%	3,651	4,350
YoY	27.8%	4.8%	4.6%	11.6%	17.1%	15.8%	21.8%	10.2%	8.6%	34.7%	-1.7%	-0.9%	16.0%	5.8%		15.2%	29.7%
OPM	12.1%	9.6%	19.9%	19.4%	12.1%	9.7%	20.8%	18.6%	12.3%	12.6%	19.4%	16.9%	15.6%	15.5%		16.1%	15.1%
Recurring Profit	470	406	888	950	530	456	1,102	1,057	600	637	1,085	1,021	3,145	3,343	91.8%	3,642	4,350
YoY	26.7%	5.2%	2.9%	6.5%	12.8%	12.3%	24.1%	11.3%	13.2%	39.7%	-1.5%	-3.4%	15.9%	6.3%		15.8%	30.1%
RPM	12.1%	9.5%	19.6%	19.4%	11.6%	9.3%	20.9%	18.8%	12.4%	12.5%	19.5%	16.6%				16.1%	15.1%
Net Income	281	240	541	561	302	263	692	635	368	397	681	537	1,892	1,983			2,780
YoY	31.9%	8.1%	10.0%	7.9%	7.5%	9.6%	27.9%	13.2%	21.9%	51.0%	-1.6%	-15.4%	16.6%	4.8%			40.2%
NPM	7.2%	5.6%	12.0%	11.4%	6.6%	5.4%	13.1%	11.3%	7.6%	7.8%	12.2%	8.7%	9.3%	9.2%	-	-	9.6%

Source: Company data

Estimates for FY03/15 are based on the company's full-year outlook as of 1H, and differ from initial targets.

Sales up for fifth straight year, recurring profit up for fourth straight year

Its mainstay Benefits Services continued to aggressively propose to private enterprises and government offices the use of its services as a way to streamline management and increase employee satisfaction. At the same time it also focused on cultivating more business with small- and medium-sized enterprises. As a result, membership numbers were solid. Its Personal Services enjoyed strong membership growth, particularly from its main customers.

The Incentive Business acquired new clients at a brisk rate. Healthcare Services aggressively added new services to its lineup such as data health plan support and mental health checks, apparently beefing up its operational base.

Outlook for FY03/16

For FY03/16 the company projects sales of JPY28.9bn (+33.5% YoY), operating profit of JPY4.4bn (+29.7% YoY), recurring profit of JPY4.4bn (+30.1% YoY), and net income of JPY2.8bn (+40.2% YoY).

Benefit One expects to land strong orders for its benefits outsourcing services in the large corporation / government office market, but at the same time plans to concentrate on cultivating more business from small and medium-sized enterprises. The company sees solid orders growth with its Personal, Incentive, and Healthcare businesses all developing into new core businesses. The company is also aggressively promoting its Overseas Business launched in FY03/13.

On **the same day,** the company announced also announced that a board of directors meeting, held the same day, passed a resolution to revise (hike) its year-end FY03/15 dividend.

Revised dividend (interim and year-end dividend): JPY24.0 per share
Previous forecast (interim and year-end dividend): JPY21.0 per share

View the full report.

MONTHLY WRAP – June 2015

Canon Marketing Japan Inc. (8060)

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

On **May 13, 2015**, Shared Research updated the report after interviewing management.

Quarterly performance	FY12/12				FY12/13				FY12/14				FY12/15		FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% 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%	27,200
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%

Differences between products, but sales and operating profit in line with full-year targets
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.

Despite some differences between products, overall sales and operating profit were on track to meet full-year targets. Each segment was more or less in line with targets. In Business Solutions, MFP sales were slightly weak. The IT Solutions performed well, partly owing to improved profitability. In Imaging Systems, inkjet printer sales underperformed.

View the full report.

MONTHLY WRAP – June 2015

Chiyoda Co., Ltd. (8185)

Retailer specializing in low-price shoes.

On **May 19, 2015**, Shared Research updated the report after interviewing Chiyoda Co., Ltd. executives.

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	**40,237**	**35,806**	**37,252**	**37,028**	**39,297**	**35,423**	**35,856**	**36,847**	**39,458**	**33,964**	**33,969**	**35,614**	**147,423**	**143,005**	**142,377**
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	107,377
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	35,951	35,000
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%	0.3%
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%	-2.2%	-2.6%
Gross Profit	**19,847**	**17,159**	**18,707**	**17,728**	**19,821**	**17,160**	**17,773**	**17,287**	**19,717**	**16,115**	**16,676**	**16,497**	**72,041**	**69,005**	**69,800**
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	53,170
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	16,630
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%	1.2%
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%	1.6%
Machouse	4.1%	-3.7%	-1.9%	-1.8%	-2.8%	-3.1%	-14.6%	-9.6%	-5.6%	-3.8%	1.1%	-2.1%	-7.8%	-2.6%	-0.1%
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%	49.0%
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%	49.5%
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%	47.5%
SG&A Expenses	**15,608**	**14,989**	**15,587**	**14,940**	**15,679**	**15,265**	**15,624**	**14,942**	**15,848**	**15,170**	**15,210**	**15,023**	**61,510**	**61,251**	**60,599**
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	44,569
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	16,030
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%	-1.1%
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%	-0.5%
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%	-2.6%
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%	42.6%
Operating Profit	**4,238**	**2,171**	**3,119**	**2,788**	**4,141**	**1,896**	**2,149**	**2,345**	**3,868**	**946**	**1,465**	**1,474**	**10,531**	**7,753**	**9,201**
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	8,600
Apparel	812	237	839	827	704	64	132	240	103	-232	199	132	1,140	202	600
YoY	36.8%	-1.4%	2.4%	16.8%	-2.3%	-12.7%	-31.1%	-15.9%	-6.6%	-50.1%	-31.8%	-37.1%	-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%	13.6%
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%	197.0%
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%	8.0%
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%	0.6%	1.7%
Recurring Profit	**4,437**	**2,388**	**3,308**	**2,975**	**4,255**	**1,978**	**2,247**	**2,547**	**4,001**	**1,075**	**1,569**	**1,608**	**11,027**	**8,253**	**9,504**
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	**2,404**	**1,391**	**1,420**	**1,936**	**2,221**	**1,084**	**1,187**	**1,355**	**2,302**	**463**	**750**	**650**	**5,847**	**4,165**	**5,090**
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%
Store counts															
Chiyoda	1,098	1,091	1,109	1,101	1,116	1,114	1,119	1,100	1,103	1,093	1,094	1,087	1,100	1,087	1,097
Mac-House	479	477	483	476	486	481	486	482	486	480	482	480	482	480	450
Openings															
Chiyoda	6	3	23	2	17	7	12	3	15	3	15	6	39	39	40
Mac-House	6	3	11	1	12	5	12	2	18	5	13	7	31	43	10
Closures															
Chiyoda	-7	-10	-5	-10	-2	-9	-7	-22	-12	-13	-14	-13	-40	-52	-30
Mac-House	-9	-5	-5	-8	-2	-10	-7	-6	-14	-11	-11	-9	-25	-45	-40

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.

MONTHLY WRAP – June 2015

On **May 1**, **2015,** the company announced monthly sales data for April 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	-17.1%	11.9%	-	-	-	-	-	-	-	-	-	-
Customer count	-17.2%	4.7%	-	-	-	-	-	-	-	-	-	-
Spend per customer	0.1%	6.8%	-	-	-	-	-	-	-	-	-	-

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
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	-17.2%	11.6%	-	-	-	-	-	-	-	-	-	-
Customer count	-17.5%	4.4%	-	-	-	-	-	-	-	-	-	-
Spend per customer	0.3%	6.8%	-	-	-	-	-	-	-	-	-	-

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

View the full report.

MONTHLY WRAP – June 2015

Comsys Holdings Corporation (1721)

Major telecommunications construction company, with over fifty years of history

On **May 8, 2015**, Comsys Holdings Corporation announced earnings results for full-year FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	60,293	80,284	77,787	112,977	66,555	77,732	76,016	108,328	95.3%	345,000
YoY	5.7%	6.8%	4.1%	3.5%	10.4%	-3.2%	-2.3%	-4.1%		4.1%
GP	8,032	11,273	11,442	15,023	9,728	11,706	10,793	15,711		
YoY	25.6%	16.0%	17.2%	-2.2%	21.1%	3.8%	-5.7%	4.6%		
GPM	13.3%	14.0%	14.7%	13.3%	14.6%	15.1%	14.2%	14.5%		
SG&A	4,401	4,278	4,312	5,209	5,208	5,081	4,978	4,997		
YoY	-7.5%	-6.5%	5.7%	-1.1%	18.3%	18.8%	15.4%	-4.1%		
SG&A / Sales	7.3%	5.3%	5.5%	4.6%	7.8%	6.5%	6.5%	4.6%		
OP	3,630	6,995	7,131	9,814	4,519	6,625	5,816	10,714	95.4%	29,000
YoY	122.2%	36.1%	25.5%	-2.8%	24.5%	-5.3%	-18.4%	9.2%		5.2%
OPM	6.0%	8.7%	9.2%	8.7%	6.8%	8.5%	7.7%	9.9%		8.4%
RP	3,793	7,179	7,198	9,908	4,676	6,632	6,036	10,777	95.3%	29,500
YoY	102.5%	37.6%	26.6%	-2.3%	23.3%	-7.6%	-16.1%	8.8%		5.1%
RPM	6.3%	8.9%	9.3%	8.8%	7.0%	8.5%	7.9%	9.9%		8.6%
NI	2,386	3,777	4,569	5,657	2,808	4,057	3,620	6,282	93.2%	18,000
YoY	125.7%	36.8%	38.4%	-8.2%	17.7%	7.4%	-20.8%	11.0%		9.8%
NPM	4.0%	4.7%	5.9%	5.0%	4.2%	5.2%	4.8%	5.8%		5.2%

Source: Company data

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

Company forecasts are based on the most recent figures.

The overall information and communications industry, the company's main area of business, saw changes, including increased demand for optical fiber network wholesale services, expanded high-speed wireless broadband service areas such as LTE, and technical innovation to diversify and upgrade wearable devices.

In the public sector, the company expects more investment in social infrastructure for disaster prevention and recovery from the 2011 earthquake, as well as related to renewable energy and the Tokyo Olympics and Paralympics.

To grow sales, the company became involved with a green innovation business via its mega-solar power generation business, won orders for public works and ICT businesses, and conducted acquisitions. It also implemented improved construction efficiency through an IT platform, which covers total construction management from orders to construction supervision.

Efforts to boost sales resulted in orders of JPY337.0bn (+2.7% YoY). Despite a decrease in capex from telecommunications carriers, the IT Solution segment and solar power plant construction were robust. Sales were JPY328.6bn (-0.8% YoY) due to less capex investments from carriers and power companies withholding grid connections.

Operating profit was JPY27.7bn (+0.4% YoY), recurring profit was JPY28.1bn (+0.2% YoY), and net income was JPY16.8bn (+2.3% YoY). Structural reforms from "COMSYS WAY$^{\alpha}$" and cost reduction measures contributed to these figures.

On **the same day**, the company announced a decision regarding the acquisition of treasury shares.

Details about the share acquisition (decided at the board of directors meeting held on May 8, 2015):

Type of targeted stocks:	ordinary shares
Total shares to be acquired:	3.8mn (max.; 3.31% of total shares issued, ex. treasury shares, as of the end of March 2015)
Total share price:	JPY5.0bn (max.)

MONTHLY WRAP – June 2015

Acquisition period: May 11, 2015–March 31, 2016

View the full report.

MONTHLY WRAP – June 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 **May 27, 2015**, Creek & River Co., Ltd. announced that it would subscribe to Economic Index Co., Ltd.'s capital increase by a third-party allocation of new shares (making Economic Index an equity-method affiliate).

Purpose of the acquisition of shares

In order to increase its added value in the planning and development of creative content—including video, online, game, advertising and publishing content—the company has decided to subscribe to the third-party allocation of new shares in Economic Index (EI), which has unique expertise in data analysis technology. EI will become an equity-method affiliate as a result.

The company plans to leverage EI's technical expertise as it offers clients services testing the effects of sales promotions and advertising of products and services, increasing the understanding of corporate image, and quantifying brand value. EI's strength lies in its unique algorithms, and it offers economic index analysis, as well as financial and marketing quantitative analysis services. In fall 2015, it plans to release a new service, EI Sentiment, offering clients quantitative data on the effect of advertising and marketing. With this service, clients will be able to collect and analyze online data, and thus quantify the effect of marketing policies.

Overview of the capital increase by third-party allocation of new shares

Payment date:	May 28, 2015
Issue price:	JPY4,200/share
Shares held prior to the transfer:	zero (zero stake held; zero voting units)
Shares to be acquired:	47,619 (acquisition amount: JPY200.0mn; 47,619 voting units)
Shares to be held after the transfer:	47,619 (35.8% stake; 47,619 voting units).

View the full report.

MONTHLY WRAP – June 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 **May 7, 2015**, Shared Research updated comments on Daiseki Co., Ltd.'s full-year earnings results for FY02/15 after interviewing management.

Quarterly Performance (JPYmn)	FY02/14 Q1	Q2	Q3	Q4	FY02/15 Q1	Q2	Q3	Q4	FY02/16 Est. Q1	Q2	Q3	Q4	FY02/14 Act.	FY02/15 Act.	% of FY	FY Est.	FY02/16 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%
Gross Profit	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 Expenses	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%
Operating Profit	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%
Recurring Profit	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%
Net Income	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%

Performance Breakdown (JPYmn)	FY02/14 Q1	Q2	Q3	Q4	FY02/15 Q1	Q2	Q3	Q4	FY02/16 Est. Q1	Q2	Q3	Q4	FY02/14 Act.	FY02/15 Act.	% of FY	FY Est.	FY02/16 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%
Gross Profit	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 Expenses	767	761	784	766	767	795	896	807					3,076	3,265	99.8%	3,271	3,377
Operating Profit	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%
Daiseki 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%
Gross Profit	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 Expenses	219	212	171	221	207	217	242	208					823	874	105.6%	828	938
Operating Profit	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%
Daiseki 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%
Gross Profit	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 Expenses	92	93	103	89	135	274	121	226					375	756	269.0%	281	263
Operating Profit	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%
Gross Profit	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 Expenses	73	71	72	112	72	80	73	82					331	307	104.8%	293	314
Operating Profit	-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
Note: Figures may differ from company materials due to differences in rounding methods.
Note: DES stands for Daiseki Eco. Solution, MCR for Daiseki MCR, and SKK for System Kikou.

Parent sees robust operating profit, but subsidiaries struggle

Consolidated sales reached a record high, but consolidated operating profit undershot targets; despite a record high operating profit at the parent level, subsidiary Daiseki Eco. Solution (DES) struggled with its CoGS-to-sales ratio, and Daiseki MCR saw delayed operation of a new factory.

The price of recycled heavy oil fell by up to 20%, starting in late January 2015, in line with the slump in crude oil prices. This hit Daiseki Corp. earnings, resulting in sluggish operating profit growth.

View the full report.

Shared Research

MONTHLY WRAP – June 2015

DIC Corporation (4631)

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

On **May 15, 2015**, DIC Corporation announced earnings results for Q1 FY12/15.

Quarterly performance	FY12/14				FY12/15				FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H CE
Sales	201,564	206,821	206,143	215,550	200,587	-	-		45.6%	440,000
YoY	-	-	-	-	-0.5%	-	-			7.7%
GP	42,041	42,277	42,304	45,662	44,166	-	-			
YoY (%)	-	-	-	-	0.1	-	-			
GPM	20.9%	20.4%	20.5%	21.2%	22.0%	-	-			
SG&A	32,644	31,867	32,436	34,261	33,651	-	-			
YoY	-	-	-	-	3.1%	-	-			
SG&A / Sales (%)	16.2%	15.4%	15.7%	15.9%	16.8%	-	-			
OP	9,397	10,410	9,868	11,401	10,515	-	-		45.7%	23,000
YoY	-	-	-	-	11.9%	-	-			16.1%
OPM	4.7%	5.0%	4.8%	5.3%	5.2%	-	-			5.2%
RP	8,410	9,961	10,110	11,444	10,507	-	-		50.0%	21,000
YoY	-	-	-	-	24.9%	-	-			14.3%
RPM (%)	4.2%	4.8%	4.9%	5.3%	5.2%	-	-			4.8%
NI	5,140	5,179	6,119	8,756	8,488	-	-		70.7%	12,000
YoY	-	-	-	-	65.1%	-	-			16.3%
NPM (%)										2.7%
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY CE
Sales	201,564	408,385	614,528	830,078	200,587	-	-		22.3%	900,000
YoY	-	-	-	-	-0.5%	-	-			8.4%
GP	42,041	84,318	126,622	172,284	44,166	-	-			
YoY (%)	-	-	-	-	0.1	-	-			
GPM	20.9%	20.6%	20.6%	20.8%	22.0%	-	-			
SG&A	32,644	64,511	96,947	131,208	33,651	-	-			
YoY	-	-	-	-	3.1%	-	-			
SG&A / Sales (%)	16.2%	15.8%	15.8%	15.8%	16.8%	-	-			
OP	9,397	19,807	29,675	41,076	10,515	-	-		21.0%	50,000
YoY	-	-	-	-	11.9%	-	-			21.7%
OPM	4.7%	4.9%	4.8%	4.9%	5.2%	-	-			5.6%
RP	8,410	18,371	28,481	39,925	10,507	-	-		22.8%	46,000
YoY	-	-	-	-	24.9%	-	-			15.2%
RPM (%)	4.2%	4.5%	4.6%	4.8%	5.2%	-	-			5.1%
NI	5,140	10,319	16,438	25,194	8,488	-	-		26.5%	32,000
YoY	-	-	-	-	65.1%	-	-			27.0%
Net margin										3.6%

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

In Q1 FY12/15, consolidated sales were JPY200.6bn (-0.5% YoY; -3.9% excluding forex impact) due to a difficult comparison with the year-earlier quarter, when demand surged ahead of the consumption tax hike. However, operating profit climbed to JPY10.5bn (+11.9% YoY; +14.2% ex. forex) owing to more favorable cost conditions and benefits from restructuring. Recurring profit was up 24.9% YoY, at JPY10.5bn and net income jumped 65.1% YoY to JPY8.5bn.

Economic recoveries continued in North America and Europe. In Asia, the pace of economic expansion for China and South East Asia apparently slowed. That said, India's economy showed signs of improvement. A mild upturn for Japan's economy also continued amid signs of recovery for both shipment and production.

View the full report.

MONTHLY WRAP – June 2015

Digital Garage Inc. (4819)

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

On **May 13, 2015**, Digital Garage Inc. announced Q3 FY06/15 earnings results.

Quarterly results	FY06/14				FY06/15				FY06/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	7,273	8,350	8,271	9,857	8,127	9,760	8,377	-	-	-
YoY	37.0%	-2.2%	27.6%	29.1%	11.7%	16.9%	1.3%			
GP	1,393	2,102	1,725	2,997	1,873	2,863	1,837			
YoY	32.6%	1.9%	28.6%	51.6%	34.5%	36.2%	6.5%			
GPM	19.1%	25.2%	20.9%	30.4%	23.0%	29.3%	21.9%			
SG&A	1,306	1,376	1,351	1,576	1,475	1,522	1,375			
YoY	18.6%	-10.6%	13.5%	23.3%	12.9%	10.6%	1.8%			
SG&A / Sales	18.0%	16.5%	16.3%	16.0%	18.2%	15.6%	16.4%			
OP	87	726	374	1,421	398	1,341	462	-	-	-
YoY	-	38.5%	147.4%	103.6%	359.4%	84.8%	23.3%			
OPM	1.2%	8.7%	4.5%	14.4%	4.9%	13.7%	5.5%			
RP	474	1,214	811	1,944	1,174	2,291	929	-	-	-
YoY	183.4%	21.3%	12.7%	63.1%	147.7%	88.7%	14.6%			
RPM	6.5%	14.5%	9.8%	19.7%	14.4%	23.5%	11.1%			
NI	389	1,037	447	974	781	2,727	572	-	-	-
YoY	82.3%	48.0%	-65.5%	92.0%	100.5%	163.0%	28.0%			
NPM	5.4%	12.4%	5.4%	9.9%	9.6%	27.9%	6.8%			
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	7,273	15,623	23,894	33,752	8,127	17,887	26,265	-	65.7%	40,000
YoY	37.0%	12.8%	17.5%	20.7%	11.7%	14.5%	9.9%			18.5%
GP	1,393	3,494	5,220	8,217	1,873	4,736	6,573			
YoY	32.6%	12.2%	17.2%	27.8%	34.5%	35.5%	25.9%			
GPM	19.1%	22.4%	21.8%	24.3%	23.0%	26.5%	25.0%			
SG&A	1,306	2,682	4,033	5,609	1,475	2,997	4,372			
YoY	18.6%	1.6%	5.3%	9.8%	12.9%	11.7%	8.4%			
SG&A / Sales	18.0%	17.2%	16.9%	16.6%	18.2%	16.8%	16.6%			
OP	87	812	1,187	2,608	398	1,739	2,201	-	48.9%	4,500
YoY	-	71.8%	90.2%	97.2%	359.4%	114.1%	85.5%			72.5%
OPM	1.2%	5.2%	5.0%	7.7%	4.9%	9.7%	8.4%			11.3%
RP	474	1,687	2,498	4,442	1,174	3,464	4,394	-	65.6%	6,700
YoY	183.4%	44.5%	32.4%	44.3%	147.7%	105.3%	75.9%			50.8%
RPM	6.5%	10.8%	10.5%	13.2%	14.4%	19.4%	16.7%			16.8%
NI	389	1,426	1,873	2,847	781	3,507	4,079	-	78.4%	5,200
YoY	82.3%	56.1%	-15.2%	4.8%	100.5%	145.9%	117.8%			82.6%
NPM	5.4%	9.1%	7.8%	8.4%	9.6%	19.6%	15.5%			13.0%

Source: Company data
Figures may differ from company materials due to differences in rounding methods.
Forecasts based on most recently announced figures.

Operating profit reached a record on a cumulative Q3 basis. All three business segments demonstrated year-on-year growth in sales and profits. The rise in recurring profit was in part due to investment income from the company's minority shareholdings (under the equity method) totaling JPY1.5bn, as well as JPY689mn in foreign currency gains as a result of the reevaluation of assets denominated in foreign currencies. Net income increased after the company sold some of its shares in Kakaku.com, Inc. (TSE1: 2371), an affiliate, as part of a buyback program. According to the company, the operating profit increase was ahead of the forecast.

On **May 12, 2015**, the company announced a business partnership with G.plan inc., and the launch of Point Concent, a points-exchange solution.

MONTHLY WRAP – June 2015

On **May 1, 2015**, the company announced an investment in US-based MX Technologies, Inc. ("MX;" headquarters: Provo, Utah), a major manufacturer of personal asset management tools for financial institutions, via wholly owned subsidiary DG Incubation, Inc. ("DGI")

MX provides personal asset management tools for personal accounts primarily at financial institutions in the US. Its business has expanded steadily since service began in June 2010.

MX has been awarded best of show five times at the Finovate conference, the world's largest conference for financial technology startups. The services MX provides are currently in use at over 500 financial institutions and financial service providers throughout the US, and it holds the top market share in its market sector. At the same time as the company, USAA, a top financial institution in the US, also invested in MX.

DGI holds MX's business model in high regard, and sees further room for MX to grow in the US financial technology market. MX is also not limiting itself to the US market, and hopes to expand into the Japan, where there is a significant opportunity for growth in the personal asset management tool market, leading DGI to make an investment. Digital Garage is also considering aiding MX with expansion into the Japanese market through cooperation within the DG Group, aiming to sell MX's services to domestic financial institutions, such as banks.

View the full report.

MONTHLY WRAP – June 2015

Don Quijote Co., Ltd. (7532)

Innovative and iconoclastic general discount retailer with a nationwide presence.

On **May 21, 2015**, Shared Research updated comments on Don Quijote after interviewing management.

Quarterly Performance	FY06/13				FY06/14				FY06/15				FY06/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.	% of FY	FY Est.
Sales	**140,379**	**149,265**	**138,426**	**140,307**	**146,514**	**156,808**	**158,454**	**150,648**	**163,861**	**178,363**	**167,696**	**158,080**	**76.3%**	**668,000**
YoY	4.1%	5.1%	5.4%	6.3%	4.4%	5.1%	14.5%	7.4%	11.8%	13.7%	5.8%	4.9%		9.1%
Gross profit	37,010	39,176	36,888	36,733	39,880	41,195	40,627	39,316	44,235	47,399	45,897	41,469	76.8%	179,000
YoY	6.2%	6.0%	10.2%	7.3%	7.8%	5.2%	10.1%	7.0%	10.9%	15.1%	13.0%	5.5%		11.2%
GPM	26.4%	26.2%	26.6%	26.2%	27.2%	26.3%	25.6%	26.1%	27.0%	26.6%	27.4%	26.2%		26.8%
SG&A expenses	28,766	28,747	29,423	30,502	29,740	30,831	32,193	33,962	33,779	34,444	35,621	37,156	73.6%	141,000
YoY	6.3%	4.4%	7.2%	8.2%	3.4%	7.2%	9.4%	11.3%	13.6%	11.7%	10.6%	9.4%		11.3%
SG&A / Sales	20.5%	19.3%	21.3%	21.7%	20.3%	19.7%	20.3%	22.5%	20.6%	19.3%	21.2%	23.5%		21.1%
Operating profit	**8,244**	**10,429**	**7,465**	**6,231**	**10,140**	**10,364**	**8,434**	**5,354**	**10,456**	**12,955**	**10,276**	**4,313**	**88.7%**	**38,000**
YoY	6.0%	10.5%	23.4%	2.9%	23.0%	-0.6%	13.0%	-14.1%	3.1%	25.0%	21.8%	-19.4%		10.8%
OPM	5.9%	7.0%	5.4%	4.4%	6.9%	6.6%	5.3%	3.6%	6.4%	7.3%	6.1%	2.7%		5.7%
Recurring profit	**8,366**	**10,709**	**7,653**	**6,473**	**10,433**	**10,702**	**8,681**	**5,671**	**10,822**	**13,222**	**10,758**	**4,198**	**89.2%**	**39,000**
YoY	13.0%	18.4%	20.0%	0.3%	24.7%	-0.1%	13.4%	-12.4%	3.7%	23.5%	23.9%	-26.0%		9.9%
RPM	6.0%	7.2%	5.5%	4.6%	7.1%	6.8%	5.5%	3.8%	6.6%	7.4%	6.4%	2.7%		5.8%
Net income	**5,069**	**6,708**	**4,556**	**4,808**	**6,416**	**6,608**	**5,740**	**2,707**	**6,141**	**7,553**	**6,389**	**2,217**	**90.1%**	**22,300**
YoY	-24.0%	27.5%	14.7%	22.1%	26.6%	-1.5%	26.0%	-43.7%	-4.3%	14.3%	11.3%	-18.1%		3.9%
NPM	3.6%	4.5%	3.3%	3.4%	4.4%	4.2%	3.6%	1.8%	3.7%	4.2%	3.8%	1.4%		3.3%

Source: Company data

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

Segment Performance	FY06/13				FY06/14				FY06/15				FY06/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.	% of FY	FY Est.
Retail														
Sales	**135,221**	**143,767**	**133,043**	**134,899**	**141,100**	**151,223**	**152,831**	**144,922**	**157,999**	**172,362**	**161,582**			
Electric appliances	13,142	15,901	14,123	12,607	12,816	15,279	14,737	11,637	12,884	16,462	14,405			
Miscellaneous household foods	30,862	33,256	30,204	31,227	32,872	35,990	34,912	32,429	36,011	40,519	37,099			
Foods	39,009	41,430	40,592	40,839	40,998	44,723	47,974	46,924	48,773	52,843	52,045			
Watches & fashion merchandise	31,812	36,013	30,908	31,744	32,632	36,649	32,303	30,810	34,099	39,065	33,396			
Sporting & leisure goods	10,206	7,584	6,885	8,348	10,685	7,982	7,356	8,566	11,208	8,627	7,553			
DIY goods	4,582	4,112	4,458	4,042	4,828	4,212	4,532	4,223	4,626	4,092	4,327			
Overseas	3,113	3,201	3,609	3,808	3,927	4,105	8,703	7,910	7,861	8,252	10,216			
Others	2,495	2,270	2,264	2,284	2,342	2,284	2,314	2,423	2,537	2,503	2,541			
YoY	**4.3%**	**5.0%**	**5.4%**	**6.1%**	**4.3%**	**5.2%**	**14.9%**	**7.4%**	**12.0%**	**14.0%**	**5.7%**			
Electric appliances	-7.4%	3.7%	0.0%	1.6%	-2.5%	-3.9%	4.3%	-7.7%	0.5%	7.7%	-2.3%			
Miscellaneous household foods	4.8%	5.9%	7.3%	9.8%	6.5%	8.2%	15.6%	3.8%	9.5%	12.6%	6.3%			
Foods	5.1%	4.4%	4.9%	5.0%	5.1%	7.9%	18.2%	14.9%	19.0%	18.2%	8.5%			
Watches & fashion merchandise	11.2%	9.5%	9.4%	7.7%	2.6%	1.8%	4.5%	-2.9%	4.5%	6.6%	3.4%			
Sporting & leisure goods	8.4%	3.7%	9.1%	8.5%	4.7%	5.2%	6.8%	2.6%	4.9%	8.1%	2.7%			
DIY goods	-2.4%	-6.5%	-3.8%	-0.8%	5.4%	2.4%	1.7%	4.5%	-4.2%	-2.8%	-4.5%			
Overseas	-0.8%	4.0%	12.4%	8.4%	26.1%	28.2%	141.1%	107.7%	100.2%	101.0%	17.4%			
Others	-17.9%	-19.7%	-21.1%	-11.8%	-6.1%	0.6%	2.2%	6.1%	8.3%	9.6%	9.8%			
% of Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
Electric appliances	9.7%	11.1%	10.6%	9.3%	9.1%	10.1%	9.6%	8.0%	8.2%	9.6%	8.9%			
Miscellaneous household foods	22.8%	23.1%	22.7%	23.1%	23.3%	23.8%	22.8%	22.4%	22.8%	23.5%	23.0%			
Foods	28.8%	28.8%	30.5%	30.3%	29.1%	29.6%	31.4%	32.4%	30.9%	30.7%	32.2%			
Watches & fashion merchandise	23.5%	25.0%	23.2%	23.5%	23.1%	24.2%	21.1%	21.3%	21.6%	22.7%	20.7%			
Sporting & leisure goods	7.5%	5.3%	5.2%	6.2%	7.6%	5.3%	4.8%	5.9%	7.1%	5.0%	4.7%			
DIY goods	3.4%	2.9%	3.4%	3.0%	3.4%	2.8%	3.0%	2.9%	2.9%	2.4%	2.7%			
Overseas	2.3%	2.2%	2.7%	2.8%	2.8%	2.7%	5.7%	5.5%	5.0%	4.8%	6.3%			
Others	1.8%	1.6%	1.7%	1.7%	1.7%	1.5%	1.5%	1.7%	1.6%	1.5%	1.6%			
Operating profit	6,331	8,448	5,592	4,957	8,291	8,764	6,039	1,287	6,486	8,468	5,651			
YoY	6.5%	21.1%	28.9%	4.3%	31.0%	3.7%	8.0%	-74.0%	-21.8%	-3.4%	-6.4%			
OPM	4.7%	5.9%	4.2%	3.7%	5.9%	5.8%	4.0%	0.9%	4.1%	4.9%	3.5%			
Rent														
Sales	3,950	4,204	4,076	4,140	4,086	4,262	4,250	4,493	4,448	4,524	4,596			
YoY	-0.7%	7.9%	5.6%	11.2%	3.4%	1.4%	4.3%	8.5%	8.9%	6.1%	8.1%			
Operating profit	1,338	1,454	1,212	983	1,252	1,320	2,651	1,282	2,853	3,188	3,352			
YoY	3.8%	-29.5%	-16.4%	8.3%	-6.4%	-9.2%	118.7%	30.4%	127.9%	141.5%	26.4%			
OPM	33.9%	34.6%	29.7%	23.7%	30.6%	31.0%	62.4%	28.5%	64.1%	70.5%	72.9%			
Others														
Sales	1,208	1,294	1,307	1,269	1,328	1,323	1,373	1,233	1,414	1,477	1,518			
YoY	-4.2%	3.9%	3.6%	11.2%	9.9%	2.2%	5.0%	-2.8%	6.5%	11.6%	10.6%			
Operating profit	552	513	649	275	566	681	1,254	1,039	1,190	1,414	1,343			
YoY	13.1%	-13.3%	123.0%	-41.7%	2.5%	32.7%	93.2%	277.8%	110.2%	107.6%	7.1%			
OPM	45.7%	39.6%	49.7%	21.7%	42.6%	51.5%	91.3%	84.3%	84.2%	95.7%	88.5%			
Adjustments to operating profit	23	14	12	16	31	-401	-1,510	1,746	-73	-115	-70			

Source: Company data

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

In light of Q3 results and business conditions in April, the company has raised its full-year earnings forecasts as shown below. Don Quijote executives said, at a Q1 earnings session, that the company would seek to raise its earnings forecasts every quarter. The company has made good on its pledge, raising its 1H forecast in Q1 and its full-year forecasts in Q2 and Q3. The company will also open 33 stores during this fiscal year, compared with 25 previously planned.

For Q4 (three months), the company expects sales to increase 4.9% from a year earlier. However, operating profit is projected to decline 19.4% (or JPY1.0bn) as the company plans to open a total of 11 stores in May and June. Expenses involving employee training, advertising, and store supplies may cut into profits.

MONTHLY WRAP – June 2015

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

(YoY)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total Stores												
Sales	9.1%	11.2%	12.3%	16.2%	16.1%	10.9%	13.6%	16.6%	-3.5%	23.0%		
# of Stores	220	221	220	221	222	225	225	228	232	235		
Comparable Stores												
Sales	1.4%	2.3%	5.0%	8.3%	7.1%	4.3%	6.7%	9.4%	-10.5%	14.2%		
# of Customers	1.7%	0.6%	3.5%	5.2%	3.8%	0.0%	1.2%	5.6%	-5.4%	5.3%		
Avg. Spend per Customer	-0.2%	1.7%	1.5%	2.9%	3.1%	4.2%	5.4%	3.7%	-5.4%	8.5%		
# of Comparable Stores	196	196	196	195	196	200	203	204	205	205		
Electric Appliances	-1.0%	3.1%	14.8%	15.8%	10.2%	13.8%	18.1%	15.0%	-7.2%	23.4%		
Household Goods	8.3%	10.7%	13.8%	15.9%	17.2%	11.0%	15.2%	19.4%	-3.5%	32.4%		
Foods	21.0%	21.6%	24.0%	25.8%	23.4%	17.7%	19.1%	19.5%	-4.3%	27.2%		
Watches & Fashion Merchandise	5.1%	5.4%	7.6%	9.1%	10.9%	5.3%	6.9%	12.6%	-0.9%	19.5%		
Sporting & Leisure Goods	3.9%	3.5%	10.0%	12.0%	10.3%	5.5%	6.1%	8.7%	-2.6%	9.4%		
Other Products	14.1%	70.0%	-43.7%	13.6%	28.8%	12.4%	5.4%	18.9%	-3.8%	-31.1%		

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

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

Comparable store sales increased 14.2% YoY in April, partly owing to a favorable year-on-year comparison with last year, April 2014, when the company faced a pullback from the rush to beat the consumption tax hike. The company also increased its market share, partly because of products and pricing strategies introduced to beat fierce competition in the wake of the consumption tax hike. As a result, comparable store sales grew significantly. Demand from inbound tourists also rose—boosted by consecutive holidays in Asia that encouraged more travel—providing an increasing contribution to results.

On **May 7, 2015**, the company announced earnings results for Q3 FY06/15. Shared Research updated the report with comments on the earnings results and an overview of the results briefing for investors held on the same day.

FY06/15 forecasts

FY06/15 Estimates	FY06/14			FY06/15 (Init.)			FY06/15 (Q2)			FY06/15 (Q3)			
(JPYmn)	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.	1H Act.	2H Est.	FY Est.	1H Act.	2H Est.	FY Est.	Vs. Prev. Est.
Sales	303,322	309,102	612,424	331,000	327,000	658,000	342,224	315,776	658,000	342,224	325,776	668,000	10,000
YoY	4.7%	10.9%	7.7%	9.1%	5.8%	7.4%	12.8%	2.2%	7.4%	12.8%	5.4%	9.1%	-
CoGS	222,247	229,159	451,406	242,500	240,000	482,500	250,590	231,910	482,500	250,590	238,410	489,000	6,500
Gross Profit	81,075	79,943	161,018	88,500	87,000	175,500	91,634	83,866	175,500	91,634	87,366	179,000	3,500
YoY	6.4%	8.6%	7.5%	9.2%	8.8%	9.0%	13.0%	4.9%	9.0%	13.0%	9.3%	11.2%	-
GPM	26.7%	25.9%	26.3%	26.7%	26.6%	26.7%	26.8%	26.6%	26.7%	26.8%	26.8%	26.8%	-
SG&A	60,571	66,155	126,726	67,800	72,100	139,900	68,223	71,677	139,900	68,223	72,777	141,000	1,100
SG&A / Sales	20.0%	21.4%	20.7%	20.5%	22.0%	21.3%	19.9%	22.7%	21.3%	19.9%	22.3%	21.1%	-
Operating Profit	20,504	13,788	34,292	20,700	15,800	36,500	23,411	13,089	36,500	23,411	14,589	38,000	1,500
YoY	9.8%	0.7%	5.9%	1.0%	14.6%	6.4%	14.2%	-5.1%	6.4%	14.2%	5.8%	10.8%	-
OPM	6.8%	4.5%	5.6%	6.3%	4.8%	5.5%	6.8%	4.1%	5.5%	6.8%	4.5%	5.7%	-
Recurring Profit	21,135	14,352	35,487	21,200	16,300	37,500	24,044	13,456	37,500	24,044	14,956	39,000	1,500
YoY	10.8%	1.6%	6.9%	0.3%	13.6%	5.7%	13.8%	-6.2%	5.7%	13.8%	4.2%	9.9%	-
RPM	7.0%	4.6%	5.8%	6.4%	5.0%	5.7%	7.0%	4.3%	5.7%	7.0%	4.6%	5.8%	-
Net Income	13,024	8,447	21,471	12,500	9,300	21,800	13,964	7,836	21,800	13,964	8,336	22,300	500
YoY	10.6%	-9.8%	1.6%	-4.0%	10.1%	1.5%	7.2%	-7.2%	1.5%	7.2%	-1.3%	3.9%	-

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

View the full report.

MONTHLY WRAP – June 2015

Dream Incubator Inc. (4310)

Venture capital and business incubation, and strategy consulting company.

On **May 12, 2015**, Dream Incubator Inc. (DI) announced earnings results for full-year FY03/15.

Quarterly Earnings	FY03/14				FY03/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,889	2,496	2,120	2,587	2,595	2,824	2,909	5,015
YoY	12.0%	17.4%	19.5%	22.8%	37.4%	13.1%	37.2%	*93.9%*
Gross Profit	912	1,209	1,102	1,588	1,431	1,720	1,642	3,121
YoY	2.5%	17.2%	32.6%	65.8%	56.9%	42.3%	49.0%	*96.5%*
GPM	48.3%	48.4%	52.0%	61.4%	55.1%	60.9%	56.4%	62.2%
SG&A Expenses	780	821	888	1,180	1,142	1,098	1,149	3,176
YoY	7.6%	16.0%	23.5%	49.4%	46.4%	33.7%	29.4%	*169.2%*
SG&A/Sales	41.3%	32.9%	41.9%	45.6%	44.0%	38.9%	39.5%	63.3%
Operating Profit	132	387	214	408	288	623	493	-56
YoY	-19.7%	19.1%	91.1%	144.3%	118.2%	61.0%	130.4%	-
OPM	7.0%	15.5%	10.1%	15.8%	11.1%	22.1%	16.9%	-
Recurring Profit	154	383	228	336	286	639	519	-71
YoY	-0.9%	20.1%	103.6%	94.2%	85.7%	66.8%	127.6%	-
RPM	8.2%	15.3%	10.8%	13.0%	11.0%	22.6%	17.8%	-
Net Income	86	355	160	253	215	495	362	-79
YoY	7.8%	47.9%	233.3%	-16.5%	150.0%	39.4%	126.3%	-
Net Margin	4.6%	14.2%	7.5%	9.8%	8.3%	17.5%	12.4%	-
Cml.	Cml. Q1	Cml. Q2	Cml. Q3	Cml. Q4	Cml. Q1	Cml. Q2	Cml. Q3	Cml. Q4
Sales	1,889	4,385	6,505	9,092	2,595	5,419	8,328	13,343
YoY	12.0%	15.0%	16.4%	18.2%	37.4%	23.6%	28.0%	46.8%
Gross Profit	912	2,121	3,223	4,811	1,431	3,151	4,793	7,914
YoY	2.5%	10.4%	17.1%	29.6%	56.9%	48.6%	48.7%	64.5%
GPM	48.3%	48.4%	49.5%	52.9%	55.1%	58.1%	57.6%	59.3%
SG&A Expenses	780	1,601	2,489	3,669	1,142	2,240	3,389	6,565
YoY	7.6%	11.7%	15.7%	24.7%	46.4%	39.9%	36.2%	78.9%
SG&A/Sales	41.3%	36.5%	38.3%	40.4%	44.0%	41.3%	40.7%	49.2%
Operating Profit	132	519	733	1,141	288	911	1,404	1,348
YoY	-19.5%	6.1%	22.0%	48.6%	118.2%	75.5%	91.5%	18.1%
OPM	7.0%	11.8%	11.3%	12.5%	11.1%	16.8%	16.9%	10.1%
Recurring Profit	154	537	765	1,101	286	925	1,444	1,373
YoY	-0.6%	13.3%	30.5%	45.1%	85.7%	72.3%	88.8%	24.7%
RPM	8.2%	12.2%	11.8%	12.1%	11.0%	17.1%	17.3%	10.3%
Net Income	86	441	601	854	215	710	1,072	993
YoY	7.5%	37.8%	63.3%	27.3%	150.0%	61.0%	78.4%	16.3%
Net Margin	4.6%	10.1%	9.2%	9.4%	8.3%	13.1%	12.9%	7.4%

Source: Company data

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

Despite lower sales in the Asset Liquidation segment, DI booked its highest consolidated sales to date as other mainstay segments performed well. Expenses increased by JPY1.7bn owing to the bullet depreciation of deferred assets under Article 113 of the Insurance Business Law. But operating profit increased significantly as capital gains on venture capital hit JPY2.7bn—the highest level to date. Excluding the effect of the bullet amortization, the company also achieved its highest ever operating profit.

View the full report.

MONTHLY WRAP – June 2015

Elecom Co. (6750)

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

On **May 18, 2015**, Elecom announced a share buyback and tender offer (up to 12.28% of shares outstanding, including 11.16% from the founder's asset management company), a stock split (two for one) and dividend revision (effectively no change, in view of the stock split), and a change in executive management.

In Shared Research's view, the share buyback—encompassing 12.28% of shares outstanding and a fall in the founder's holdings—and the stock split are likely to improve liquidity, sending a positive message to the market.

The company will still be classed as a family business (where an individual and/or the family hold more than 50% of shares outstanding), meaning it will likely face taxes on reserves (the reason for a 2.3pp [JPY120mn] increase in tax rate in FY03/13). As of March 31, 2014, President Junji Hada, Sons Ltd., and Justin Ltd. together held 12,868,500 shares in the company.

Share buyback and tender offer

At a meeting held on May 18, 2015, the board of directors resolved to acquire up to 2,750,100 ordinary shares (12.28% of total shares outstanding [22,398,699]), for up to JPY6.3bn, between May 18 and July 31, 2015.

The company plans to make a tender offer for 2,500,000 shares (11.16% of shares outstanding) to Sons Ltd. (which held 5,650,000 shares as of May 18, 2015). Including the 2,500,000 shares from Sons, Ltd., the company plans to make a tender offer for 2,750,000 shares (12.28% of total shares outstanding). If the number of shares submitted is less than 2,750,000, the company plans to acquire all shares submitted. If the number of shares submitted exceeds 2,750,000, the company plans to acquire the shares via the proportional distribution method.

The tender offer will last for 20 working days, from May 19 to July 15, 2015. The tender price will be JPY2,305/share (a 10% discount to the average closing price over the company's last three months on the First Section of the Tokyo Stock Exchange of JPY2,562). The company expects to spend about JPY6.4bn on this buyback, including commissions.

Stock split and revision to dividend forecast

On the same day, the board of directors resolved to conduct a stock split and revision to the dividend forecast. The company plans to conduct a two-for-one stock split, with September 30, 2015 as the record date and October 1, 2015 as the effective date. In line with the stock split, the company has revised its year-end dividend per share forecast for FY03/16 from JPY30 to JPY15. The company has maintained its interim dividend forecast of JPY30. Effectively, there is no change to the dividend forecast (in view of the stock split).

Change to executive management

On the same day, the company announced that Masaki Tanaka (b. June 26, 1961), Head of the Financial Planning Office, would become a director (to be officially appointed following the general shareholder meeting on June 26). Since joining the company in 1992, Mr. Tanaka has worked as Head of the President's Office and Head of the Financial Planning Office, and has also focused on the company's investor relations. Mr. Tanaka is also a director at the company's subsidiaries in the embedded devices business—a growth area—including Logitec Corp., Logitec INA Solutions Co., Ltd., Hagiwara Solutions Co., Ltd., and Japan Data System.

MONTHLY WRAP – June 2015

On **May 11, 2015**, the company released full-year FY03/15 earnings results and revisions to its year-end dividend forecast.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	**15,289**	**14,901**	**17,615**	**14,836**	**14,936**	**15,099**	**19,391**	**19,680**	**17,741**	**17,925**	**21,366**	**18,754**	**101.0%**	**75,000**
YoY	5.2%	3.9%	0.1%	-7.6%	-2.3%	1.3%	10.1%	32.6%	18.8%	18.7%	10.2%	-4.7%	-	8.5%
GP	5,061	4,889	6,005	4,865	5,150	5,101	6,772	5,292	5,850	5,968	6,499	6,635	101.5%	24,583
YoY	-0.0%	-5.4%	-6.0%	-7.9%	1.8%	4.3%	12.8%	8.8%	13.6%	17.0%	-4.0%	25.4%	-	10.2%
GPM	33.1%	32.8%	34.1%	32.8%	34.5%	33.8%	34.9%	26.9%	33.0%	33.3%	30.4%	35.4%	-	32.8%
SG&A	3,761	3,498	3,740	3,756	3,647	3,694	3,926	4,087	4,037	3,975	4,313	4,483	100.8%	16,683
YoY	6.0%	-5.5%	-3.5%	-5.5%	-3.0%	5.6%	5.0%	8.8%	10.7%	7.6%	9.9%	9.7%	-	8.7%
SG&A / Sales	24.6%	23.5%	21.2%	25.3%	24.4%	24.5%	20.2%	20.8%	22.8%	22.2%	20.2%	23.9%	-	22.2%
OP	**1,300**	**1,391**	**2,264**	**1,109**	**1,503**	**1,408**	**2,846**	**1,205**	**1,812**	**1,993**	**2,186**	**2,152**	**103.1%**	**7,900**
YoY	-14.1%	-5.2%	-9.9%	-15.5%	15.6%	1.2%	25.7%	8.7%	20.6%	41.6%	-23.2%	78.6%	-	13.5%
OPM	8.5%	9.3%	12.9%	7.5%	10.1%	9.3%	14.7%	6.1%	10.2%	11.1%	10.2%	11.5%	-	10.5%
RP	**1,289**	**1,298**	**1,916**	**1,004**	**1,312**	**1,795**	**1,975**	**1,539**	**1,764**	**1,546**	**2,346**	**1,898**	**104.9%**	**7,200**
YoY	-7.7%	-4.4%	-18.2%	-2.6%	1.8%	38.3%	3.1%	53.3%	34.4%	-13.9%	18.8%	23.3%	-	8.7%
RPM	8.4%	8.7%	10.9%	6.8%	8.8%	11.9%	10.2%	7.8%	9.9%	8.6%	11.0%	10.1%	-	9.6%
NI	**510**	**864**	**1,112**	**613**	**622**	**1,205**	**1,188**	**1,029**	**949**	**1,031**	**1,434**	**1,048**	**110.2%**	**4,050**
YoY	4.9%	75.6%	-3.2%	-48.3%	22.0%	39.4%	6.8%	67.8%	52.5%	-14.4%	20.7%	1.9%	-	0.2%
NPM	3.3%	5.8%	6.3%	4.1%	4.2%	8.0%	6.1%	5.2%	5.3%	5.8%	6.7%	5.6%	-	5.4%

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
New segments	**15,289**	**14,901**	**17,615**	**14,836**	**14,936**	**15,099**	**19,391**	**19,680**	**17,741**	**17,925**	**21,366**	**18,754**	**101.0%**	**75,000**
PC accessories	5,661	5,323	6,986	5,684	5,322	5,042	6,763	6,356	5,552	5,109	6,542	5,598	95.9%	23,785
Smartphone-related applications	2,850	3,331	3,690	3,143	3,886	3,950	4,614	3,875	4,402	5,138	5,997	3,936	109.8%	17,739
Peripherals	3,575	3,206	3,609	3,060	3,232	3,794	4,999	6,427	5,361	4,931	5,748	6,133	101.9%	21,751
Others	3,203	3,040	3,329	2,951	2,496	2,312	3,015	3,022	2,425	2,745	3,078	3,089	96.7%	11,725
YoY	**5.2%**	**3.9%**	**0.1%**	**-7.6%**	**-2.3%**	**1.3%**	**10.1%**	**32.6%**	**18.8%**	**18.7%**	**10.2%**	**-4.7%**	**-**	**8.5%**
PC accessories					-6.0%	-5.3%	-3.2%	11.8%	4.3%	1.3%	-3.3%	-11.9%	-	1.3%
Smartphone-related applications					36.4%	18.6%	25.0%	23.3%	13.3%	30.1%	30.0%	1.6%	-	8.7%
Peripherals					-9.6%	18.3%	38.5%	110.0%	65.9%	30.0%	15.0%	-4.6%	-	17.9%
Others					-22.1%	-23.9%	-9.4%	2.4%	-2.8%	18.7%	2.1%	2.2%	-	8.1%

SG&A breakdown	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
SG&A	**3,761**	**3,498**	**3,740**	**3,756**	**3,647**	**3,694**	**3,926**	**4,087**	**4,037**	**3,975**	**4,313**	**4,483**	**100.8%**	**16,683**
Logistics	836	811	893	817	760	734	744	987	844	788	831	794	90.5%	3,600
Sales expenses	688	585	658	670	689	785	751	666	838	766	1,070	1,118	114.7%	3,307
Personnel	1,426	1,355	1,371	1,408	1,405	1,381	1,409	1,675	1,411	1,494	1,450	1,527	98.0%	6,001
Admin.	810	746	818	861	790	795	922	859	942	928	962	1,043	102.7%	3,773
YoY	**6.0%**	**-5.5%**	**-3.5%**	**-5.5%**	**-3.0%**	**5.6%**	**5.0%**	**8.8%**	**10.7%**	**7.6%**	**9.9%**	**9.7%**	**-**	**8.7%**
Logistics	-3.2%	-6.7%	-4.5%	-11.7%	-9.1%	-9.5%	-16.7%	20.8%	11.1%	7.4%	11.7%	-19.6%	-	11.6%
Sales expenses	-3.1%	-15.0%	-11.9%	0.3%	0.1%	34.2%	14.1%	-0.6%	21.6%	-2.4%	42.5%	67.9%	-	14.4%
Personnel	12.5%	-0.4%	0.7%	-3.4%	-1.5%	1.9%	2.8%	19.0%	0.4%	8.2%	2.9%	-8.8%	-	2.2%
Admin.	15.1%	-4.7%	-1.8%	-6.7%	-2.5%	6.6%	12.7%	-0.2%	19.2%	16.7%	4.3%	21.4%	-	12.1%
Sales ratio	**24.6%**	**23.5%**	**21.2%**	**25.3%**	**24.4%**	**24.5%**	**20.2%**	**20.8%**	**22.8%**	**22.2%**	**20.2%**	**23.9%**	**-**	**22.2%**
Logistics	5.5%	5.4%	5.1%	5.5%	5.1%	4.9%	3.8%	5.0%	4.8%	4.4%	3.9%	4.2%	-	4.8%
Sales expenses	4.5%	3.9%	3.7%	4.5%	4.6%	5.2%	3.9%	3.4%	4.7%	4.3%	5.0%	6.0%	-	4.4%
Personnel	9.3%	9.1%	7.8%	9.5%	9.4%	9.1%	7.3%	8.5%	8.0%	8.3%	6.8%	8.1%	-	8.0%
Admin.	5.3%	5.0%	4.6%	5.8%	5.3%	5.3%	4.8%	4.4%	5.3%	5.2%	4.5%	5.6%	-	5.0%

Figures may differ from company materials due to differences in rounding methods
Q4 FY03/15 figures are the difference between full-year estimates and cumulative Q3 results.
Source: Company data

GMP improved in Q4 after sharp Q3 deterioration on sudden yen weakness

For FY03/15, both sales and profits came in above the company's targets. Note the slower growth rate for sales in Q4. That said, the improving trend for gross profit in Q4, after deteriorating in Q3, left us with a favorable impression.

In order to limit damage from the sudden yen weakness, the company in Q3 1) bolstered sales systems with an emphasis on contribution margin, 2) accelerated development of products based on a USD/JPT120 assumption, and 3) made greater use of foreign exchange contracts. These weak-yen countermeasures delivered benefits in Q4 and gross profit did not deteriorate further. Our focus is on the apparent improvements for all product categories versus not only Q3, but also versus Q1 and Q2.

Announced year-end dividend hike

The company announced it will pay a higher annual dividend of JPY60 per share for FY03/15, adding a special JPY10 dividend to the previously planned JPY50 dividend. This was a second dividend hike as Elecom announced, along with its Q3 results, an upward revision to its year-end dividend forecast from JPY20 to JPY25, raising the planned annual dividend at that time from JPY45 to JPY50. The company targets a consolidated payout ratio of 30% or more. The latest dividend hike was in line with that policy.

Targets further sales, profit gains in FY03/16

For FY03/16, the company forecasts sales of JPY83bn (+9.5% YoY) and operating profit of JPY8.8bn (+8.1% YoY). For the domestic market, Elecom expects to expand sales by continuing to beef up development of products compatible with new digital equipment in a wide range of fields including PC products, smartphones and tablet products, and peripherals. For the overseas market, the company is expanding its product lineup, while at the same time accelerating development of exclusive ELECOM brand shops to promote brand penetration.

The firm forecasts its operating profit margin will narrow 0.1pp to 10.6%, as it anticipates gross margin will deteriorate 0.6pp to 32.3%. In preparing these forecasts, the company took into consideration the cost of sales ratio for the previous fiscal year, selling price changes, and recent foreign exchange trends.

View the full report.

MONTHLY WRAP – June 2015

Emergency Assistance Japan Co., Ltd. (6063)

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

On **May 13, 2015**, Emergency Assistance Japan Co., Ltd. (EAJ) announced Q1 FY12/15 earnings results.

Quarterly Performance	FY12/13				FY12/14				FY12/15		FY12/15		FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales	**548**	**447**	**473**	**515**	**627**	**493**	**524**	**556**	**753**		**58.9%**	**1,280**	**30.1%**	**2,500**
Medical Assistance	457	360	386	423	527	390	419	442	648					
Lifestyle Assistance	91	87	87	92	100	103	105	114	105					
YoY	-1.0%	2.7%	5.7%	12.9%	14.3%	10.3%	10.8%	7.9%	20.2%			14.3%		13.6%
Medical Assistance	-2.6%	3.2%	7.4%	16.3%	15.2%	8.2%	8.6%	4.5%	23.1%					
Lifestyle Assistance	7.9%	0.6%	-1.1%	-0.2%	9.7%	19.2%	20.9%	23.3%	5.1%					
GP	114	88	106	127	105	91	109	113	163					
YoY	-17.6%	-18.6%	-13.0%	-7.8%	-7.6%	3.2%	2.9%	-11.0%	55.3%					
GPM	20.7%	19.8%	22.4%	24.6%	16.8%	18.5%	20.8%	20.3%	21.6%					
SG&A	93	96	106	104	109	104	114	116	115					
YoY	10.0%	-6.0%	13.3%	33.3%	17.6%	8.0%	8.3%	10.9%	5.4%					
SG&A / Sales	16.9%	21.5%	22.3%	20.3%	17.4%	21.0%	21.8%	20.8%	15.3%					
OP	**21**	**-8**	**0**	**22**	**-4**	**-12**	**-5**	**-3**	**48**		**-**	**-50**	**160.5%**	**30**
Medical Assistance	64	48	69	74	50	37	53	51	107					
Lifestyle Assistance	30	22	15	25	31	28	26	35	28					
Intragroup/company-level	-74	-78	-83	-77	-85	-77	-84	-89	-87					
YoY	-61.1%	-	-98.7%	-62.4%	-	-	-	-	-			-		-
Medical Assistance	-33.1%	-30.8%	-17.1%	-18.5%	-21.9%	-23.5%	-22.5%	-31.0%	113.6%					
Lifestyle Assistance	10.4%	-6.3%	-32.8%	-16.0%	2.0%	24.5%	71.7%	41.8%	-9.3%					
OPM	3.8%	-1.7%	0.1%	4.3%	-0.6%	-2.5%	-1.0%	-0.6%	6.4%			-3.9%		1.2%
Medical Assistance	11.7%	10.7%	14.6%	14.4%	8.0%	7.4%	10.2%	9.2%	14.2%					
Lifestyle Assistance	5.5%	5.0%	3.1%	4.8%	4.9%	5.6%	4.9%	6.3%	3.7%					
RP	18	-13	-1	21	-6	-16	-8	4	45		-	-55	180.4%	25
YoY	-65.8%	-	-	-65.3%	-	-	-	-79.3%	-			-		-
RPM	3.3%	-2.9%	-0.3%	4.2%	-1.0%	-3.3%	-1.5%	0.8%	6.0%			-4.3%		1.0%
NI	12	-9	1	11	-5	-10	-5	-15	39		-	-60	392.1%	10
YoY	-63.6%	-	-93.7%	-67.9%	-	-	-	-	-			-		-
NPM	2.1%	-2.1%	0.2%	2.2%	-0.8%	-2.1%	-0.9%	-2.8%	5.2%			-4.7%		0.4%

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

Source: Company data

Market environment

The number of Japanese outbound travelers—which affects EAJ's earnings—continued to decrease year-on-year each month, due partly to the weak yen; the total number of Japanese tourists traveling abroad came to 4,028,000 in Q1 FY12/15, down 5.3% YoY. But tourists visiting Japan rose by 43.7% to a record high of 4,131,000. This was due to the weak yen, easing of visa restrictions for visitors from Southeast Asia, expansion of duty-free items, and promotional campaigns such as seasonal cherry-blossom tours aimed at tourists.

Earnings performance

Large-scale repatriations in Medical Assistance contribute to earnings

In the Medical Assistance segment, sales were up 20.2% YoY to JPY735mn, and operating profit was JPY48mn (operating loss of JPY4mn in Q1 FY12/14), due to large repatriation projects despite the harsh business conditions of fewer Japanese traveling abroad.

Sales were up in the Life Assistance segment due to the concierge service and new services beginning in FY12/14 offered to existing clients, as well as new clients.

EAJ re-engineering reforms showing results

MONTHLY WRAP – June 2015

Operating costs in FY12/14 rose as the company hired and trained staff with skills for the global marketplace (in preparation for the additional workload stemming from a large-scale order in September 2014 from Sompo Japan Nipponkoa Insurance Inc. [subsidiary of Sompo Japan Nipponkoa Holdings, Inc.; TSE1: 8630]), expanded its network of medical institutions, and invested in IT to bolster its infrastructure of assistance centers (including capex on high-performance communications equipment and improvements to core systems). The combination of increasing operating costs and the weak yen led to increased expenses overall.

In FY12/15, however, EAJ Re-engineering (reforms for steady profits despite difficult market conditions, such as from the weaker yen) showed results, as according to the company, it was able to control costs even more than expected.

Q1 FY12/15 topics

Important topics, according to the company: being selected as a recipient of METI's oil-producing countries subsidy; a business alliance with UnitedHealthcare Global Inc. (UHCG); and the progress of EAJ Re-engineering.

Business partnership with UHCG
EAJ entered a business alliance with UHCG in April 2015, making it possible for it to offer its security assistance service—which it previously only offered to Japanese companies expanding into Asia—across the globe. This partnership combines EAJ's strength in crisis management support (cultivated through its overseas medical assistance services) with UHCG's security risk management capacities. The company aims to offer total risk management services for all areas overseas.

On **May 8, 2015,** the company announced that the company was selected for a project financed by the Agency for Natural Resources and Energy. The project is part of a program designed to strengthen cooperation between Japan and oil-producing nations in the Middle East.

Project details: cooperation between Japan and Abu Dhabi Emirate in the field of medicine
EAJ will host seminars on Japan's medical services in Abu Dhabi Emirate, part of the United Arab Emirates, and will pursue exchanges between the two nations. The company will be responsible for the management of projects aimed at strengthening cooperation between Japan and Abu Dhabi. The goal is to promote Japan's medical services in the Arab nation.

EAJ hopes that these efforts will lead to greater understanding of the strength of Japan's medical services and help boost exports of medical technology and equipment to Abu Dhabi while increasing the number of people visiting Japan for medical treatment.

View the full report.

MONTHLY WRAP – June 2015

en–japan Inc. (4849)

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

On **May 12, 2015**, en-japan Inc. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/13	FY03/14	FY03/15			FY03/16
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Act.	Act.	Act.	% of FY	FY Est.	Est.
Sales	**3,297**	**3,138**	**3,801**	**3,327**	**3,652**	**3,835**	**4,595**	**4,674**	**4,590**	**4,615**	**4,772**	**5,646**	**13,564**	**16,755**	**19,624**	**102.2%**	**19,200**	**24,520**
YoY	16.0%	-0.8%	10.0%	-0.1%	10.7%	22.2%	20.9%	40.5%	25.7%	20.3%	3.9%	20.8%	-	23.5%	17.1%	-	14.6%	-
Gross Profit	2,824	2,687	3,300	2,820	3,219	3,401	4,096	4,118	4,125	4,154	4,262	5,152	11,632	14,833	17,693	102.0%	17,354	22,170
YoY	19.0%	-0.3%	11.2%	0.2%	14.0%	26.5%	24.1%	46.0%	28.1%	22.2%	4.1%	25.1%	-	27.5%	19.3%	-	17.0%	-
GPM	85.7%	85.6%	86.8%	84.8%	88.2%	88.7%	89.1%	88.1%	89.9%	90.0%	89.3%	91.2%	85.8%	88.5%	90.2%	-	90.4%	-
SG&A Expenses	2,101	2,129	2,265	2,353	2,506	2,497	2,918	3,470	3,144	3,396	3,448	3,761	8,848	11,392	13,750	102.6%	13,404	18,170
YoY	9.6%	7.6%	9.9%	-0.1%	19.3%	17.3%	28.8%	47.5%	25.5%	36.0%	18.2%	8.4%	-	28.7%	20.7%	-	17.7%	-
SG&A / Sales	63.7%	67.8%	59.6%	70.7%	68.6%	65.1%	63.5%	74.2%	68.5%	73.6%	72.3%	66.6%	65.2%	68.0%	70.1%	-	69.8%	-
Personnel	1,211	1,256	1,284	1,275	1,434	1,442	1,598	1,570	1,788	1,804	1,887	1,981	5,026	6,044	7,460	101.0%	7,385	9,217
Advertising / Promotional	395	370	464	567	476	472	636	1,051	543	626	623	778	1,796	2,635	2,570	90.0%	2,854	4,283
Others	494	502	515	511	594	583	683	849	812	967	937	1,003	2,022	2,709	3,719	117.5%	3,164	4,668
Operating Profit	**724**	**558**	**1,034**	**467**	**713**	**903**	**1,177**	**648**	**981**	**758**	**814**	**1,391**	**2,783**	**3,441**	**3,943**	**99.8%**	**3,950**	**4,000**
YoY	58.0%	-22.1%	14.1%	1.5%	-1.4%	61.8%	13.8%	38.6%	37.5%	-16.1%	-30.9%	114.7%	-	23.6%	14.6%	-	14.8%	-
OPM	21.9%	17.8%	27.2%	14.0%	19.5%	23.6%	25.6%	13.9%	21.4%	16.4%	17.0%	24.6%	20.5%	20.5%	20.1%	-	20.6%	-
Recurring Profit	**782**	**576**	**1,045**	**437**	**902**	**925**	**1,274**	**647**	**1,018**	**903**	**921**	**1,417**	**2,840**	**3,747**	**4,259**	**107.3%**	**3,970**	**4,120**
YoY	51.9%	3.2%	14.3%	-0.0%	15.3%	60.6%	21.9%	47.9%	12.9%	-2.4%	-27.7%	119.0%	-	31.9%	13.7%	-	5.9%	-
RPM	23.7%	18.4%	27.5%	13.1%	24.7%	24.1%	27.7%	13.8%	22.2%	19.6%	19.3%	25.1%	20.9%	22.4%	21.7%	-	20.7%	-
Net Income	**468**	**338**	**653**	**86**	**1,771**	**546**	**772**	**-300**	**597**	**581**	**536**	**817**	**1,546**	**2,789**	**2,531**	**113.0%**	**2,240**	**2,620**
YoY	67.2%	44.3%	31.0%	-	278.6%	61.4%	18.1%	-	-66.3%	6.3%	-30.5%	-	-	80.4%	-9.2%	-	-19.7%	-
NPM	14.2%	10.8%	17.2%	2.6%	48.5%	14.2%	16.8%	-6.4%	13.0%	12.6%	11.2%	14.5%	11.4%	16.6%	12.9%	-	11.7%	-
Hiring Business (*)													-	-	-	-	-	-
Sales	**3,187**	**3,065**	**3,726**	**3,255**	**3,531**	**3,705**	**4,438**	**4,497**	**4,443**	**4,471**	**4,579**	**5,449**	**13,233**	**16,171**	**18,942**	**104.7%**	**18,100**	**23,490**
Sales	-	-	-	-	10.8%	20.9%	19.1%	38.2%	25.8%	20.7%	3.2%	21.2%	-	22.2%	17.1%	-	245.7%	24.0%
Gross Profit	2,755	2,631	3,242	2,767	3,111	3,279	3,947	3,962	3,988	4,017	4,088	4,976	11,395	14,299	17,069	-	-	-
GPM	86.4%	85.8%	87.0%	85.0%	88.1%	88.5%	88.9%	88.1%	89.8%	89.8%	89.3%	91.3%	86.1%	88.4%	90.1%	-	-	-
Operating Profit	**745**	**550**	**1,022**	**456**	**696**	**876**	**1,135**	**601**	**976**	**784**	**804**	**1,389**	**2,773**	**3,308**	**3,953**	**106.1%**	**3,725**	**4,105**
OPM	23.4%	17.9%	27.4%	14.0%	19.7%	23.6%	25.6%	13.4%	22.0%	17.5%	17.6%	25.5%	21.0%	20.5%	20.9%	-	20.6%	17.5%
Sales Breakdown													-	-	-	-	-	-
Recruitment Advertising	1,856	1,758	1,774	1,771	1,929	2,213	2,226	2,476	2,298	2,422	2,519	3,032	7,159	8,844	10,271	-	10,090	12,700
Recruitment Consulting	1,079	1,117	1,156	1,126	1,292	1,182	1,149	1,320	1,576	1,528	1,435	1,730	4,478	4,943	6,269	-	5,890	7,850
Overseas Subsidiaries	-	-	-	-	81	132	316	306	323	449	510	560	-	835	1,842	107.7%	1,710	2,500
New Graduate Hiring Business	222	168	776	316	190	133	687	336	197	44	28	30	1,482	1,346	299	180.1%	166	-
Others	30	24	26	47	42	51	60	61	57	38	90	97	127	214	282	-	244	440
													-	-	-	-	-	-
[en] Career Change Info	977	986	971	919	1,081	1,306	1,309	1,539	1,364	1,439	1,514	1,926	3,853	5,235	6,243	101.7%	6,140	-
[en] Career Change Consultant	209	214	223	235	243	265	260	246	267	275	278	318	881	1,014	1,138	103.5%	1,100	-
[en] Temporary Placement Info	431	413	445	487	459	484	493	534	506	532	549	610	1,776	1,970	2,197	99.9%	2,200	-
en world japan K.K	734	762	807	653	886	859	871	1,037	1,268	1,175	1,075	1,270	2,956	3,653	4,788	122.1%	3,920	-
New Graduate Hiring Business	222	168	776	316	190	133	687	336	197	44	28	30	1,482	1,346	299	180.1%	166	-
Overseas subsidiaries	-	-	-	-	81	132	316	306	323	449	510	560	-	835	1,842	107.7%	1,710	-
Others	614	524	510	650	594	532	502	501	526	567	628	739	2,298	2,129	2,460	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruitment Advertising	-	-	-	-	3.9%	25.9%	25.5%	39.8%	19.1%	9.4%	13.2%	22.5%	-	23.5%	16.1%	-	14.0%	-
Recruitment Consulting	-	-	-	-	19.7%	5.8%	-0.6%	17.2%	22.0%	29.3%	24.9%	31.1%	-	10.4%	26.8%	-	19.1%	-
Overseas Subsidiaries	-	-	-	-	-	-	-	-	298.8%	240.2%	61.4%	83.0%	-	-	120.6%	-	104.1%	-
New Graduate Hiring Business	15.0%	-4.0%	20.9%	-10.0%	-14.4%	-20.8%	-11.5%	6.3%	3.7%	-66.9%	-95.9%	-91.1%	-	-9.2%	-77.8%	-	-87.7%	-
Others	-	-	-	-	40.0%	112.5%	130.8%	29.8%	35.7%	-25.5%	50.0%	58.4%	-	68.5%	31.6%	-	-	-
[en] Career Change Info	-	-	-	-	10.6%	32.5%	34.8%	67.5%	26.2%	10.2%	15.7%	25.1%	-	35.9%	19.3%	-	17.3%	-
[en] Career Change Consultant	7.7%	10.9%	13.2%	16.3%	16.3%	23.8%	16.6%	4.7%	9.9%	3.8%	6.9%	29.3%	-	15.1%	12.2%	-	8.4%	-
[en] Temporary Placement Info	-2.5%	-9.2%	-1.3%	5.0%	6.5%	17.2%	10.8%	9.7%	10.2%	9.9%	11.4%	14.2%	-	10.9%	11.5%	-	7.5%	-
en world japan K.K	-	-	-	-	20.7%	12.7%	7.9%	58.8%	43.1%	36.8%	23.4%	22.5%	-	23.6%	31.1%	-	7.3%	-
New Graduate Hiring Business	-	-	-	-	-14.4%	-20.8%	-11.5%	6.3%	3.7%	-66.9%	-95.9%	-91.1%	-	-9.2%	-77.8%	-	-	-
Overseas subsidiaries	-	-	-	-	-	-	-	-	298.8%	240.2%	61.4%	83.0%	-	-	120.6%	-	104.1%	-
Others	-	-	-	-	-3.3%	1.5%	-1.6%	-22.9%	-11.4%	6.6%	25.1%	47.5%	-	-7.4%	15.5%	-	-	-
Education and Evaluation Busines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales	**81**	**70**	**73**	**70**	**126**	**145**	**172**	**193**	**159**	**158**	**213**	**217**	**294**	**636**	**747**	**65.0%**	**1,150**	**1,100**
Gross Profit	61	53	56	53	111	130	156	168	144	143	185	188	223	565	660	-	-	-
GPM	75.3%	75.7%	76.7%	75.7%	88.1%	89.7%	90.7%	87.1%	90.6%	90.5%	86.9%	86.6%	75.9%	88.8%	88.4%	-	-	-
Operating Profit	**20**	**4**	**11**	**8**	**16**	**28**	**42**	**46**	**4**	**-26**	**11**	**2**	**43**	**132**	**-9**	**-4.0%**	**225**	**-105**
OPM	24.7%	5.7%	15.1%	11.4%	12.7%	19.3%	24.4%	23.8%	2.5%	-16.5%	5.1%	1.0%	14.6%	20.8%	-1.2%	-	19.6%	-9.5%
en-japan inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales	**2,567**	**2,380**	**3,001**	**2,682**	**2,652**	**2,802**	**3,339**	**3,246**	**2,960**	**2,958**	**3,094**	**3,713**	**10,630**	**12,041**	**12,725**	**96.5%**	**13,180**	**16,280**
YoY	10.8%	-4.3%	3.6%	-1.6%	3.3%	17.7%	11.3%	21.0%	11.6%	5.6%	-7.3%	14.4%	-	13.3%	5.7%	-	9.5%	27.9%
Operating Profit	**598**	**434**	**935**	**502**	**625**	**793**	**1,083**	**516**	**772**	**600**	**752**	**1,195**	**2,469**	**3,017**	**3,319**	**96.2%**	**3,450**	**3,130**
OPM	23.3%	18.2%	31.2%	18.7%	23.6%	28.3%	32.4%	15.9%	26.1%	20.3%	24.3%	32.2%	23.2%	25.1%	26.1%	-	26.2%	19.2%
EWJ (en world japan K.K)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales	**734**	**762**	**807**	**653**	**886**	**859**	**871**	**1,037**	**1,268**	**1,175**	**1,075**	**1,270**	**2,959**	**3,655**	**4,788**	**122.1%**	**3,920**	**5,390**
YoY	38.8%	12.6%	43.9%	6.4%	20.7%	12.7%	7.9%	58.8%	43.1%	36.8%	23.4%	22.5%	-	23.5%	31.0%	-	7.3%	12.6%
Operating Profit	**166**	**163**	**141**	**7**	**200**	**186**	**104**	**167**	**355**	**192**	**86**	**266**	**479**	**658**	**899**	**128.4%**	**700**	**840**
OPM	22.6%	21.4%	17.5%	1.1%	22.6%	21.7%	11.9%	16.1%	28.0%	16.3%	8.0%	20.9%	16.2%	18.0%	18.8%	-	17.9%	15.6%
Overseas subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	**81**	**132**	**316**	**306**	**323**	**449**	**510**	**560**	-	**838**	**1,842**	**107.7%**	**1,710**	**2,500**
Operating Profit	-	-	-	-	**-51**	**-37**	**41**	**38**	**-32**	**82**	**55**	**1**	-	**-8**	**106**	**84.8%**	**125**	**385**
OPM	-	-	-	-	-63.0%	-28.0%	13.0%	12.4%	-9.9%	18.3%	10.8%	0.2%	-	-1.0%	5.8%	-	7.3%	15.4%

Source: Company data

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

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

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

[en] Career Change, [en] world Japan lead earnings, overall profits for overseas subsidiaries

Full-year FY03/15 profit is up YoY, lead by recruitment subsidiary EWJ, with sales exceeding forecasts and operating profit basically on target.

The company's main service of recruitment advertising, [en] Career Change, and its main recruitment consulting subsidiary, [en] world Japan (EWJ), both performed strongly, while the company's overseas subsidiaries also became profitable overall. Unplanned costs were incurred with relocation of the company's subsidiary offices and new business investment, but these also increased revenues that brought profits back on target.

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

The main service of recruitment advertising, [en] Career Change, saw robust results due to an overhaul of the company's recruitment websites in 1H, and by Q4, listings had returned to levels last seen in 2008. In recruitment consulting, [en] world Japan (EWJ) saw another quarter of double-digit growth in Q4, as it responds to the hiring demands of globalizing companies in Japan. In addition to a growing market, EWJ's staff additions and strategic focus saw sales (JPY4.8bn) and operating profit (JPY899mn) both exceed forecast (JPY3.9bn and JPY700mn respectively), contributing to consolidated performance.

Overseas subsidiaries saw signififcant year-on-year growth in revenues and an improvement in operating profit from earnings of subsidiaries in Vietnam and Thailand, as well as a subsidiary in India that started contributing in Q3. As a group, overseas subsidiaries achieved a positive operating profit of JPY106mn. Vietnam and Australia in particular appear to have robust performance.

View the full report.

Ferrotec Corp. (6890)

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

On **May 15, 2015**, Ferrotec announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	9,503	10,545	9,102	9,274	9,538	10,691	11,356	13,160	14,130	15,108	14,501	15,340	105.5%	56,000
YoY	-49.5%	-37.7%	-35.2%	-10.1%	0.4%	1.4%	24.8%	41.9%	48.1%	41.3%	27.7%	16.6%		25.2%
Gross Profit	2,023	1,612	1,776	1,566	2,322	2,718	2,585	3,195	3,166	3,512	3,309	3,498	104.7%	12,878
YoY	-64.2%	-63.4%	-54.9%	-38.4%	14.8%	68.6%	45.6%	104.1%	36.3%	29.2%	28.0%	9.5%		19.0%
GPM	21.3%	15.3%	19.5%	16.9%	24.3%	25.4%	22.8%	24.3%	22.4%	23.2%	22.8%	22.8%		23.0%
SG&A Expenses	2,494	3,295	2,269	2,527	2,380	2,501	2,496	2,645	2,575	2,903	2,906	3,429	108.6%	10,878
YoY	-23.6%	2.3%	-23.2%	-14.7%	-4.5%	-24.1%	10.0%	4.7%	8.2%	16.1%	16.4%	29.7%		8.5%
SG&A / Sales	26.2%	31.2%	24.9%	27.2%	25.0%	23.4%	22.0%	20.1%	18.2%	19.2%	20.0%	22.4%		19.4%
Operating Profit	-471	-1,683	-493	-961	-58	217	89	550	591	609	403	69	83.6%	2,000
YoY	-	-	-	-	-	-	-	-	-	180.1%	355.0%	-87.5%		150.6%
OPM	-5.0%	-16.0%	-5.4%	-10.4%	-0.6%	2.0%	0.8%	4.2%	4.2%	4.0%	2.8%	0.4%		3.6%
Recurring Profit	-554	-2,157	-448	-306	480	50	-83	815	190	644	809	388	135.4%	1,500
YoY	-	-	-	-	-	-	-	-	-60.4%	1,179.8%	-	-52.4%		18.8%
RPM	-5.8%	-20.5%	-4.9%	-3.3%	5.0%	0.5%	-0.7%	6.2%	1.3%	4.3%	5.6%	2.5%		2.7%
Net Income	-664	-5,493	-1,513	1,137	418	276	-134	831	-44	399	532	-3,019	-266.5%	800
YoY	-	-	-	-	-	-	-	-26.9%	-	44.6%	-	-		-42.5%
NPM	-7.0%	-52.1%	-16.6%	12.3%	4.4%	2.6%	-1.2%	6.3%	-0.3%	2.6%	3.7%	-19.7%		1.4%

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

Results in the Equipment-related segment were robust in FY03/15, as was the Electronic Device segment with the mainstay heated automotive seat product and increased utilization in domestic and international civil sector products; however, Ferrotec saw a large loss of JPY1.3bn in its photovoltaic segment, causing the company to miss its operating profit target (as of Q3) of JPY2.0bn, although Ferrotec had already announced a revision of the full-year forecasts as of May 11, 2015.

In the photovoltaic (PV) segment, there was a dramatic change in demand for consumables such as quartz crucibles and square vessels, as PV panel makers adjusted production in the face of trade friction between the US and China and Taiwan. Fierce competition continued to put downward pressure on panel prices, and requests for prices cuts from silicon product clients also pressure on margins. The fall in silicon prices in particular led Ferrotec to book inventory losses as CoGS using the lower of cost and market accounting method.

Ferrotec is responding to these challenges with impairments, reducing personnel expenses and other fixed costs, and integrating its facilities in Shanghai and Hangzhou to the Yinchuan site in inland China.

MONTHLY WRAP – June 2015

On **May 11, 2015,** Ferrotec Corp. announced the booking of an extraordinary loss and a resulting revision to its full-year FY03/15 earnings forecasts. It has left its year-end dividend unchanged, at JPY8 per share.

Company forecasts	FY03/14			FY03/15 (Revised Est.)			FY03/15 (Initial Est.)			
(JPYmn)	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.	1H Act.	2H Est.	FY Est.	Dif.
Sales	**20,229**	**24,516**	**44,746**	**29,238**	**29,762**	**59,000**	**29,238**	**26,762**	**56,000**	**3,000**
YoY	0.9%	33.4%	16.4%	44.5%	21.4%	31.9%	44.5%	9.2%	25.2%	
Gross Profit	**5,040**	**5,780**	**10,820**	**6,677**			**6,677**	**6,201**	**12,878**	
YoY	38.6%	73.0%	55.1%	32.5%			32.5%	7.3%	19.0%	
GPM	24.9%	23.6%	24.2%	22.8%			22.8%	23.2%	23.0%	
SG&A	4,881	5,141	10,022	5,478			5,478	5,400	10,878	
SG&A/Sales	24.1%	21.0%	22.4%	18.7%			18.7%	20.2%	19.4%	
Operating Profit	**159**	**639**	**798**	**1,199**	**471**	**1,670**	**1,199**	**801**	**2,000**	**-330**
YoY	-	-	-	653.9%	-26.3%	109.2%	653.9%	25.3%	150.6%	
OPM	0.8%	2.6%	1.8%	4.1%	1.6%	2.8%	4.1%	3.0%	3.6%	
Recurring Profit	**530**	**732**	**1,262**	**834**	**1,196**	**2,030**	**834**	**666**	**1,500**	**530**
YoY	-	-	-	57.3%	63.4%	60.8%	57.3%	-9.0%	18.8%	
RPM	2.6%	3.0%	2.8%	2.9%	4.0%	3.4%	2.9%	2.5%	2.7%	
Net Income	**694**	**698**	**1,392**	**355**	**-2,495**	**-2,140**	**355**	**445**	**800**	**-2,940**
YoY	-	-	-	-48.9%	-457.5%	-253.7%	-48.9%	-36.2%	-42.5%	

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

Reasons for the revisions

The company revised its forecasts for the following reasons: Growth in the electronics industry meant that sales of the company's products were robust. Operating profit may be lower than initially expected due to a fall in the price of silicon components for solar cells, leading to the booking of inventory losses as CoGS using the lower of cost and market accounting method. Recurring profit may increase due to higher forex gains from the weaker yen. And the company may book a net loss because of extraordinary losses from the disposal and decrease of facilities in the solar cell business.

Future outlook

Regarding solar cells, the integration of facilities in Shanghai and Hangzhou to the Yinchuan site is going smoothly. The company expects the Yinchuan facility to become profitable due to lower fixed costs from facility depreciation, and lower electricity and personnel expenses. It plans to use the available space in Shanghai and Hangzhou to expand production of raw materials for robust thermoelectric modules, and of DCB substrates for powered semiconductor devices. It is also planning to increase production of manufacturing equipment for ceramics products due to an increase in demand.

View the full report.

MONTHLY WRAP – June 2015

Fields Corp. (2767)

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

On **May 25, 2015**, Fields Corporation announced the nationwide launch of sales of *Biohazard 6*, a pachislot machine manufactured by Enterrise Co. This machine is scheduled to be installed in pachinko halls from July 2015 onward.

On **May 22, 2015**, the company announced the nationwide launch of sales of Evangelion: Kibo no Yari, a pachislot machine manufactured by Bisty Co. This machine is scheduled to be installed in pachinko halls from June 2015 onward.

View the full report.

MONTHLY WRAP – June 2015

Gamecard-Joyco Holdings, Inc. (6249)

Dominant pachinko machine prepaid-card system provider.

On **May 13, 2015**, Gamecard-Joyco Holdings, Inc. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,684	8,645	9,861	7,002	6,127	6,458	7,749	5,407	100.6%	25,600
YoY	-14.0%	-13.6%	-10.6%	-16.7%	-29.4%	-25.3%	-21.4%	-22.8%		-25.1%
Gross Profit	2,813	2,836	2,905	2,426	2,456	2,490	2,379	2,340		
YoY	-15.3%	-7.3%	-9.9%	6.4%	-12.7%	-12.2%	-18.1%	-3.5%		
GPM	32.4%	32.8%	29.5%	34.6%	40.1%	38.6%	30.7%	43.3%		
SG&A Expenses	1,834	2,076	2,272	3,034	1,855	2,361	1,889	2,743		
YoY	-11.6%	-5.2%	1.8%	11.5%	1.1%	13.7%	-16.9%	-9.6%		
SG&A / Sales	21.1%	24.0%	23.0%	43.3%	30.3%	36.6%	24.4%	50.7%		
Operating Profit	979	760	633	-608	601	129	489	-403	204.0%	400
YoY	-21.5%	-12.4%	-36.3%	-	-38.6%	-83.0%	-22.7%	-		-77.3%
OPM	11.3%	8.8%	6.4%	-	9.8%	2.0%	6.3%	-		1.6%
Recurring Profit	1,006	777	662	-596	616	134	501	-415	209.0%	400
YoY	-20.0%	-9.5%	-32.9%	-	-38.8%	-82.8%	-24.3%	-		-78.4%
RPM	11.6%	9.0%	6.7%	-	10.1%	2.1%	6.5%	-		1.6%
Net Income	616	444	274	-434	352	70	281	-410	293.0%	100
YoY	-13.0%	-26.4%	-55.2%	-	-42.9%	-84.2%	2.6%	-		-88.9%
NPM	7.1%	5.1%	2.8%	-	5.7%	1.1%	3.6%	-		0.4%

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

Source: Company data

The business environment remains difficult for pachinko halls, the company's main clients. The population of players is declining, and revenues are falling due to the entrenchment of low-price pachinko. Although the impact of the consumption tax hike on the operation of pachinko halls has been limited, pachinko halls have faced downward pressure on revenues owing to a failure to pass on the tax hike to customers.

Pachinko halls are increasingly cutting costs, and are cautious when making capex decisions such as new store openings and remodeling existing stores. This is especially true for new peripheral equipment purchases—many pachinko hall operators held out to see whether to adopt the card subtraction system or the ball subtraction system to pass on the consumption tax hike to customers, resulting in limited renewal capex demand (see below for information on the different methods of collecting consumption tax). There was a limited number of orders, and they were mostly concentrated on systems for passing on the consumption tax to customers. GCJ was preparing to be able to respond to orders for both types of system, but its launch of a ball subtraction system was delayed until later than June 2014, meaning it struggled to win orders.

Unit sales of equipment were down year-on-year, resulting in lower revenues. Card sales and system-usage fees also declined as competition drove prices down and the number of member stores fell as pachinko halls closed and went out of business in the face of difficult market conditions. As a result, overall sales and profits declined.

View the full report.

GCA Savvian Corp. (2174)

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

On **May 27, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance	FY12/14				FY12/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(Fund non-consolidated)								
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%	-	-	-
(Fund consolidated)								
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

Advisory business

Revenues: JPY1.6bn (-23.7% YoY)
Operating loss: JPY30mn (operating profit of JPY154mn in Q1 FY12/14).

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.

Against this background, the company sought to provide better M&A services for clients. The company hired senior bankers (with 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.

Outstanding orders remained high, but revenues and profits fell in Q1. This was mainly due to the timing of the closure of deals, revenues for many of which will be reported in Q2 or later. On April 1, 2015, the company closed on deals worth revenues of JPY780mn. If this amount were included, revenues would be JPY2.4bn (+14% YoY) and operating profit would be JPY749mn (+386% YoY). Major deals made up about 44% of revenues in Q1 FY12/15, down from 71% in FY12/14.

MONTHLY WRAP – June 2015

On **May 11, 2015,** GCA Savvian Corp. (GSC) announced the acquisition of treasury shares.

At a meeting of the board of directors on May 11, 2015, the company decided on the acquisition of treasury shares and the acquisition method.

Acquisition method
The company will use the May 11, 2015 closing price of JPY1,356, and purchase treasury shares on the Tokyo Stock Exchange at 8:45 am on May 12, via after-hours trading. The purchase will be limited to this trading time.

Details of the acquisition

Type of targeted stocks:	ordinary treasury shares
Total number of shares:	805,200 (3.01% of all issued shares)
Total amount:	JPY1.1bn

View the full report.

MONTHLY WRAP – June 2015

Grandy House Corp. (8999)

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

On **May 11, 2015**, Grandy House Corp. announced full-year earnings results for FY03/15.

Quarterly Performance (Cumulative)		FY03/14				FY03/15			FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	9,097	18,424	27,689	37,260	8,041	17,932	27,056	37,469	98.6%	38,000
YoY	11.7%	13.5%	14.1%	14.5%	-11.6%	-2.7%	-2.3%	0.6%		2.0%
Gross Profit	1,733	3,515	5,313	7,052	1,429	3,142	4,771	6,599		
YoY	11.5%	15.6%	16.9%	16.4%	-17.6%	-10.6%	-10.2%	-6.4%		
Gross Profit Margin	19.1%	19.1%	19.2%	18.9%	17.8%	17.5%	17.6%	17.6%		
SG&A	973	2,061	3,084	4,120	1,002	2,136	3,157	4,184		
YoY	9.4%	10.3%	10.1%	10.2%	3.0%	3.6%	2.4%	1.5%		
SG&A / Sales ratio	10.7%	11.2%	11.1%	11.1%	12.5%	11.9%	11.7%	11.2%		
Operating Profit	759	1,453	2,229	2,932	426	1,006	1,613	2,416	109.8%	2,200
YoY	14.4%	24.1%	27.8%	26.5%	-43.8%	-30.8%	-27.6%	-17.6%		-25.0%
Operating Profit Margin	8.3%	7.9%	8.1%	7.9%	5.3%	5.6%	6.0%	6.4%		5.8%
Recurring Profit	789	1,510	2,308	3,035	459	1,054	1,685	2,514	107.4%	2,340
YoY	19.3%	26.3%	28.5%	26.8%	-41.8%	-30.2%	-27.0%	-17.1%		-22.9%
Recurring Profit Margin	8.7%	8.2%	8.3%	8.1%	5.7%	5.9%	6.2%	6.7%		6.2%
Net Income	477	924	1,399	1,763	272	640	1,033	1,568	107.4%	1,460
YoY	24.3%	37.3%	35.5%	29.5%	-43.1%	-30.7%	-26.1%	-11.1%		-17.2%
Net Margin	5.2%	5.0%	5.1%	4.7%	3.4%	3.6%	3.8%	4.2%		3.8%

Quarterly Performance		FY03/14				FY03/15		
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	9,097	9,327	9,265	9,571	8,041	9,891	9,124	10,413
YoY	11.7%	15.4%	15.2%	15.7%	-11.6%	6.0%	-1.5%	8.8%
Gross Profit	1,733	1,781	1,799	1,739	1,429	1,713	1,629	1,829
YoY	11.5%	19.9%	19.4%	15.2%	-17.6%	-3.8%	-9.4%	5.2%
Gross Profit Margin	19.1%	19.1%	19.4%	18.2%	17.8%	17.3%	17.9%	17.6%
SG&A	973	1,088	1,023	1,036	1,002	1,134	1,021	1,026
YoY	9.4%	11.0%	9.6%	10.6%	3.0%	4.2%	-0.1%	-0.9%
SG&A / Sales ratio	10.7%	11.7%	11.0%	10.8%	12.5%	11.5%	11.2%	9.9%
Operating Profit	759	694	776	703	426	579	607	803
YoY	14.4%	37.1%	35.3%	22.7%	-43.8%	-16.5%	-21.7%	14.2%
Operating Profit Margin	8.3%	7.4%	8.4%	7.3%	5.3%	5.9%	6.7%	7.7%
Recurring Profit	789	721	797	727	459	595	631	829
YoY	19.3%	34.9%	32.8%	22.0%	-41.8%	-17.5%	-20.9%	14.1%
Recurring Profit Margin	8.7%	7.7%	8.6%	7.6%	5.7%	6.0%	6.9%	8.0%
Net Income	477	447	475	364	272	369	393	534
YoY	24.3%	54.9%	32.2%	10.5%	-43.1%	-17.4%	-17.4%	47.0%
Net Margin	5.2%	4.8%	5.1%	3.8%	3.4%	3.7%	4.3%	5.1%

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

The pullback following the rush to beat the consumption tax hike was pronounced in the housing industry, resulting in difficult conditions for orders. For example, new housing starts declined year-on-year for 12 months in a row until February 2015. Still, policies designed to ease the burden of the consumption tax hike on housing buyers propped up demand, and the lowest ever mortgage rates continued. As a result, there were signs that housing starts were picking up toward the end of the year, and expectations are growing for a recovery in demand.

According to the company, it focused on sales of new houses, in a bid to strengthen its core business (real estate sales). In Chiba—an area of focus in FY03/15—sales growth was mostly in line with targets. In existing sales areas also, the company opened new stores and built showrooms in order to hold onto market share. In September 2014, the company achieved its 10,000th sale since beginning the sale of new homes in 1996.

Despite these initiatives, new home sales remained sluggish in 1H, hit by the prolonged impact of the consumption tax hike. But results steadily picked up from summer onward, as the effect of the tax hike lessened. New home sales recovered to hit the company's highest quarterly level ever in Q4, also marking a record annual figure of 1,170 homes.

MONTHLY WRAP – June 2015

On **the same day**, the company announced a change to its dividend policy.

Through the year-end dividend for FY03/15, the company's policy was to increase the dividend amount in line with earnings growth, in order to maintain a stable dividend. From FY03/16, however, the company has changed its basic policy to pay a dividend proportional to earnings. Specifically, the government aims for a consolidated dividend payout ratio of 20%. As a result, the company plans to pay a dividend of JPY12.0 in FY03/16 (dividend payout ratio of 20.3%).

View the full report.

MONTHLY WRAP – June 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 **May 15, 2015**, Gulliver International Co., Ltd. announced monthly sales data for April 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%
FY02/16	23,716	18,747	-	-	-	-	-	-	-	-	-	-	42,463
YoY	9.9%	61.1%	-	-	-	-	-	-	-	-	-	-	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%
FY02/16	7,944	5,338	-	-	-	-	-	-	-	-	-	-	13,282
YoY	13.4%	76.3%	-	-	-	-	-	-	-	-	-	-	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%
FY02/16	15,772	13,409	-	-	-	-	-	-	-	-	-	-	29,181
YoY	8.2%	55.7%	-	-	-	-	-	-	-	-	-	-	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
FY02/16	466	461	-	-	-	-	-	-	-	-	-	-	466
Directly managed	359	362											359
Franchisee	107	99											107
YoY (directly managed)	+51	+54											+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

View the full report.

MONTHLY WRAP – June 2015

Happinet Corporation (7552)

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

On **May 13, 2015**, Happinet Corp. announced full-year FY03/15 earnings results.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	36,172	51,199	78,090	41,406	40,039	53,398	80,890	42,905	101.0%	215,000
YoY	-2.0%	30.2%	27.0%	6.0%	10.7%	4.3%	3.6%	3.6%		3.9%
Gross Profit	5,020	5,763	8,023	5,233	5,559	6,457	8,701	5,435		
YoY	-3.5%	15.5%	10.7%	3.4%	10.7%	12.0%	8.5%	3.9%		
GPM	13.9%	11.3%	10.3%	12.6%	13.9%	12.1%	10.8%	12.7%		
SG&A	4,416	4,815	5,551	5,368	4,728	4,925	5,915	5,527		
YoY	-0.5%	1.4%	5.2%	5.9%	7.1%	2.3%	6.6%	3.0%		
SG&A / Sales	12.2%	9.4%	7.1%	13.0%	11.8%	9.2%	7.3%	12.9%		
Operating Profit	604	947	2,472	-135	831	1,531	2,787	-93	101.1%	5,000
YoY	-21.1%	292.9%	25.2%	-	37.6%	61.7%	12.7%	-31.1%		28.6%
OPM	1.7%	1.8%	3.2%	-	2.1%	2.9%	3.4%	-		2.3%
Recurring Profit	614	965	2,483	-145	863	1,550	2,806	-95	102.5%	5,000
YoY	-23.6%	260.1%	23.9%	-	40.6%	60.6%	13.0%	-34.5%		27.6%
RPM	1.7%	1.9%	3.2%	-	2.2%	2.9%	3.5%	-		2.3%
Net Income	260	1,115	1,248	-157	928	886	2,181	54	115.7%	3,500
YoY	-49.9%	486.8%	-3.0%	-	256.9%	-20.5%	74.8%	-134.4%		41.9%
NPM	0.7%	2.2%	1.6%	-	2.3%	1.7%	2.7%	0.1%		1.6%

Source: Company data

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

View the full report.

MONTHLY WRAP – June 2015

Harmonic Drive Systems (6324)

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

On **May 12, 2015**, Harmonic Drive Systems Inc. (HDSI) announced full-year FY03/15 earnings results and a new medium-term management plan through FY03/18.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	**4,957**	**4,890**	**4,158**	**4,126**	**4,969**	**5,443**	**5,475**	**5,197**	**6,155**	**6,545**	**6,493**	**6,758**	**99.8%**	**26,000**
Reducers	3,958	3,871	3,398	3,260	3,860	4,270	4,342	4,047	5,047	5,405	5,384	5,467		
Mechatronics	1,000	1,019	760	866	1,108	1,173	1,133	1,150	1,108	1,140	1,109	1,292		
Japan	4,222	4,131	3,543	3,466	4,228	4,567	4,685	4,420	5,382	5,682	5,644	5,826		
North America	735	759	615	660	741	876	790	777	773	863	849	932		
YoY	-11.8%	-10.9%	-8.0%	-9.0%	0.2%	11.3%	31.7%	26.0%	23.9%	20.2%	18.6%	30.0%		23.3%
Reducers	-12.9%	-12.3%	-5.4%	-6.8%	-2.5%	10.3%	27.8%	24.2%	30.8%	26.6%	24.0%	35.1%		
Mechatronics	-7.0%	-4.7%	-18.2%	-16.6%	10.9%	15.2%	49.2%	32.8%	-0.1%	-2.8%	-2.1%	12.3%		
Japan	-12.0%	-11.5%	-4.6%	-12.3%	0.1%	10.6%	32.2%	27.5%	27.3%	24.4%	20.5%	31.8%		
North America	-10.4%	-7.5%	-23.6%	13.4%	0.8%	15.4%	28.5%	17.8%	4.3%	-1.5%	7.4%	20.0%		
Gross Profit	**2,119**	**2,070**	**1,665**	**1,515**	**2,172**	**2,430**	**2,436**	**2,080**	**2,797**	**3,237**	**2,977**	**3,110**		
YoY	-12.5%	-12.4%	-3.8%	-15.0%	2.5%	17.4%	46.3%	37.3%	28.8%	33.2%	22.2%	49.5%		
GPM	42.7%	42.3%	40.1%	36.7%	43.7%	44.6%	44.5%	40.0%	45.4%	49.5%	45.9%	46.0%		
SG&A Expenses	**976**	**996**	**1,037**	**924**	**1,079**	**1,118**	**1,102**	**1,151**	**1,189**	**1,213**	**1,312**	**1,342**		
YoY	-4.3%	0.2%	6.7%	-5.6%	10.6%	12.3%	6.3%	24.6%	10.2%	8.4%	19.1%	16.6%		
SG&A / Sales	19.7%	20.4%	24.9%	22.4%	21.7%	20.5%	20.1%	22.1%	19.3%	18.5%	20.2%	19.9%		
Operating Profit	**1,143**	**1,074**	**628**	**591**	**1,093**	**1,312**	**1,334**	**929**	**1,608**	**2,025**	**1,665**	**1,768**	**96.1%**	**7,350**
YoY	-18.4%	-21.6%	-17.2%	-26.5%	-4.3%	22.1%	112.2%	57.3%	47.1%	54.4%	24.9%	90.3%		57.5%
OPM	23.1%	22.0%	15.1%	14.3%	22.0%	24.1%	24.4%	17.9%	26.1%	30.9%	25.6%	26.2%		28.3%
Recurring Profit	**1,183**	**1,025**	**698**	**670**	**1,196**	**1,362**	**1,364**	**902**	**1,796**	**2,091**	**1,805**	**1,834**	**97.4%**	**7,730**
Japan	1,422	1,105	855	752	1,397	1,402	1,570	1,155	2,046	2,112	1,933	1,985		
North America	70	85	55	84	75	109	57	29	30	97	110	129		
Europe	17	-4	19	79	83	56	-29	-11	116	81	71	12		
Eliminations, company-wide	-326	-160	-231	-246	-359	-205	-234	-271	-396	-199	-308	-292		
YoY	-20.8%	-28.3%	-22.1%	15.9%	1.0%	32.8%	95.4%	34.7%	50.2%	53.5%	32.4%	103.4%		60.3%
Japan	-12.9%	-21.3%	2.3%	-15.2%	-1.8%	26.8%	83.7%	53.5%	46.4%	50.7%	23.1%	71.9%		
North America	-56.8%	-43.0%	-61.1%	670.9%	6.4%	28.8%	3.2%	-65.7%	-60.5%	-11.3%	93.5%	343.1%		
RPM	23.9%	21.0%	16.8%	16.2%	24.1%	25.0%	24.9%	17.3%	29.2%	31.9%	27.8%	27.1%		29.7%
Japan	33.7%	26.8%	24.1%	21.7%	33.0%	30.7%	33.5%	26.1%	38.0%	37.2%	34.2%	34.1%		
North America	9.6%	11.2%	9.0%	12.8%	10.1%	12.4%	7.2%	3.7%	3.8%	11.2%	13.0%	13.8%		
Net Income	**722**	**481**	**380**	**378**	**759**	**870**	**843**	**522**	**1,113**	**1,370**	**1,176**	**1,175**	**98.6%**	**4,900**
YoY	-4.6%	-34.9%	-23.6%	157.4%	5.2%	80.9%	121.8%	37.9%	46.7%	57.5%	39.5%	125.1%		63.7%
NPM	14.6%	9.8%	9.1%	9.2%	15.3%	16.0%	15.4%	10.0%	18.1%	20.9%	18.1%	17.4%		18.8%
Orders	5,361	4,313	4,098	4,414	5,316	5,323	5,282	6,400	7,015	6,008	6,715	7,750		
Parent	4,732	3,707	3,763	4,077	4,647	4,693	4,537	5,966	6,260	5,247	5,815	6,884		
Difference	629	606	335	337	669	630	745	434	755	761	900	866		
YoY	-12.3%	-8.3%	6.1%	-4.0%	-0.8%	23.4%	28.9%	45.0%	31.9%	12.9%	27.1%	21.1%		
Parent	-10.0%	-12.8%	9.0%	-6.7%	-1.8%	26.6%	20.6%	46.3%	34.7%	11.8%	28.2%	15.4%		
Difference	-26.9%	33.8%	-18.2%	50.0%	6.4%	4.0%	122.3%	28.8%	12.8%	20.8%	20.8%	99.4%		
Order backlog	3,270	2,659	2,582	2,962	3,387	3,321	3,119	4,400	5,224	4,677	5,005	6,186		

Quarterly sales and orders (parent)	FY03/13				FY03/14				FY03/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	**4,442**	**4,237**	**3,761**	**3,717**	**4,416**	**4,673**	**4,853**	**4,640**	**5,584**	**5,781**	**5,804**	**5,858**
Semiconductor production equipment	544	417	325	404	483	538	635	572	525	538	562	519
Flat panel displays	229	201	191	315	462	364	355	318	245	366	405	301
Industrial robot applications	1,687	1,700	1,220	1,276	1,278	1,629	1,521	1,628	2,606	2,491	2,244	2,599
Gear heads (for electric motor makers)	331	267	220	261	285	377	350	373	323	318	388	425
Machine tools	311	277	334	310	304	280	351	350	359	391	424	402
Oil-Drilling Equipment	243	232	282	86	285	273	255	180	376	403	435	235
Others	1,095	1,143	1,187	1,063	1,315	1,211	1,383	1,218	1,147	1,271	1,343	1,375
YoY	**-13.4%**	**-14.0%**	**-3.2%**	**-9.9%**	**-0.6%**	**10.3%**	**29.0%**	**24.8%**	**26.4%**	**23.7%**	**19.6%**	**26.3%**
Semiconductor production equipment	-18.4%	-28.1%	-30.4%	-30.9%	-11.2%	29.0%	95.4%	41.6%	8.7%	0.0%	-11.5%	-9.3%
Flat panel displays	-58.1%	-35.0%	-8.2%	62.4%	101.7%	81.1%	85.9%	1.0%	-47.0%	0.5%	14.1%	-5.3%
Industrial robot applications	-8.5%	-13.7%	-14.6%	-5.6%	-24.2%	-4.2%	24.7%	27.6%	103.9%	52.9%	47.5%	59.6%
Gear heads (for electric motor makers)	-11.0%	-23.9%	-20.9%	-16.1%	-13.9%	41.2%	59.1%	42.9%	13.3%	-15.6%	10.9%	13.9%
Machine tools	-8.3%	-21.3%	9.2%	-8.0%	-2.3%	1.1%	5.1%	12.9%	18.1%	39.6%	20.8%	14.9%
Oil-Drilling Equipment	120.9%	77.1%	67.9%	-53.5%	17.3%	17.7%	-9.6%	109.3%	31.9%	47.6%	70.6%	30.6%
Others	-12.0%	-7.2%	15.6%	-8.5%	20.1%	5.9%	16.5%	14.6%	-12.8%	5.0%	-2.9%	12.9%
Orders	**4,732**	**3,707**	**3,763**	**4,077**	**4,647**	**4,693**	**4,537**	**5,966**	**6,260**	**5,247**	**5,815**	**6,884**
Semiconductor production equipment	491	351	337	449	510	597	629	565	558	510	521	698
Flat panel displays	243	183	239	379	471	381	289	276	433	334	304	443
Industrial robot applications	1,853	1,370	1,349	1,179	1,478	1,609	1,463	2,685	2,854	1,946	2,722	2,720
Gear heads (for electric motor makers)	335	225	239	241	344	375	354	351	340	344	372	607
Machine tools	272	304	320	311	271	319	364	334	401	424	363	709
Oil-Drilling Equipment	354	180	132	377	223	178	174	370	397	495	231	170
Others	1,181	1,094	1,145	1,137	1,349	1,231	1,261	1,382	1,274	1,189	1,300	1,534
YoY	**-10.0%**	**-12.8%**	**9.0%**	**-6.7%**	**-1.8%**	**26.6%**	**20.6%**	**46.3%**	**34.7%**	**11.8%**	**28.2%**	**15.4%**
Semiconductor production equipment	-22.6%	-22.0%	-36.1%	-22.0%	3.9%	70.1%	86.6%	25.8%	9.4%	-14.6%	-17.2%	23.5%
Flat panel displays	-48.3%	-27.1%	47.5%	89.5%	93.8%	108.2%	20.9%	-27.2%	-8.1%	-12.3%	5.2%	60.5%
Industrial robot applications	-11.0%	-16.2%	18.5%	-23.8%	-20.2%	17.4%	8.5%	127.7%	93.1%	20.9%	86.1%	1.3%
Gear heads (for electric motor makers)	-17.9%	-28.8%	-13.7%	-26.1%	2.7%	66.7%	48.1%	45.6%	-1.2%	-8.3%	5.1%	72.9%
Machine tools	-13.7%	-9.5%	1.3%	-5.5%	-0.4%	4.9%	13.8%	7.4%	48.0%	32.9%	-0.3%	112.3%
Oil-Drilling Equipment	200.0%	-10.9%	230.0%	61.8%	-37.0%	-1.1%	31.8%	-1.9%	78.0%	178.1%	32.8%	-54.1%
Others	-3.5%	3.2%	15.8%	-1.7%	14.2%	12.5%	10.1%	21.5%	-5.6%	-3.4%	3.1%	11.0%

Figures may differ from company materials due to differences in rounding methods.
Source: Company data
*Q4 FY03/15 figures are calculated by subtracting cumulative Q3 results from full-year company forecasts.

MONTHLY WRAP – June 2015

Business conditions were favorable throughout the year. Specifically, manufacturing industry capex was robust in developed economies, while demand for automation and labor saving increased in emerging markets.

Parts for industrial robots to continue driving earnings

In FY03/16, sales of parts for industrial robots are expected to continue growing on demands for automation and labor saving in Asian emerging economies, starting with China. Sales of parts for semiconductor manufacturing equipment and machine tools are also expected to grow. The company plans to expand both its target markets and applications through more sophisticated "total motion control" and by providing products and services that meet user needs.

New medium-term management plan (FY15–17)

In order to realize further growth and enhance its business structure, the company prepared a long-term vision through FY03/21 and a new medium-term management plan (FY03/15–17). The company aims to raise its presence in the motion control industry by enhancing its business structure and the competitiveness of the group's three main products (mechatronics products, precision planetary gear reducers, wave gear devices).

Targets for FY03/18, the final year of this plan, include sales of JPY35.0bn, operating profit of JPY9.5bn, and net income of JPY7.0bn. The company also aims to maintain ROE of more than 10% through efforts to increase profits. Its dividend policy is to implement a dividend payout ratio of 30% net income. However, it will change the basis for this payout ratio from parent to group net income from FY03/16.

View the full report.

MONTHLY WRAP – June 2015

Hearts United Group Co., Ltd. (3676)

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

On **May 11, 2015**, Hearts United Group Co., Ltd. announced earnings results for full-year FY03/15. The company also announced a share buyback (up to 600,000 shares [5.0% of total shares outstanding], with a total acquisition amount of up to JPY1.0bn, an acquisition period from May 12–July 31, 2015), and the sale of shares in subsidiary Aetas, Inc. The company plans to sell the shares in this subsidiary to Shochiku Broadcasting Co., Ltd., leaving it with a stake of 51% (100% prior to the sale). The transfer is planned for June 2015.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	**1,346**	**1,633**	**1,953**	**1,955**	**2,118**	**2,541**	**2,901**	**2,577**	**3,103**	**3,096**	**3,557**	**3,529**	**98.4%**	**13,500**
Debugging	1,287	1,563	1,815	1,716	1,884	2,279	2,562	2,073	2,284	2,246	2,621	2,661	98.4%	9,967
Consumer games	563	642	849	619	713	903	1,009	768	774	916	982	932		
Digital solutions	362	447	549	582	620	765	821	810	833	864	1,062	1,176		
Amusement	362	473	413	503	551	611	732	495	674	468	577	553		
Media	-	-	55	120	124	145	115	99	120	116	137	132	100.4%	502
Creative									395	416	453	412	94.2%	1,779
Others	60	72	84	130	126	129	217	408	309	330	355	338	106.5%	1,252
Adjustments, Eliminations	-2	-2	-2	-11	-17	-3	-3	-2	-5	-12	-9	-14		
YoY														**33.2%**
Debugging	40.9%	-8.3%	17.6%	41.5%	46.3%	45.8%	41.1%	20.8%	21.2%	-1.5%	2.3%	28.4%		
Consumer games	46.2%	-34.2%	3.1%	18.1%	26.6%	40.7%	18.8%	24.1%	8.6%	1.5%	-2.6%	21.3%		
Digital solutions	36.8%	59.7%	79.4%	104.6%	71.6%	71.2%	49.6%	39.1%	34.3%	12.8%	29.3%	45.3%		
Amusement	37.3%	5.4%	-0.2%	24.6%	52.1%	29.1%	77.2%	-1.7%	22.4%	-23.3%	-21.2%	11.7%		
Media	-	-	-	-	-	-	107.6%	-17.5%	-3.9%	-20.1%	19.2%	32.8%		
Creative	-	-	-	-	-	-	-	-	-	-	-	-		
Others	-	11,479.8%	775.3%	5,682.1%	109.0%	80.7%	160.0%	213.8%	145.4%	155.5%	63.5%	-17.1%		
Gross profit	**431**	**565**	**692**	**661**	**733**	**910**	**1,066**	**775**	**954**	**938**	**1,116**	**940**		
GPM	**32.1%**	**34.6%**	**35.4%**	**33.8%**	**34.6%**	**35.8%**	**36.8%**	**30.1%**	**30.7%**	**30.3%**	**31.4%**	**26.6%**		
SG&A	305	339	341	370	403	381	464	457	632	537	612	650		
YoY	24.3%	23.5%	24.2%	25.3%	31.9%	12.5%	36.1%	23.3%	57.1%	40.8%	31.9%	42.5%		
SG&A/Sales	22.7%	20.7%	17.4%	18.9%	19.0%	15.0%	16.0%	17.7%	20.4%	17.3%	17.2%	18.4%		
Operating profit	**126**	**226**	**351**	**291**	**330**	**529**	**603**	**319**	**321**	**402**	**504**	**290**	**85.0%**	**1,785**
Debugging	324	430	523	465	546	713	874	499	545	572	613	646		
Media	-	-	18	9	10	20	9	-4	1	-1	21	11		
Creative	-	-	-	-	-	-	-	-	-123	-84	-37	-253		
Others	-37	-28	-21	-13	-30	-15	-9	8	9	16	16	12		
Eliminations	-161	-175	-169	-171	-196	-186	-275	-184	-111	-101	-109	-127		
YoY	**99.2%**	**-43.7%**	**20.3%**	**278.0%**	**161.5%**	**133.9%**	**71.6%**	**9.8%**	**-2.6%**	**-24.1%**	**-16.3%**	**-9.2%**		**0.2%**
Debugging	-	-	-	77.2%	68.3%	65.9%	66.9%	7.4%	19.3%	-8.6%	-8.3%	-8.5%		
Media	-	-	-	-	-	-	-49.1%	-	-92.0%	-	122.3%	-		
Creative	-	-	-	-	-	-	-	-	-	-	-	-		
Others	-	-	-	-	-	-	-	-	-	-	-	-		
OPM	**9.4%**	**13.8%**	**18.0%**	**14.9%**	**15.6%**	**20.8%**	**20.8%**	**12.4%**	**10.4%**	**13.0%**	**14.2%**	**8.2%**		**13.2%**
Debugging	25.2%	27.5%	28.8%	27.1%	29.0%	31.3%	34.1%	24.1%	23.9%	25.5%	23.4%	24.3%		
Media	-	-	33.2%	7.8%	7.7%	14.0%	8.1%	-3.9%	0.6%	-0.6%	15.2%	8.6%		
Creative	-	-	-	-	-	-	-	-	-31.1%	-20.2%	-8.2%	-61.4%		
Others	-60.8%	-39.7%	-25.5%	-9.9%	-23.7%	-11.6%	-4.0%	1.9%	2.8%	4.8%	4.5%	3.5%		
Recurring profit	**132**	**224**	**349**	**290**	**328**	**531**	**601**	**328**	**318**	**401**	**501**	**305**	**86.6%**	**1,762**
YoY	105.7%	-43.7%	29.6%	291.2%	147.9%	136.7%	72.1%	13.0%	-3.0%	-24.5%	-16.6%	-7.0%		-1.5%
Net income	**76**	**121**	**196**	**187**	**178**	**324**	**353**	**232**	**135**	**206**	**256**	**-58**	**57.2%**	**944**
YoY	113.1%	-42.1%	40.2%	230.7%	136.0%	167.8%	80.3%	24.1%	-24.1%	-36.4%	-27.5%	-		-13.2%

Source: Company data
The company changed the distribution of costs between segments in FY03/15.
Based on the former method for distributing costs, operating profit fell JPY155mn in the Debugging segment in Q1 FY03/15 and JPY116mn in Q2 FY03/15.
Year-on-year figures for Q1 and Q2 FY03/15 are calculated utilizing retroactively adjusted operating profit of the segment.
Segment sales include intragroup eliminations.

Missed targets owing to unprofitable projects ordered in 1H in the Creative segment

HUG previously announced downward revisions to earnings forecasts in Q3, yet it still missed these revised forecasts. The main reason for the downward revisions in Q3 was a slump in sales to the amusement industry in the Debugging segment and Creative segment caused by deteriorating conditions in that industry. According to the company, the main reason results underperformed revised targets was unprofitable projects ordered in 1H in the Creative segment. Also, net income underperformed the target owing to a reversal of deferred tax assets, resulting in a recognition of income-taxes deferred of JPY216mn.

MONTHLY WRAP – June 2015

Looking toward FY03/16

In FY03/16, the company expects sales of JPY16.0bn (+20.7% YoY), and operating profit of JPY2.3bn (+48.4% YoY). In the medium-term plan announced in November 2013 and ending in FY03/17, the company set sales targets of JPY15bn and JPY22bn in FY03/15 and FY03/16 respectively. Differences arose between full-year targets for FY03/16 and the targets in the medium-term plan because the company factored in growth assumptions from M&A into the medium-term plan.

As it looks to continue achieving its medium-term targets, the company plans to maintain flexible, efficient management appropriate to market conditions, and expand in scale.

Debugging segment
In the consumer market, game development is expected to increase as new hardware becomes more popular. In the mobile contents market, development demand for smartphone games is trending upward, mainly for native app games. Market conditions are fluid in the amusement market, but development by manufacturers is picking up, so the outlook for the restart of development of new machines looks promising. Amid these market conditions, the company expects further growth in the Debugging segment.

HUG is also focusing on system testing and outsourced debugging in the auto industry—two areas where there is significant growth potential. It also plans to accelerate business development outside the entertainment industry. In addition, the company plans to capitalize on debugging demand overseas, mainly in North America and Asia, while also focusing on peripheral services, such as global support for clients both in Japan and abroad.

Media segment
The company is targeting sustainable growth through the comprehensive games information website, 4Gamer.net. It also plans to expand its range of businesses in this segment.

Creative segment
As LCD screens become larger and image quality improves, development demand is growing for consumer games, mobile games, and pachinko and pachislot games. As a result, HUG expects outsourcing demand for development processes to increase. Still, as the scale of the projects increases, the company becomes more vulnerable to external factors. So it is shifting its earnings structure to one focused on small and medium-size video production and game development, in order to reduce its exposure to the pachinko and pachislot market.

Other
In response to growing demand for system development as corporate earnings pick up, the company is focusing on coordination between the Debugging segment and system testing business, which are highly compatible. The aim is to leverage synergies to scale up the business.

View the full report.

MONTHLY WRAP – June 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 **May 19, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance	FY12/13				FY12/14				FY12/15		FY12/15		FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales	1,006	1,060	1,110	1,163	1,157	1,207	1,267	1,349	1,310		47.1%	2,783	22.0%	5,948
YoY	14.9%	15.5%	14.9%	13.6%	15.1%	13.8%	14.1%	16.0%	13.2%			17.7%		19.5%
Gross Profit	679	718	742	710	886	924	979	1,046	988		47.8%	2,066	22.1%	4,473
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%
SG&A Expenses	432	434	442	447	463	507	432	488	477		44.9%	1,063	21.8%	2,190
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%
Operating Profit	247	284	300	263	424	418	546	558	512		51.0%	1,003	22.4%	2,283
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%
Recurring Profit	253	286	297	270	419	415	556	572	511		51.1%	1,001	22.4%	2,279
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%
Net Income	155	167	177	133	244	260	344	330	307		49.9%	616	21.9%	1,404
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%

Source: Company data

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

Clients up for ASP Ordering System; double-digit growth for ASP Food Standards Database

Sales totaled JPY1.3bn, a year-on-year increase of JPY153mn (13.2%), as the number of clients using the mainstay ASP Ordering System increased, and the ASP Food Standards Database continued to perform well, resulting in increases in usage fees from both systems.

Vs. targets: set-up fees for ASP Invoicing system delayed; other businesses making up for it

Sales missed the company's target because the recognition of some revenue (initial fees) from the ASP Invoicing System was delayed until Q2 or later. According to the company, however, there is no cause for concern, as the number of clients is steadily increasing and sales efforts are progressing well. The company plans to continue promoting its products to major companies in the food industry and other industries.

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.

Tie-ups between B2B platforms and other sales management and accounting systems

In April 2015, the company announced that it had strengthened the system coordination between its ASP B2B systems and other companies' sales management and accounting systems. For example, this means sales systems can easily accept order data from Infomart systems, and accounting systems can automatically journalize invoice data.

As of April 2015, the company has tie-ups with 19 companies providing a total of 24 systems. It appears that making its systems more compatible with existing systems is part of a strategy to increase the popularity of its mainstay ordering system and B2B platforms in the ES System segment.

View the full report.

MONTHLY WRAP – June 2015

Intelligent Wave Inc. (4847)

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

On **May 19, 2015**, Intelligent Wave Inc. (IWI) and its parent company Dai Nippon Printing Co., Ltd. (TSE1: 7912) announced a distributor agreement with Palo Alto Networks, Inc. (the US), and the launch of sales of Traps, a software for protecting corporate networks from targeted cyber-attacks.

Cyber-attacks have become increasingly sophisticated in recent years as targeted attacks have proliferated. In these attacks, corporate and employee names, internal events, and other internal information is used to send malware to corporate networks and steal important data. Traditional PC anti-virus software and firewalls designed to block intruders from outside the network often struggle to detect these attacks.

IWI has been accumulating the technology and experience to support the operation of Traps by introducing it at a major domestic financial institution at the end of December 2014, and by using it in-house. The company plans to utilize this experience as it sells Traps and offers technical support in the domestic market. IWI and Dai Nippon Printing are targeting cumulative sales of about JPY2bn through FY06/17 from the sale of Traps and related cyber-security products.

On **May 8, 2015**, the company announced earnings results for Q3 FY06/15.

Quarterly performance	FY06/14				FY06/15				FY06/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	1,279	1,776	1,983	1,521	1,426	1,418	1,458	-		
YoY	40.4%	0.6%	9.4%	10.0%	11.5%	-20.2%	-26.5%			
Gross profit	28	465	453	397	392	403	414			
GPM	2.2%	26.2%	22.8%	26.1%	27.5%	28.5%	28.4%			
SG&A expenses	298	297	297	304	298	314	314			
YoY	-0.5%	4.9%	10.9%	1.1%	-0.2%	5.8%	5.9%			
Operating profit	-270	167	156	93	95	89	100	-		
YoY	-	-	83.5%	29.2%	-	-46.8%	-36.1%			
OPM	-21.1%	9.4%	7.9%	6.1%	6.6%	6.3%	6.8%			
Recurring profit	-268	180	162	110	92	92	110	-		
YoY	-	-	82.8%	-29.4%	-	-48.9%	-32.4%			
Net income	-246	174	92	67	61	185	44	-		
YoY	-	-	-1.5%	-83.0%	-	6.4%	-52.6%			
Cumulative	**Q1**	**1H**	**Q3**	**2H**	**Q1**	**1H**	**Q3**	**2H**	**% of FY**	**FY Est.**
Sales	1,279	3,055	5,038	6,558	1,426	2,845	4,302	-	67.2%	6,400
YoY	40.4%	14.1%	12.2%	11.7%	11.5%	-6.9%	-14.6%			-2.4%
Gross profit	28	492	945	1,342	392	796	1,210			
GPM	2.2%	16.1%	18.8%	20.5%	27.5%	28.0%	28.1%			
SG&A expenses	298	595	892	1,196	298	612	926			
YoY	-0.5%	2.1%	4.9%	3.9%	-0.2%	2.8%	3.8%			
Operating profit	-270	-103	53	146	95	184	283	-	74.6%	380
YoY	-	-	-	-	-	-	435.4%			161.1%
OPM	-	-	1.1%	2.2%	6.6%	6.5%	6.6%			5.9%
Recurring profit	-268	-88	74	184	92	184	294	-	73.4%	400
YoY	-	-	-	-	-	-	295.7%			117.5%
Net income	-246	-72	20	87	61	245	289	-	76.0%	380
YoY	-	-	-	-	-	-	-			338.1%

Source: Company data

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

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

For the year to Q3 FY06/15 (consolidated), IWI booked sales of JPY4.3bn (-14.6% YoY), operating profit of JPY283mn (operating profit of JPY52mn in Q3 FY06/14), recurring profit of JPY293mn (recurring profit of JPY74mn in Q3 FY06/14), and net income in Q3 of JPY288mn (net profit of JPY20mn in Q3 FY06/14). Net income was higher due to a JPY130mn reduction in tax expenses, caused by the recording of a portion of losses on valuation of investment securities as losses from a taxation perspective.

MONTHLY WRAP – June 2015

In the credit card industry (IWI's main business area), in addition to system updates and replacements, there was an increase in negotiations for capex projects as the range of payment methods increases and tourists numbers from overseas increase. The company has seized upon this opportunity to conduct sales activities.

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

IWI also worked on development of systems for using foreign cash cards in domestic ATMs, and systems for issuing and using new branded debit cards. The company also actively pursued sales opportunities to sell system tools for securities companies to manage quality and performance of their networks, and in the information security market, to increase its handling of strong foreign products and improve sales to domestic companies.

In Q1 FY06/15, IWI changed its reporting segments. Segment comparisons and analysis are based on the new segments.

View the full report.

Itochu Enex Co., Ltd. (8133)

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

On **May 18, 2015**, Itochu Enex Co., Ltd. announced the joint establishment of N-REIF1 Investment LLP, together with Sumitomo Mitsui Trust Bank, Ltd. and Sumitomo Mitsui Trust Investment Co., Ltd. The purpose of N-REIF1 will be to invest in renewable energy businesses, with a focus on domestic solar power.

Key points

The new fund aims to grow assets under management by building a track record of investments in renewable energy projects, particularly solar power projects. In the future, the fund plans to expand its area of focus to other renewable energies, including biomass energy and wind power. The fund may also create an investment product for listing on the infrastructure fund market of the Tokyo Stock Exchange established in April 2015, as part of its aim to develop investment products for pension funds, retail investors, and institutional investors seeking stable interest and dividend income.

Overview of the fund

Total committed capital is JPY5.0bn. Itochu Enex and Sumitomo Mitsui Trust Investment will be general partners; Sumitomo Mitsui Trust Bank will be a limited partner.

On **May 14, 2015**, the company announced a medium-term management plan.

The company has formed a medium-term management plan for the two years between FY03/16 and FY03/17.

The plan includes boosting sales and profits, preparing for long-term growth strategy, and reforming structure. Targets for FY03/17 include operating profit of JPY20bn, net income of JPY10bn, and ROE of 9.0% or higher.

To grow sales and profits, the company aims to go on the offensive and strengthen the structure of the oil business, expand and improve profitability in the gas business, and improve the foundation and prepare for liberalization in its Power and Utility Division. To prepare for long-term growth strategies, it plans to establish and pursue synergies with peripheral businesses, quickly establish and expand overseas businesses, and seek strategic alliances with other companies, as well as rapid profitability. To reform its structure, it plans to encourage grassroots decisions and a merchant way of thinking, cultivate and diversify skilled personnel, and implement logical and bold management.

MONTHLY WRAP – June 2015

Targets (JPYbn)	FY03/13 Act.	FY03/14 Act.	FY03/15 Act.	FY03/16 Est.	FY03/17 Target	Vs. FY03/15 Dif.	Avg. growth
Sales	1,430.7	1,506.6	1,373.4	1,350.0	1,370.0	-3.4	-0.1%
Home-Life	109.6	126.8	111.6	108.6	119.4	7.8	3.4%
Car-Life	561.4	612.3	638.8	649.0	594.1	-44.7	-3.6%
Power and Utility	25.6	36.4	38.7	56.0	63.4	24.7	27.9%
Sales volume ('000MWh)	771	1,097	1,055	1,700	2,200	1,145	44.4%
Retail	80	231	409	1,000	1,700	1,291	103.9%
Retail composition	10%	21%	39%	59%	77%	39%	41.2%
Energy Trade	733.2	730.5	584.1	535.7	590.0	5.9	0.5%
Operating profit	12.7	11.9	13.1	16.8	20.0	6.9	23.6%
Home-Life	4.4	4.7	2.9	5.2	5.7	2.8	40.2%
Car-Life	4.0	2.4	4.5	4.9	6.0	1.5	15.5%
Power and Utility	1.8	2.4	3.0	3.2	4.3	1.3	19.7%
Energy Trade	3.7	2.3	2.7	3.6	3.9	1.2	20.2%
OPM	0.9%	0.8%	1.0%	1.2%	1.5%		
Home-Life	4.0%	3.7%	2.6%	4.8%	4.8%		
Car-Life	0.7%	0.4%	0.7%	0.8%	1.0%		
Power and Utility	7.0%	6.6%	7.7%	5.7%	6.8%		
Energy Trade	0.5%	0.3%	0.5%	0.7%	0.7%		
Net income	6.5	7.1	5.5	8.2	10.0	4.5	34.8%
ROE	7.5%	7.8%	5.7%	8.2%	9.4%	3.7%	27.9%
Profit margins	0.5%	0.5%	0.4%	0.6%	0.4%	-0.0%	-
Total asset turnover ratio	4.5	4.7	4.2	4.1	4.0	-0.2	-
Financial leverage	3.5	3.4	3.4	3.3	3.2	-0.2	-
Equity ratio	28.3%	29.3%	29.6%	30.8%	32.3%	2.7%	4.4%
Net DER	-	0.26	0.25	0.24	0.22	-0.03	-
Cash flow from operating activities	22.8	17.5	34.3	21.0	23.5	-10.8	-
Cash flow from investing activities	-24.9	-12.6	-20.4	-16.0	-18.0	2.4	-
FCF	-2.2	5.0	13.9	5.0	5.5	-8.4	-
Dividend per share	16.0	20.0	22.0	24.0			
Payout ratio	27.9%	31.7%	45.2%	33.1%	over 30%		

Source: Company data

View the full report.

MONTHLY WRAP – June 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 **May 25, 2015**, J Trust Co., Ltd. announced a medium-term plan and full-year earnings forecasts for FY03/16.

Medium-term plan

The company formulated a medium-term plan starting in FY03/16 (April 2015–March 2018).

Basic policies

- Aim for operating revenue of JPY142.1bn, operating profit of JPY21.7bn, and ROE of 10.0% within three years.
- Profits centered on the banking business, which has a promising outlook for sustainable growth in Asia.
- Make investments totalling JPY50–100bn over the three years of the plan, targeting projects that offer an IRR of at least 15% in growth markets.
- Position the maximization of shareholder value as a key management issue, and perform share buybacks when the stock appears undervalued.

Earnings forecasts for FY03/16

In addition to the medium-term plan, the company also announced full-year earnings targets for FY03/16. The company has also made the voluntary decision to switch from Japanese Accounting Standards (Japan GAAP) to International Financial Reporting Standards (IFRS) starting Q1 FY03/16, so its full-year earnings forecasts are based on IFRS principles.

Full-year earnings forecasts for FY03/16

Operating revenue:	JPY81.9bn
Operating profit:	JPY7.5bn
Net income:	JPY4.7bn
EPS:	JPY39.77

Year-on-year comparisons with earnings results for FY03/15 have been omitted in view of the company's decision to switch from Japan GAAP to IFRS and subsequent use of IFRS in calculating forecasts.

On **the same day**, the company announced the underwriting of convertible bonds issued by Group Lease Public Company Limited (Thailand).

The company announced that the underwriting of Group Lease PCL's convertible bonds had fallen behind schedule on May 1, 2015. On May 22, 2015, however, the company completed the underwriting of the bonds after Group Lease PCL obtained approval from the Stock Exchange of Thailand to issue the bonds. The company does not expect any material impact on full-year earnings for FY03/16 from this underwriting.

Overview of the convertible bond

Issue price:	USD30mn (JPY3.6bn at USD/JPY120)
Issue amount:	USD30mn (JPY3.6bn at USD/JPY120)
Coupon:	5%
Maturity:	Three years
Conversion price:	THB10/share (JPY36.90 at THB/JPY3.69)
Outstanding shares:	98.1mn (expected, after completed conversion)
Stake in GL:	8.3% (expected, after completed conversion)

MONTHLY WRAP – June 2015

On **May 14, 2015**, the company announced full-year earnings results for FY03/15.

Quarterly performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Operating Revenue	14,545	14,300	15,172	17,909	15,928	16,051	16,141	15,161	100.0%	63,281
YoY	47.4%	-2.0%	-6.3%	19.2%	9.5%	12.2%	6.4%	-15.3%		2.2%
Gross Operating Profit	8,441	7,978	8,237	10,930	8,188	9,348	9,061	7,399		
YoY	3.2%	-9.0%	-18.4%	39.0%	-3.0%	17.2%	10.0%	-32.3%		
GPM	58.0%	55.8%	54.3%	61.0%	51.4%	58.2%	56.1%	48.8%		
SG&A Expenses	6,216	7,971	4,389	3,265	8,546	11,623	9,749	9,296		
YoY	50.2%	50.0%	-26.9%	-56.1%	37.5%	45.8%	122.1%	184.7%		
SG&A / Operating Revenue	42.7%	55.7%	28.9%	18.2%	53.7%	72.4%	60.4%	61.3%		
Operating Profit	2,225	7	3,847	7,666	-358	-2,274	-689	-1,896	-	-5,217
YoY	-44.9%	-99.8%	-5.9%	1703.8%	-	-	-	-		-
OPM	15.3%	0.0%	25.4%	42.8%	-	-	-	-		-
Recurring Profit	2,262	-601	3,947	7,743	-294	-2,165	2,143	-2,069	-	-2,385
YoY	-41.6%	-	-29.4%	1133.0%	-	-	-	-		-
RPM	15.6%	-	26.0%	43.2%	-	-	13.3%	-		-
Net Income	2,005	-861	1,441	8,560	-395	-3,359	2,612	11,285	100.0%	10,143
YoY	-49.8%	-	-73.5%	1928.4%	-	-	-	-		-9.0%
NPM	13.8%	-	9.5%	47.8%	-	-	16.2%	74.4%		16.0%

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

Source: Company data

Operating revenue increased 2.2% YoY to JPY63.3bn. Installment commissions fell due to a decline in the balance of installment advances paid, mainly for cash advances, and the sale of the KC Card brand. The consumption tax hike also resulted in lower sales in the Amusement segment. But in South Korea, operating revenue from the banking business grew because Chinae Savings Bank took over the loans businesses of subsidiaries. In Q1, loan interest at TA Asset Management LLC (formerly KJI Consumer Finance LLC) and HICAPITAL Co., Ltd. also contributed to revenues (in FY03/14, these units were only consolidated on the balance sheet, and did not contribute to group revenues). Operating revenue also increased, including nursing business revenue from the JC-Group, newly consolidated in FY03/16.

Operating loss was JPY5.2bn (operating profit of JPY13.7bn in FY03/14). One-time factors impacted expenses, including a large increase in loan balances due to consolidation of TA Asset Management LLC and HICAPITAL Co., Ltd., and Chinae Savings Bank taking over the loan business of JT Capital, while higher provisions were made for doubtful accounts as the company dealt with non-performing loans. At Chinae Savings Bank in Q1, operating expenses increased as the company booked a loss on the sale of bad loans in an effort to optimize its funds and to prepare for future restructuring in South Korea. The company also booked upfront expenses related to spending on infrastructure for the development of the financial services business in South Korea.

Recurring loss was JPY2.4bn (recurring profit of JPY13.4bn in FY03/14). Foreign exchange gains were booked.

Net income was JPY10.1bn (-9.0% YoY). Nihon Hoshou Co., Ltd. ("Nihon Hoshou") booked a restructuring expense associated with its elective retirement plan. However, the company booked an extraordinary gain on negative goodwill from the acquisition of shares in JT Savings Bank and JT Capital.

On **the same day, 2015**, the company announced details of a share buyback that include:

- Target share class: ordinary shares
- Total shares to be acquired: maximum of 6,250,000 shares (5.29% of total issued shares

excluding treasury shares)

- Total share purchase value: maximum of JPY7.5bn
- Acquisition period: between May 26, 2015 (the day after the medium-term plan is announced) and March 31, 2016

On **May 12, 2015**, the company announced revisions to earnings forecasts for FY03/15, and the recognition of an extraordinary profit.

Full-year earnings forecasts for FY03/15 (previous forecast in parentheses)
Operating revenue: JPY63.3bn (JPY69.3bn)
Operating loss: JPY5.2bn (operating profit of JPY2.7bn)
Recurring loss: JPY2.4bn (recurring profit of JPY2.7bn)
Net income: JPY10.1bn (JPY11.2bn)

Reasons for the revisions
Although operating revenue was boosted by the acquisition of shares in Standard Chartered Capital (Korea) Co., Ltd. and Standard Chartered Savings Bank Korea Co., Ltd., these acquisitions, originally scheduled for completion by the end of September 2014, did not take place until March 2015 for SC Capital and January 2015 for SC Savings Bank. Therefore, interest on loans was below the company's initial estimate. Early in the fiscal year, sales in the amusement business were weak due to the slowdown in consumer spending after the consumption tax hike, and full-year sales did not fully recover. Therefore, operating revenue did not meet the original forecast.

In South Korea, since Chinae Savings Bank Co., Ltd. took a proactive stance in handling non-performing loans at the end of the fiscal year (March 2015), bad debt expenses—including provisions for the allowance for doubtful accounts and bad debts written off—increased by around JPY4.0bn. Delays to the acquisition of shares in SC Capital and SC Savings Bank also resulted in a fall in operating profit by around JPY700mn. In the domestic financial business, the company also increased provisions for losses on interest repayment at KC Card Co., Ltd., which sold the KC Card brand in January 2015, taking the situation regarding loans with overcharged interest until the time of the share transfer into consideration. Provisions for losses on interest repayment increased by around JPY700mn. In addition to these special factors, operating profit at domestic consolidated subsidiaries fell short of the original forecast by around JPY1bn, meaning overall operating profit underperformed the original forecast.

The company also advanced in Asia, leading to forex gains owing to yen depreciation during FY03/15. However, since operating profit was below the initial forecast, recurring profit also fell short of the initial forecast.

Due to the acquisition of shares in SC Capital and SC Savings Bank, negative goodwill exceeded the company's original estimate. However, a subsidiary implemented an elective retirement plan as a part of a restructuring drive, resulting in extraordinary losses. Therefore, net income was below the initial forecast.

Extraordinary profit
The company assessed the present value of the assets and liabilities of SC Capital and SC Savings Bank at the time of acquisition. Net assets exceeded the acquisition price, resulting in negative goodwill of JPY13.5bn recognized as an extraordinary profit.

View the full report.

MONTHLY WRAP – June 2015

Japan Best Rescue System Co Ltd (2453)

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

On **May 25, 2015**, Japan Best Rescue System Co., Ltd. (JBR) announced preventative measures in accordance with proposals from the Internal Investigation Committee.

In light of irregular reporting of sales at the company's consolidated subsidiary, Binos Corporation, as well as potential problems with JBR's auditing system and the previous independent committees' handling of this incident, at a meeting of the board of directors on May 25, 2015, it was decided that the company would explore proposals of the Internal Investigation Committee's report on dealing with those responsible and measures to prevent reoccurrence.

The company will work to restore trust by carrying out preventative measures centered on strengthening compliance and corporate governance.

On **May 14, 2015**, the company announced earnings results for Q2 FY09/15.

Quarterly Performance	FY09/13				FY09/14				FY09/15				FY09/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	**2,059**	**2,477**	**2,715**	**3,154**	**2,546**	**3,323**	**3,071**	**2,682**	**2,772**	**3,469**			**54.2%**	**11,509**
Call Center	160	147	153	163	166	160	156	168	175	158			51.3%	649
Membership Business	605	981	811	685	749	1,232	1,058	904	922	1,279			54.1%	4,065
Corporate Tie-Ups Business	825	765	683	742	855	851	704	756	850	812			51.1%	3,253
Member Shop Business	46	45	40	42	36	37	37	35	38	37			50.5%	149
Small Amount Short Term Insurance	352	476	457	424	442	574	536	499	532	728			56.4%	2,233
Enviromental Maintenance	-	-	505	1,036	249	417	532	264	168	384			88.2%	626
Car Chintai Business and others	30	34	143	155	148	152	184	142	110	67			38.3%	462
Others	108	101	108	107	104	99	98	100	98	100			50.9%	389
Eliminations / Company-wide	-65	-72	-186	-199	-203	-198	-235	-186	-120	-96			67.6%	-320
YoY	**17.7%**	**23.7%**	**51.8%**	**66.3%**	**23.6%**	**34.2%**	**13.1%**	**-15.0%**	**8.9%**	**4.4%**				**-1.0%**
Call Center	-8.2%	-5.9%	-2.5%	-4.0%	3.8%	8.8%	2.5%	3.3%	5.5%	-1.0%				-0.2%
Membership Business	29.3%	41.3%	42.7%	26.1%	23.8%	25.6%	30.4%	31.9%	23.1%	3.8%				3.1%
Corporate Tie-Ups Business	-0.5%	-10.2%	0.8%	1.1%	3.7%	11.3%	3.0%	1.8%	-0.6%	-4.6%				2.8%
Member Shop Business	6.7%	7.3%	-1.9%	0.6%	-20.7%	-18.5%	-7.7%	-15.7%	4.3%	2.1%				2.6%
Small Amount Short Term Insurance	72.2%	68.2%	24.7%	31.5%	25.8%	20.4%	17.3%	17.8%	20.3%	26.9%				8.9%
Enviromental Maintenance	-	-	-	-	-	-	5.4%	-74.6%	-32.6%	-8.0%				-57.2%
Car Chintai Business and others	-69.4%	-13.6%	314.5%	367.8%	392.2%	346.3%	28.5%	-8.3%	-25.5%	-55.9%				-26.1%
Others	15,552.6%	14,778.9%	-	-3.7%	-3.2%	-1.9%	-9.3%	-6.4%	-6.2%	1.1%				-2.9%
Gross Profit	921	1,132	907	708	739	1,072	1,254	922	942	1,267				
GPM	44.7%	45.7%	33.4%	22.4%	29.0%	32.2%	40.8%	34.4%	34.0%	36.5%				
SG&A Expenses	774	829	897	978	940	946	893	879	957	942				
YoY	22.3%	28.8%	28.0%	24.5%	21.4%	14.1%	-0.5%	-10.1%	1.8%	-0.5%				
Operating Profit	**147**	**303**	**9**	**-270**	**-201**	**125**	**362**	**43**	**-15**	**325**			**59.5%**	**521**
Call Center	41	30	28	27	35	38	34	48	50	40			78.2%	115
Membership Business	130	326	192	159	115	296	216	174	130	292			54.2%	779
Corporate Tie-Ups Business	67	61	44	19	63	97	70	88	80	98			68.3%	260
Member Shop Business	-67	-72	-66	-79	-85	-86	-67	-86	-82	-80			46.5%	-347
Small Amount Short Term Insurance	35	53	32	12	34	42	39	16	38	41			49.9%	157
Enviromental Maintenance	-	-	-186	-431	-341	-200	102	-107	-123	55			68.7%	-99
Car Chintai Business and others	1	-15	46	46	34	16	30	19	-20	-47			72.3%	-92
Others	-1	-12	-1	11	7	16	11	11	13	13			59.2%	44
Eliminations / Company-wide	-60	-68	-80	-35	-65	-93	-74	-119	-101	-87			63.9%	-295
YoY	**7.4%**	**15.8%**	**-92.3%**	**-**	**-**	**-58.6%**	**3,856.4%**	**-**	**-**	**159.2%**				**58.2%**
Call Center	-29.6%	-26.6%	32.8%	-37.1%	-13.7%	24.3%	23.4%	79.5%	42.1%	4.9%				-26.1%
Membership Business	34.7%	28.6%	28.9%	32.4%	-11.9%	-9.3%	12.4%	9.5%	13.3%	-1.3%				-2.6%
Corporate Tie-Ups Business	32.4%	-3.7%	76.0%	-52.7%	-6.7%	58.6%	59.8%	356.4%	26.6%	1.1%				-18.2%
Member Shop Business	-	-	-	-	-	-	-	-	-	-				-
Small Amount Short Term Insurance	-42.2%	24.0%	-34.6%	-43.2%	-1.3%	-21.8%	22.3%	28.3%	9.0%	-2.2%				19.7%
Enviromental Maintenance	-	-	-	-	-	-	-	-	-	-				-
Car Chintai Business and others	-92.4%	-	-	-	3,777.3%	-	-34.9%	-58.7%	-	-				-
Others	-	-	-	1,524.6%	-	-	-	-4.2%	75.3%	-16.9%				-1.9%
YoY	**7.1%**	**12.2%**	**0.3%**	**-8.6%**	**-7.9%**	**3.8%**	**11.8%**	**1.6%**	**-0.6%**	**9.4%**				**4.5%**
Call Center	25.7%	20.7%	18.2%	16.4%	21.4%	23.6%	21.9%	28.6%	28.8%	25.0%				17.7%
Membership Business	21.5%	33.2%	23.7%	23.2%	15.3%	24.0%	20.4%	19.2%	14.1%	22.8%				19.2%
Corporate Tie-Ups Business	8.2%	8.0%	6.5%	2.6%	7.4%	11.4%	10.0%	11.6%	9.4%	12.1%				8.0%
Member Shop Business	-146.7%	-161.2%	-163.7%	-188.8%	-233.0%	-233.4%	-179.8%	-243.4%	-216.5%	-212.6%				-232.9%
Small Amount Short Term Insurance	9.9%	11.2%	7.0%	2.9%	7.8%	7.3%	7.3%	3.1%	7.1%	5.6%				7.0%
Enviromental Maintenance	-	-	-36.8%	-41.6%	-136.7%	-47.9%	19.1%	-40.8%	-73.5%	14.4%				-15.8%
Car Chintai Business and others	2.9%	-45.3%	32.4%	29.8%	23.1%	10.6%	16.4%	13.4%	-18.0%	-69.8%				-19.9%
Others	-0.6%	-11.8%	-0.6%	10.6%	7.1%	15.9%	11.2%	10.9%	13.3%	13.0%				11.3%
Recurring Profit	**127**	**288**	**29**	**-303**	**-223**	**10**	**344**	**148**	**-10**	**344**			**-2.0%**	**528**
YoY	115.1%	-11.3%	-69.8%	-	-	-96.5%	1,068.5%	-	-	3,319.1%				89.5%
RPM	6.2%	11.6%	1.1%	-9.6%	-8.8%	0.3%	11.2%	5.5%	-0.4%	9.9%				4.6%
Net Income	**130**	**173**	**-70**	**-719**	**-233**	**-10**	**195**	**78**	**-84**	**312**			**-41.6%**	**201**
YoY	9,105.7%	-8.9%	-	-	-	-	-	-	-	-				545.4%

Source: Company data

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

Sales rose 6.3% YoY to JPY6.2bn, mainly because of growth in the Membership segment and Small Amount Short Term Insurance segment. The company posted an operating profit thanks to companywide cost-cutting efforts that led to an improvement in gross profit margin. In particular, the operating loss in the Environmental Maintenance segment was significantly narrowed.

View the full report.

MONTHLY WRAP – June 2015

JIN Co., Ltd. (3046)

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

On **May 13, 2015**, Shared Research updated the report after interviewing JIN Co., Ltd. executives.

Quarterly Performance		FY08/13				FY08/14				FY08/15				FY08/15	
(JPYmn)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			% 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			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%				11.9%
Gross Profit		5,909	7,479	6,943	7,113	5,918	6,770	7,115	6,391	6,198	6,975			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%				14.5%
GPM		75.8%	75.8%	75.6%	73.3%	72.4%	71.5%	73.9%	71.9%	76.1%	72.7%				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			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%				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%				65.8%
Salaries		1,059	1,160	1,290	1,403	1,524	1,487	1,541	1,513	1,708	1,825				
Advertising		969	646	1,429	1,189	864	1,083	701	516	469	490				
Rents		999	1,185	1,232	1,249	1,166	1,291	1,366	1,373	1,484	1,593				
Other		1,505	1,901	1,917	2,089	2,114	2,186	2,301	2,195	2,298	2,412				
Operating Profit		1,378	2,587	1,076	1,183	249	723	1,206	794	240	654			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%				14.4%
OPM		17.7%	26.2%	11.7%	12.2%	3.1%	7.6%	12.5%	8.9%	2.9%	6.8%				8.4%
Recurring Profit		1,302	2,405	904	1,258	219	702	1,223	785	193	650			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%				14.4%
RPM		16.7%	24.4%	9.8%	13.0%	2.7%	7.4%	12.7%	8.8%	2.4%	6.8%				8.3%
Net Income		766	1,388	502	764	70	316	759	100	48	298			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%				52.6%
NPM		9.8%	14.1%	5.5%	7.9%	0.9%	3.3%	7.9%	1.1%	0.6%	3.1%				4.7%
Eyeware 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%	-	-		4.4%
Comparable stores	-	45.6%	57.2%	32.9%	5.1%	-17.6%	-24.5%	-17.7%	-24.6%	-18.5%	-15.4%	-	-		-5.7%
Store count	-	172	175	199	205	231	237	264	267	277	275	-	-		292
Openings		12	3	25	7	26	8	27	4	12	1	-	-	43.3%	30
Closings				-1	-1		-2		-1	-2	-3	-	-	100.0%	-5
Store count (China)	-								25	33	40	-	-		
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	-	-		

		FY08/13		FY08/14		FY08/15		-	-	-	-	-	FY08/15	
(JPYmn)	-	1H	2H	1H	2H	1H	2H Est.	通期	通期	通期	通期	会予	進捗率	上期会予
Sales	-	17,661	18,893	17,632	18,518	17,745	22,705	14,575	22,614	36,554	36,150	40,450	99.1%	17,910
Eyewear		16,820	17,814	16,501	17,198	16,398	21,052	13,163	21,130	34,634	33,698	37,450	99.5%	16,477
Stores		15,832	17,052	15,552	16,407	15,801	20,089	12,532	20,237	32,884	31,959	35,890	100.1%	15,787
e-commerce, other		987	762	948	790	596	964	630	893	1,749	1,738	1,560	86.4%	690
Accessories		841	1,079	1,131	1,320	1,347	1,653	1,412	1,483	1,920	2,452	3,000	94.0%	1,433
Women's		445	524	508	573	566	734	906	779	969	1,081	1,300	91.3%	620
Men's		394	555	622	747	780	920	503	701	949	1,369	1,700	95.9%	813
YoY	-	86.2%	43.9%	-0.2%	-2.0%	0.6%	22.6%	37.4%	55.2%	61.6%	-1.1%	11.9%	-	-51.0%
Gross Profit	-	13,388	14,057	12,687	13,507	13,173	16,827	10,688	17,015	27,445	26,194	30,000	99.6%	13,220
YoY	-	87.6%	42.3%	-5.2%	-3.9%	3.8%	24.6%	42.1%	59.2%	61.3%	-4.6%	14.5%	-	-50.6%
GPM	-	75.8%	74.4%	72.0%	72.9%	74.2%	74.1%	73.3%	75.2%	75.1%	72.5%	74.2%	-	32.7%
Eyewear		76.8%	75.8%	73.6%	74.6%	76.2%	76.2%	75.2%	76.7%	76.3%	74.1%	76.2%	-	-
Accessories		55.1%	52.1%	48.1%	51.4%	50.8%	46.3%	56.1%	54.7%	53.4%	49.9%	48.3%	-	-
SG&A Expenses	-	9,424	11,798	11,715	11,506	12,280	14,320	9,605	14,381	21,222	23,221	26,600	97.3%	12,620
YoY	-	54.4%	42.5%	24.3%	-2.5%	4.8%	24.5%		49.7%	47.6%	9.4%	14.6%	-	-46.3%
SG&A / Sales	-	53.4%	62.4%	66.4%	62.1%	69.2%	63.1%	65.9%	63.6%	58.1%	64.2%	65.8%	-	31.2%
Personnel	-	2,852	3,186	3,559	3,565	4,099	4,652	3,225	4,258	6,038	7,124	8,751	98.9%	4,144
Advertising	-	1,498	2,462	1,816	1,135	845	1,102	1,435	2,791	3,960	2,951	1,947	98.8%	855
Rental	-	2,092	2,377	2,340	2,624	2,931	3,611	1,957	2,864	4,469	4,964	6,542	96.6%	3,035
Depreciation	-	519	670	727	843	922	1,069	458	771	1,189	1,570	1,991	97.7%	944
Lease fees	-	199	225	260	309	326	399	276	340	424	569	725	92.9%	351
Fees paid	-	805	1,136	1,141	1,185	1,201	1,503	640	1,057	1,941	2,326	2,704	84.8%	1,417
Supplies	-	426	532	563	610	589	552	466	751	958	1,173	1,141	109.9%	536
Other	-	1,030	1,210	1,306	1,234	1,364	1,435	1,143	1,546	2,240	2,540	2,799	101.9%	1,338
Operating Profit	-	3,964	2,259	972	2,001	893	2,507	1,084	2,634	6,223	2,973	3,400	148.9%	600
YoY	-	283.3%	41.2%	-75.5%	-11.4%	-8.1%	25.3%	74.7%	143.1%	136.3%	-52.2%	14.4%	-	-81.4%
OPM	-	22.4%	12.0%	5.5%	10.8%	5.0%	11.0%	7.4%	11.6%	17.0%	8.2%	8.4%	-	1.5%
Recurring Profit	-	3,707	2,162	921	2,008	843	2,507	1,053	2,552	5,869	2,929	3,350	145.3%	580
YoY	-	274.8%	38.3%	-75.1%	-7.1%	-8.5%	24.9%	75.3%	142.4%	130.0%	-50.1%	14.4%	-	-81.2%
RPM	-	21.0%	11.4%	5.2%	10.8%	4.8%	11.0%	7.2%	11.3%	16.1%	8.1%	8.3%	-	1.4%
Net Income	-	2,154	1,265	386	859	347	1,553	384	1,090	3,419	1,245	1,900	133.3%	260
YoY	-	413.7%	88.8%	-82.1%	-32.1%	-10.2%	80.8%	65.1%	183.7%	213.8%	-63.6%	52.6%	-	-84.3%
NPM	-	12.2%	6.7%	2.2%	4.6%	2.0%	6.8%	2.6%	4.8%	9.4%	3.4%	4.7%	-	0.6%
Eyeware specialty store YoY sales														
All	-	88.4%	43.3%	-2.0%	-3.8%	-4.7%	13.6%	40.0%	61.8%	62.0%	-2.9%	4.4%	-	-5.4%
Comparable stores	-	51.9%	16.9%	-21.5%	-21.2%	-16.8%	5.7%	10.0%	27.6%	31.4%	-21.4%	-5.7%	-	-17.8%
Store count		175	205	237	267	275	292	116	160	205	267	292	-	276
Openings	-	15	32	34	31	13	17	41	45	47	65	30	92.9%	14
Closings		-	-2	-2	-1	-5	-	-	-1	2	-3	-5	100.0%	-5
Store count (China)		-	13	19	25	40	-	3	-	13	25	-	-	-
Capex	-	1,235	1,988	2,554	2,116	985	848		2,328	3,223	4,670	1,833		
New store openings (inc. guarantee deposits)	-	630	1,461	1,285	1,259	677	735		1,314	2,091	2,544	1,412		
Refurbishing	-	243	237	145	347	194	113		640	480	492	307		
Other	-	362	289	1,123	511	113	-		372	651	1,634	113		
New stores		15	32	36	37	19	17		49	47	73	36		
Refurbished stores		6	13	7	10	5	-		22	19	17	-		
Depreciation (CF base)		496	642	694	807	884	-	429	732	1,138	1,501	-		
Depreciation (inc. asset retirement)	-	519	670	727	843	922	1,069	458	771	1,189	1,570	1,991		944
Pre-tax income before amortization		4,132	2,705	1,535	2,328	1,674	3,533	1,320	2,927	6,837	3,863	5,207		1,436
Profit margins		23.4%	14.3%	8.7%	12.6%	9.4%	15.6%	9.1%	12.9%	18.7%	10.7%	12.9%		8.0%
Domestic annual sales (mn units)		2.7	2.8	2.7	2.7	2.2		2.3	3.5	5.5	5.4	5.3		
Perscription glasses		1.8	1.9	2.0	2.1	1.8		-	-	3.7	4.1	4.1		
Non-perscription glasses		0.9	0.9	0.7	0.5	0.4		-	-	1.8	1.2	1.2		
Average unit price (SR est.)		6.2	6.4	6.1	6.4	7.1		-	-	-	-	6.5		
Inventory	-	2,917	4,027	4,559	2,985	3,268		1,011	2,237	4,027	2,985			
Product inventory	-	2,854	3,887	4,306	2,785	3,048		931	2,156	3,887	2,785			
Inventory turnover		110	131	158	137	125		73	106	126	129			
Product inventory turnover		107	127	151	129	116		67	101	121	122			

Source: Company data

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

MONTHLY WRAP – June 2015

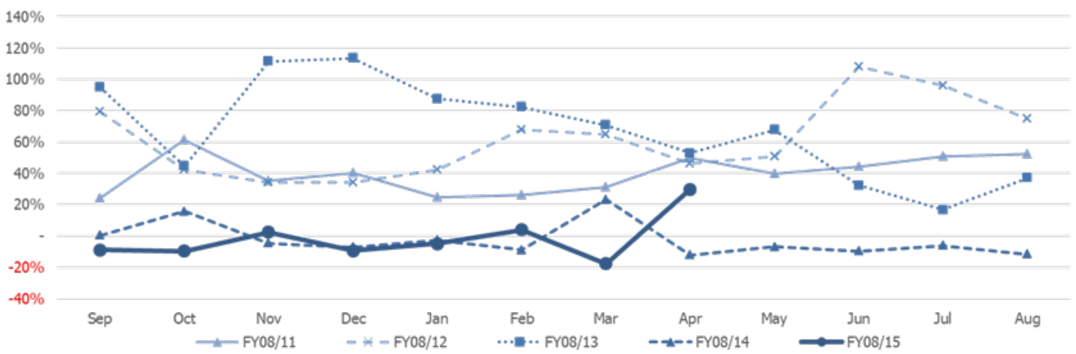
In 1H FY08/15, the company's performance was in line with earnings forecast revisions announced on April 3 (sales slightly missed forecasts; profit forecasts were raised). Overall sales increased from a year earlier, but would have fallen short by JPY1bn had it not been for the consolidation of China operations. The company managed to limit the profit decline to JPY79mn by improving its gross margin ratio and by taking steps to reduce expenses.

Operating profit exceeded the target by JPY600mn 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. The company 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.

The company will establish a Taiwan subsidiary and launch eyewear sales operations at its first store in Taipei in the fall of 2015.

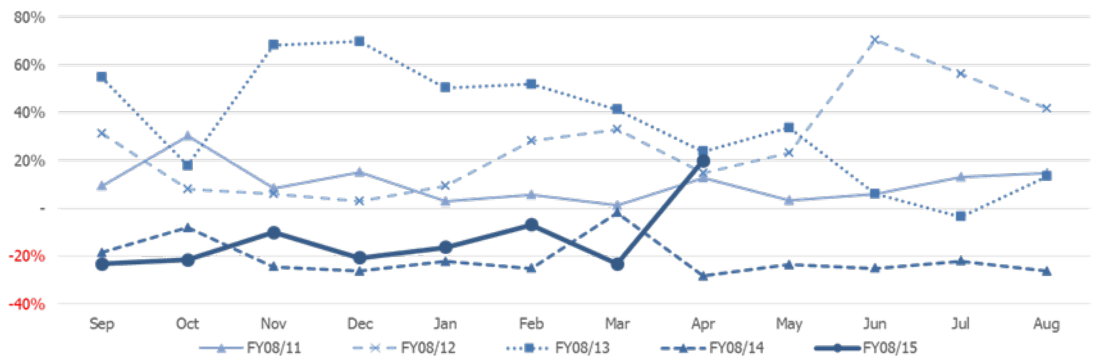
On **May 7, 2015**, JIN released monthly sales data for April 2015.

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%	29.9%				

Comparable stores sales growth



MONTHLY WRAP – June 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%	19.8%				

View the full report.

MONTHLY WRAP – June 2015

Kenedix, Inc. (4321)

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

On **May 27, 2015**, Kenedix, Inc. announced an increase in the upper limit for new investments during FY12/15.

In the medium-term plan announced on February 10, 2015, the company set a target for new investments during FY12/15 of JPY35.0bn. It now expects, however, that investments will total JPY33.6bn by the end of May 2015. Therefore, the company has decided to increase the upper limit for new investments to maintain the proper balance with proceeds from existing investments. The company also plans to continue to recycle investments by making reinvestments that do not exceed the projected proceeds from sales of current holdings. The company has maintained its full-year consolidated earnings forecasts for FY12/15.

Revision to investment targets for FY12/15

(JPYbn)	Current upper limit	Revised upper limit
Total new investments in 2015	35.0	45.0
Breakdown		
Real estate	32.0	39.0
REIT, business, overseas real estate	3.0	6.0

Source: Company data

On **May 25, 2015**, the company announced the establishment of a subsidiary in Singapore.

In January 2015, the company established a representative office in Singapore as part of its overseas development, including forming ties with investors overseas and making investments in real estate overseas. The company has now decided to close the representative office and establish a local subsidiary, in order to accelerate business development in Asia and further expand its global operations.

Overview of the local subsidiary

Name: Kenedix Asia Pte. Ltd.
Capital: SGD2mn (wholly owned by Kenedix, Inc.)
Established: May 25, 2015

MONTHLY WRAP – June 2015

On **May 13, 2015**, the company announced earnings results for Q1 FY12/15.

Quarterly Performance (Cumulative)	FY12/14				FY12/15				FY12/15	
(JPYmn)	Q1	1H	Q1-Q3	Q1-Q4	Q1	1H	Q1-Q3	Q1-Q4	% of FY	FY Est.
Revenue	5,141	14,488	19,741	26,212	8,307				38.5%	21,600
YoY	10.7%	79.1%	63.4%	16.7%	61.6%					-3.8%
Gross Profit	3,315	7,044	9,739	13,519	5,565				41.2%	13,500
YoY	21.3%	37.4%	26.4%	22.0%	67.9%					21.9%
GPM	64.5%	48.6%	49.3%	51.6%	67.0%					62.5%
SG&A Expenses	1,075	2,278	3,457	5,371	1,345					6,000
YoY	20.9%	28.7%	26.6%	29.0%	25.1%					44.2%
SG&A / Revenue	20.9%	15.7%	17.5%	20.5%	16.2%					27.8%
Operating Profit	2,240	4,765	6,281	8,147	4,219				56.3%	7,500
YoY	21.5%	42.0%	26.3%	17.8%	88.3%					8.5%
OPM	43.6%	32.9%	31.8%	31.1%	50.8%					34.7%
Recurring Profit	1,989	3,871	5,262	6,406	3,824				57.1%	6,700
YoY	42.3%	47.0%	53.6%	31.3%	92.3%					37.4%
RPM	38.7%	26.7%	26.7%	24.4%	46.0%					31.0%
Net Income	3,310	4,904	5,945	4,844	6,304				105.1%	6,000
YoY	188.3%	134.3%	161.5%	144.0%	90.5%					202.3%
NPM	64.4%	33.8%	30.1%	18.5%	75.9%					27.8%

(Quarterly)	FY12/14				FY12/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	5,141	9,347	5,253	6,471	8,307			
YoY	10.7%	171.4%	31.6%	-37.6%	61.6%			
Gross Profit	3,315	3,729	2,695	3,780	5,565			
YoY	21.3%	55.8%	4.5%	12.1%	67.9%			
GPM	64.5%	39.9%	51.3%	58.4%	67.0%			
SG&A Expenses	1,075	1,203	1,179	1,914	1,345			
YoY	20.9%	36.5%	22.7%	33.8%	25.1%			
SG&A / Revenue	20.9%	12.9%	22.4%	29.6%	16.2%			
Operating Profit	2,240	2,525	1,516	1,866	4,219			
YoY	21.5%	66.9%	-6.4%	-3.8%	88.3%			
OPM	43.6%	27.0%	28.9%	28.8%	50.8%			
Recurring Profit	1,989	1,882	1,391	1,144	3,824			
YoY	42.3%	52.4%	75.4%	-21.2%	92.3%			
RPM	38.7%	20.1%	26.5%	17.7%	46.0%			
Net Income	3,310	1,594	1,041	-1,101	6,304			
YoY	188.3%	68.7%	478.3%	-	90.5%			
NPM	64.4%	17.1%	19.8%	-	75.9%			

Source: Company data
Figures may differ from company data due to differences in rounding methods.
Forecasts based on most recently released figures.

Kenedix increased assets under management (AUM) by making new investments in healthcare facilities and performing asset management services for these properties. The company also issued a dividend in FY12/14, its first for seven years.

On **May 12, 2015,** the company announced the establishment of a healthcare facility J-REIT.

Japan Senior Living Partners Co., Ltd., (60% owned by Kenedix) established a healthcare facility REIT called Japan Senior Living Investment Corporation, for investment in healthcare related facilities.

View the full report.

MONTHLY WRAP – June 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 **May 18, 2015**, KLab Inc. announced a share buyback.

Share type: ordinary shares
Number of shares: up to 200,000 (0.5% of shares outstanding, excluding treasury stock)
Acquisition amount: up to JPY246mn
Acquisition period: May 19–July 31, 2015

On **May 13, 2015**, the company announced earnings results for Q1 FY12/15.

Quarterly Performance	FY12/14				FY12/15				FY12/14	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	4,426	5,160	6,355	5,434	5,638					
YoY	-	-	-	-	27.4%					
GP	1,164	1,548	2,279	1,872	2,031					
YoY	-	-	-	-	74.6%					
GPM	26.3%	30.0%	35.9%	34.4%	36.0%					
SG&A	1,068	948	1,084	1,600	1,012					
YoY	-	-	-	-	-5.2%					
SG&A / Sales	24.1%	18.4%	17.1%	29.4%	17.9%					
OP	96	600	1,195	272	1,019					
YoY	-	-	-	-	960.8%					
OPM	2.2%	11.6%	18.8%	5.0%	18.1%					
RP	106	594	1,300	564	1,001					
YoY	-	-	-	-	840.2%					
RPM	2.4%	11.5%	20.5%	10.4%	17.8%					
NI	51	490	749	503	426					
YoY	-	-	-	-	732.8%					
NPM	1.2%	9.5%	11.8%	9.3%	7.5%					
Cumulative	**FY12/14**				**FY12/15**				**FY12/14**	
(JPYmn)	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**% of 1H**	**1H Est.**
Sales	4,426	9,586	15,941	21,375	5,638				55.6%	10,138
YoY	-	-	-	-	*27.4%*					5.8%
GP	1,164	2,711	4,991	6,862	2,031					
YoY	-	-	-	-	*74.6%*					
GPM	26.3%	28.3%	31.3%	32.1%	36.0%					
SG&A	1,068	2,015	3,099	4,699	1,012					
YoY	-	-	-	-	*-5.2%*					
SG&A / Sales	24.1%	21.0%	19.4%	22.0%	17.9%					
OP	96	696	1,891	2,164	1,019				71.8%	1,401
YoY	-	-	-	-	*960.8%*					103.8%
OPM	2.2%	7.3%	11.9%	10.1%	18.1%					
RP	106	700	2,000	2,564	1,001				71.5%	1,401
YoY	-	-	-	-	*840.2%*					100.1%
RPM	2.4%	13.6%	31.5%	47.2%	17.8%					
NI	51	542	1,290	1,793	426				74.1%	574
YoY	-	-	-	-	*732.8%*					6.0%
NPM	1.2%	5.6%	8.1%	8.4%	7.5%					

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.

MONTHLY WRAP – June 2015

Main points for Q1 FY12/15:

- Sales rose in January 2015 from New Year events
- Robust sales of Celestial Craft Fleet and Tales of Astaria
- CoGS reached JPY3.6bn (+10.6% YoY, +1.2% QoQ) because of increased fees as sales rose
- SG&A expenses were JPY1.0bn (-5.2% YoY, -36.7% QoQ) after the company reduced advertising spending to normal levels (spending rose during the preceding quarter)
- The company took a JPY66.8bn charge to write down the value of software related to Crystal Fantasia

On **May 11, 2015**, the company announced revisions to earnings forecasts for Q1 FY12/15.

Earnings forecasts for Q1 FY12/15 (previous forecast in parentheses)

Sales:	JPY5.64bn (JPY5.60bn)
Operating profit:	JPY1.0bn (JPY700mn)
Recurring profit:	JPY1.0bn (JPY600mn)
Net income:	JPY425mn (JPY259mn)
EPS:	JPY11.76 (JPY7.17)

Reasons for the revisions

The company expects operating profit, recurring profit, and net income to outperform the previous forecast owing to cuts to advertising and other SG&A expenses.

View the full report.

MONTHLY WRAP – June 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 **May 18, 2015**, LAC Co., Ltd. announced the progress of the establishment of joint venture Japan Current Co., Ltd.

The company announced the establishment of this joint venture with P.R.O. Co., Ltd. on April 23, 2015, but certain details were unconfirmed. The company has now finalized these details, including the date of establishment (May 25, 2015).

Japan Current will be a consolidated subsidiary of LAC, but the company does not expect any material impact on earnings results for FY03/16 from this action.

On **May 12, 2015**, the company announced earnings results for full-year FY03/15. The company also released a medium-term management plan through FY03/18.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	7,091	7,575	8,853	9,568	7,321	7,838	8,096	9,595	-	-
YoY	3.8%	-4.2%	2.3%	4.1%	3.2%	3.5%	-8.5%	0.3%		
Gross Profit	1,315	1,421	1,920	2,264	1,530	1,620	1,889	2,265		
YoY	0.0%	-16.7%	1.6%	11.6%	16.3%	14.0%	-1.6%	0.1%		
GPM	18.5%	18.8%	21.7%	23.7%	20.9%	20.7%	23.3%	23.6%		
SG&A Expenses	1,185	1,164	1,231	1,239	1,171	1,285	1,166	1,354		
YoY	-10.7%	-3.2%	4.6%	0.6%	-1.2%	10.3%	-5.3%	9.3%		
SG&A-to-sales	16.7%	15.4%	13.9%	12.9%	16.0%	16.4%	14.4%	14.1%		
Operating Profit	130	257	688	1,025	359	335	723	911	-	-
YoY	-	-48.9%	-3.3%	28.6%	175.8%	30.7%	5.1%	-11.1%		
OPM	1.8%	3.4%	7.8%	10.7%	4.9%	4.3%	8.9%	9.5%		
Recurring Profit	97	229	657	1,008	340	323	719	883	-	-
YoY	-	-50.6%	-2.6%	32.0%	250.6%	41.0%	9.3%	-12.4%		
RPM	1.4%	3.0%	7.4%	10.5%	4.6%	4.1%	8.9%	9.2%		
Net income	1	82	361	563	71	160	491	534	-	-
YoY	-	-60.1%	-0.7%	52.1%	-	94.0%	35.9%	-5.1%		
Net Margin	0.0%	1.1%	4.1%	5.9%	1.0%	2.0%	6.1%	5.6%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	7,091	14,666	23,519	33,087	7,321	15,158	23,255	32,850	100.3%	32,750
YoY	3.8%	-0.5%	0.6%	1.6%	3.2%	3.4%	-1.1%	-0.7%		-1.0%
Gross Profit	1,315	2,736	4,656	6,920	1,530	3,150	5,040	7,305		
YoY	0.0%	-9.4%	-5.2%	-0.3%	16.3%	15.1%	8.2%	5.6%		
GPM	18.5%	18.7%	19.8%	20.9%	20.9%	20.8%	21.7%	22.2%		
SG&A Expenses	1,185	2,349	3,581	4,820	1,171	2,456	3,622	4,976		
YoY	-10.7%	-7.2%	-3.4%	-2.4%	-1.2%	4.5%	1.1%	3.2%		
SG&A-to-sales	16.7%	16.0%	15.2%	14.6%	16.0%	16.2%	15.6%	15.1%		
Operating Profit	130	387	1,075	2,100	359	695	1,418	2,329	101.7%	2,290
YoY	-	-20.9%	-10.5%	5.1%	175.8%	79.6%	31.9%	10.9%		9.0%
OPM	1.8%	2.6%	4.6%	6.3%	4.9%	4.6%	6.1%	7.1%		7.0%
Recurring Profit	97	326	983	1,991	340	663	1,381	2,264	101.1%	2,240
YoY	-	-20.9%	-9.5%	7.6%	250.6%	103.4%	40.5%	13.7%		12.5%
RPM	1.4%	2.2%	4.2%	6.0%	4.6%	4.4%	5.9%	6.9%		6.8%
Net income	1	83	444	1,007	71	230	721	1,256	99.7%	1,260
YoY	-	-53.6%	-18.1%	10.4%	-	178.1%	62.4%	24.6%		25.1%
Net Margin	0.0%	0.6%	1.9%	3.0%	1.0%	1.5%	3.1%	3.8%		3.8%

Source: Company data

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

MONTHLY WRAP – June 2015

Industry environment

Competition in the IT service industry escalated as users increasingly embraced cloud computing and mobile devices, and placed smaller orders for system development and related products. Still, Japan's big companies began investing more in IT, fuelled by a recovery in earnings. Demand for information security services remained solid.

Earnings overview

For FY03/15, sales were JPY32.9bn (-0.7% YoY). Sales of products and services increased at the Security Solutions Services segment, and so did those of development and solutions services in the System Integration Services segment. However, the Hardware and Software Sales and the IT Maintenance Services segments saw a decline in sales. Operating profit totaled JPY2.3bn (+10.9% YoY) and recurring profit also reached JPY2.3bn (+13.7% YoY). Strong sales of the company's mainstay services have offset an increase in expenses related to the development of new services, employee training, and the hiring of mid-career workers. Net income totaled JPY1.3mn (+24.6% YoY) because of an increase in recurring profit and a JPY159mn gain linked with the sale of investment securities even as the company posted a JPY131mn charge for the liquidation of an overseas subsidiary.

View the full report.

MONTHLY WRAP – June 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 **May 28, 2015**, Lasertec Corp. announced the adoption of SiC wafer inspection and review equipment by Showa Denko K.K. (TSE1: 4004). The company expects this product to become a future business driver.

Showa Denko began using the company's products for R&D in 2011. Its second Lasertec machine will be high throughput equipment capable of mass-production. According to Lasertec, Showa Denko has established mass-production technology for large-diameter SiC epitaxial wafer products with a world-class uniformity and low defect rate, and is well known for its quality and strong supply system. As part of efforts to further improve quality, Showa Denko has now decided to use its SICA machine, part of the SiC wafer defect inspection and review system.

On **May 7, 2015**, Shared Research updated the report after interviewing the company.

Quarterly Performance	FY06/13				FY06/14				FY06/15				FY06/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% of FY	FY Est.
Sales	**3,678**	**2,889**	**2,381**	**2,449**	**971**	**4,505**	**1,426**	**6,705**	**1,747**	**4,433**	**4,873**	**3,947**	**73.7%**	**15,000**
Semiconductor Related Systems	3,231	2,319	1,663	1,874	507	3,597	789	5,584	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	52.7%	3,230
Services	370	375	398	393	416	534	387	417	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%		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%		-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%		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%		2.1%
Orders	**2,214**	**2,015**	**1,178**	**3,358**	**1,393**	**6,586**	**2,937**	**5,274**	**2,342**	**6,845**	**4,133**	**2,680**	**83.2%**	**16,000**
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	83.4%	9,560
Others	186	230	184	124	196	821	181	1,289	202	3,660	173	696	85.3%	4,730
Services	347	402	409	440	406	505	451	453	362	472	480	396	76.9%	1,710
YoY	58.0%	-76.1%	-45.3%	32.8%	-37.1%	226.8%	149.4%	57.1%	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%		-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%		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%		-5.8%
Order Backlog	**5,562**	**4,688**	**3,485**	**4,394**	**4,815**	**6,896**	**8,407**	**6,976**	**7,571**	**9,983**	**9,243**			**7,976**
Semiconductor Related Systems	5,136	4,201	3,123	4,043	4,326	5,989	7,505	5,454	7,135	6,167	5,431			5,034
Others	261	297	160	102	250	697	628	1,212	192	3,603	3,545			2,712
Services	164	191	201	248	239	210	274	310	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%
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%
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%
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%
Gross Profit	**1,889**	**1,520**	**1,419**	**526**	**269**	**2,182**	**722**	**3,392**	**953**	**2,509**	**2,430**			
YoY	140.1%	-4.4%	-11.3%	-79.5%	-85.8%	43.6%	-49.1%	544.4%	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%			
SG&A Expenses	839	762	806	798	778	827	962	901	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%			
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%			
Operating Profit	**1,050**	**758**	**614**	**-272**	**-509**	**1,355**	**-240**	**2,491**	**87**	**1,664**	**1,496**	**553**	**85.5%**	**3,800**
YoY	-	-4.9%	-10.5%	-	-	78.8%	-	-	-	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%		25.3%
Recurring Profit	**1,014**	**938**	**757**	**-172**	**-511**	**1,434**	**-284**	**2,523**	**132**	**1,643**	**1,391**	**634**	**83.3%**	**3,800**
YoY	-	19.7%	11.4%	-	-	52.9%	-	-	-	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%		25.3%
Net Income	**646**	**595**	**451**	**-82**	**-326**	**935**	**-248**	**1,608**	**82**	**1,100**	**809**	**409**	**82.9%**	**2,400**
YoY	-	17.8%	15.1%	-	-	57.2%	-	-	-	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%		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 for cumulative 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.

Earnings in line with forecasts

Lasertec executives said that orders and sales were in line with forecasts, so the company has left its full-year earnings forecast unchanged. R&D expenses remained almost unchanged from 1H. The company, which spent JPY484mn during 1H, has allocated JPY822mn for 2H; progress toward this spending target was slow. The company said, however, that it would accelerate spending in Q4.

Gross profit margin fell from Q2 because of changes in product compositions. The profitability of each product may have remained unchanged.

View the full report.

MONTHLY WRAP – June 2015

Mac-House Co., Ltd. (7603)

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

On **May 11, 2015,** Shared Research updated its report on Mac-House after interviewing management.

Quarterly performance	FY02/13				FY02/14				FY02/15				FY02/15		FY02/14	FY02/15	FY02/16
(JPYmn)	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**
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%		-1.2%	-4.9%	-2.2%	-2.6%
CoGS	4,953	4,663	4,936	5,560	4,740	4,497	4,636	5,770	4,675	4,516	4,793	5,315	-	-	-	-	-
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**	**16,630**
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%		1.0%	-7.8%	-2.6%	-0.1%
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%		47.6%	46.5%	46.3%	47.5%
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	16,030
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%		4.4%	0.9%	3.0%	-2.6%
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%		45.9%	43.4%	45.8%	45.8%
Operating profit	**812**	**237**	**839**	**827**	**704**	**64**	**132**	**240**	**103**	**-232**	**199**	**132**	**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%		-47.4%	-58.0%	-82.3%	197.0%
OPM	8.3%	2.7%	8.5%	8.0%	7.5%	0.8%	1.5%	2.4%	1.1%	-2.8%	2.2%	1.4%		1.7%	3.1%	0.6%	1.7%
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%		-44.0%	-56.9%	-72.3%	78.7%
RPM	8.8%	3.1%	8.9%	8.7%	8.0%	1.0%	1.6%	2.7%	1.8%	-2.4%	2.5%	1.7%		1.9%	3.4%	1.0%	1.8%
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%	-		-65.4%	-77.8%	-122.4%	-181.3%
NPM	5.4%	1.7%	5.0%	12.6%	4.6%	0.2%	0.4%	0.7%	0.5%	-2.7%	0.7%	-0.1%		0.5%	1.5%	-0.3%	0.3%
Store count	479	477	483	476	486	481	486	482	486	480	482	480		482	482	480	450
Openings	6	3	11	1	12	5	12	2	18	5	13	7		30	31	43	10
Closures	-9	-5	-5	-8	-2	-10	-7	-6	-14	-11	-11	-9		-30	-25	-45	-40
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			18,313	17,661	
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			11,234	10,703	
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			7,079	6,958	
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			9,998	8,932	
Tops					1,450	1,172	1,453	1,184	1,280	982	1,267	1,037			5,259	4,566	
Bottoms					1,247	1,124	1,185	1,183	1,149	1,012	1,155	1,050			4,739	4,366	
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			8,437	9,355	
Children's					985	662	1,092	904	1,016	711	1,180	885			3,643	3,792	
Others					1,081	1,183	952	1,579	1,268	1,362	1,172	1,761			4,795	5,563	
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%			-5.0%	-3.6%	
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%			-4.9%	-4.7%	
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%			-5.2%	-1.7%	
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%			-5.0%	-10.7%	
Tops									-11.7%	-16.2%	-12.8%	-12.4%				-13.2%	
Bottoms									-7.9%	-10.0%	-2.5%	-11.2%				-7.9%	
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%			-4.7%	10.9%	
Children's									3.1%	7.4%	8.1%	-2.1%				4.1%	
Others									17.3%	15.1%	23.1%	11.5%				16.0%	
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%		-1.2%	-4.9%	-2.2%	-2.6%
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%			-3.9%	-2.0%	
Average spend	4.9%	2.9%	4.3%	4.3%	1.5%	0.8%	-2.2%	-4.5%	-2.9%	-0.6%	2.3%	0.9%			-1.1%	-0.1%	
Comparable stores year-on-year																	
Sales									-4.1%	-0.6%	3.1%	-5.0%			-4.8%	-1.8%	
Customer count									-2.0%	-0.9%	-0.2%	-7.2%			-3.9%	-2.6%	
Average spend									-2.2%	0.3%	3.2%	2.3%			-1.0%	0.8%	
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			6,916	9,646	
Inventory turnover (day	153	157	157	172	163	161	162	173	163	176	188	217			154	184	

Source: Company data

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

For FY02/15, the company missed both its initial and revised (as of end 1H) forecasts for sales and operating profit owing to a difficult operating environment, including more intense market competition. Despite some positive results for its “three elements, all together” reforms launched from 2H, the company still undershot its revised projections as of end 1H due to a missed store opening target and an increased use of sales and other price mark downs.

MONTHLY WRAP – June 2015

On **May 1, 2015**, the company announced monthly sales data for April 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%	12.6%	-	-	-	-	-	-	-	-	-	-
	Cust. count	-6.6%	11.5%	-	-	-	-	-	-	-	-	-	-
	Spend / cust.	2.0%	0.9%	-	-	-	-	-	-	-	-	-	-

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%	8.3%	-	-	-	-	-	-	-	-	-	-
	Cust. count	-10.3%	7.8%	-	-	-	-	-	-	-	-	-	-
	Spend / cust.	1.7%	0.4%	-	-	-	-	-	-	-	-	-	-

Source: Company data

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

View the full report.

MONTHLY WRAP – June 2015

Medinet Co., Ltd. (2370)

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

On **May 12, 2015**, MEDINET Co., Ltd. announced earnings results for Q2 FY09/15.

Quarterly Performance	FY09/14				FY09/15				FY09/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	527	472	419	426	409	455			43.2%	2,000
YoY	1.9%	-7.2%	-21.8%	-22.3%	-22.4%	-3.6%				8.5%
Gross Profit	265	234	161	166	147	229				
YoY	9.8%	-2.2%	-41.2%	-39.0%	-44.5%	-2.1%				
GPM	50.2%	49.7%	38.3%	38.9%	35.9%	50.4%				
SG&A Expenses	552	557	559	565	580	535				
YoY	32.1%	15.1%	9.3%	15.2%	5.2%	-3.9%				
SG&A / Sales	104.8%	118.1%	133.3%	132.5%	142.0%	117.7%				
Operating Profit	-287	-323	-398	-399	-433	-306			-	-1,800
YoY	-	-	-	-	-	-				-
OPM	-	-	-	-	-	-				-
Recurring Profit	-273	-365	-403	-297	-294	-256			-	-1,800
YoY	-	-	-	-	-	-				-
RPM	-	-	-	-	-	-				-
Net Income	-283	54	-407	-945	-297	-342			-	-1,810
YoY	-	-	-	-	-	-				-
NPM	-	-	-	-	-	-				-

Source: Company data

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

Company forecasts based on most recently released figures.

Sales were JPY863mn (-13.5% YoY) due to lower year-on-year sales in the Immuno-Cell Therapy Total Service.

SG&A expenses were JPY1.1bn (+0.6% YoY). R&D expenses were JPY282mn (-30.7% YoY). As a result of a licensing agreement with ID Pharma Co., Ltd. (formerly DNAVEC Corporation), R&D expenses were incurred to evaluate technology for amplifying dendritic cells, with the goal to manufacture and sell cell medical products based on the technology. However, the company also reevaluated its R&D investment structure, in order to optimize R&D spending. Selling expenses were JPY163mn (+25.6% YoY), as the company focused on acquiring clients for new business areas. General and administrative expenses were JPY670mn (+17.2% YoY), as the company made strategic investments to develop the Contracted Cell Manufacturing and Cell Medicinal Product Businesses to adapt to a new business environment.

Operating loss was JPY739mn (operating loss of JPY610mn in Q2 FY09/14). Medinet recognized JPY122mn in foreign exchange gains as non-operating profit, from the conversion of foreign currency denominated securities and long-term loans to yen. As a result, recurring loss was JPY550mn (recurring loss of JPY638mn during Q2 FY09/14). Net loss was JPY638mn (net loss of JPY229mn during Q2 FY09/14), owing to an extraordinary loss of JPY50mn on a settlement paid to NC Medical Research Inc. caused by the cancellation of discussions regarding a business partnership. The company also booked income taxes-deferred of JPY33mn, because of an increase in asset retirement obligations.

View the full report.

MONTHLY WRAP – June 2015

MIRAIT Holdings Corp. (1417)

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

On **May 8, 2015**, MIRAIT Holdings Corp. announced earnings results for full-year FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.	% of FY	FY Est.
Sales (Completed Construction Contracts)	56,780	62,966	66,072	91,902	56,915	66,223	65,774	96,088	99.6%	285,000
YoY	8.6%	-2.0%	6.4%	-0.5%	0.2%	5.2%	-0.5%	4.6%		2.6%
GP (Completed Construction Contracts)	5,574	6,493	7,361	10,548	6,811	8,611	7,955	9,736		
YoY	-4.8%	-7.6%	11.3%	7.1%	22.2%	32.6%	8.1%	-7.7%		
GPM	9.8%	10.3%	11.1%	11.5%	12.0%	13.0%	12.1%	10.1%		
SG&A Expenses	4,783	4,509	4,603	4,626	4,704	4,775	4,599	4,895		
YoY	2.3%	0.8%	-0.4%	-2.1%	-1.7%	5.9%	-0.1%	5.8%		
SG&A / Sales	8.4%	7.2%	7.0%	5.0%	8.3%	7.2%	7.0%	5.1%		
Operating Profit	791	1,983	2,758	5,922	2,106	3,837	3,356	3,701	108.8%	13,000
YoY	-32.9%	-22.3%	38.5%	15.7%	166.2%	93.5%	21.7%	-37.5%		13.5%
OPM	1.4%	3.1%	4.2%	6.4%	3.7%	5.8%	5.1%	3.9%		4.6%
Recurring Profit	1,010	2,107	3,094	6,056	2,341	3,917	3,668	3,674	109.1%	13,600
YoY	-27.3%	-25.7%	40.1%	13.6%	131.8%	85.9%	18.6%	-39.3%		10.9%
RPM	1.8%	3.3%	4.7%	6.6%	4.1%	5.9%	5.6%	3.8%		4.8%
Net Income	609	1,137	1,647	3,793	1,559	2,380	4,217	1,044	120.7%	9,200
YoY	-	-7.0%	66.4%	20.3%	156.0%	109.3%	156.0%	-72.5%		28.0%
NPM	1.1%	1.8%	2.5%	4.1%	2.7%	3.6%	6.4%	1.1%		3.2%

Source: Company data

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

MIRAIT maintained its full-year earnings forecasts.

The company booked an extraordinary profit of JPY2.8bn due to the repayment of surplus trust assets, in line with changes to the retirement benefits system at a subsidiary. This resulted in a significant increase in net income.

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

The breakdown of orders by segment in FY03/15 was as follows (based on the simple sum of MIRAIT Corp., MIRAIT Technologies Corp. and Nissetsu Co., Ltd.):

- NTT: JPY96.4bn (-1.0% YoY)
- Multi-carrier: JPY86.0bn (-9.0% YoY)
- Environmental and Social Innovation: JPY48.6bn (+76.0% YoY)
- ICT Solution: JPY25.4bn (+8.0% YoY).

In the NTT segment, sales decreased from large and routine construction work, but the company focused on business reforms in a bid to create a construction system that matches revenues. For example, it moved personnel to growth businesses and consolidated its operating locations.

In the Multi-carrier segment, the company also focused on pushing up productivity and margins, in a bid

MONTHLY WRAP – June 2015

to improve its handling of small-scale, high-volume construction such as LTE work. The company also expanded the scope of its operations, including making MIRAIT Technologies Australia Pty. Limited (Australia) a consolidated subsidiary in Q2.

In the Environmental and Social Innovation and ICT Solution segments, the company focused on growing sales of construction work for solar power generation facilities and electric vehicle charging facilities, along with major networks for universities and corporations. The company also expanded the scope of its operations, including launching the ee-TaB tablet service for hotel operators.

View the full report.

MONTHLY WRAP – June 2015

NAGASE & CO., LTD (8012)

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

On **May 8, 2015**, Nagase & Co., Ltd. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	171,328	186,882	184,902	180,100	181,337	191,445	199,417	187,514	-	-
YoY	2.8%	10.7%	10.6%	10.1%	5.8%	2.4%	7.9%	4.1%		
GP	22,174	22,741	22,268	21,753	22,224	22,233	24,411	23,123		
YoY	6.5%	10.7%	6.8%	6.8%	0.2%	-2.2%	9.6%	6.3%		
GPM	12.9%	12.2%	12.0%	12.1%	12.3%	11.6%	12.2%	12.3%		
SG&A	18,005	18,225	18,340	18,577	17,793	18,705	18,140	19,200		
YoY	7.8%	10.4%	9.5%	9.0%	-1.2%	2.6%	-1.1%	3.4%		
SG&A / Sales	10.5%	9.8%	9.9%	10.3%	9.8%	9.8%	9.1%	10.2%		
OP	4,169	4,516	3,928	3,176	4,431	3,528	6,270	3,924	-	-
YoY	1.0%	12.0%	-4.0%	-4.5%	6.3%	-21.9%	59.6%	23.6%		
OPM	2.4%	2.4%	2.1%	1.8%	2.4%	1.8%	3.1%	2.1%		
RP	5,106	4,747	4,694	3,358	5,089	4,014	7,221	4,042	-	-
YoY	9.6%	18.4%	-9.3%	-17.8%	-0.3%	-15.4%	53.8%	20.4%		
RPM	3.0%	2.5%	2.5%	1.9%	2.8%	2.1%	3.6%	2.2%		
NI	3,527	3,685	3,938	513	3,512	3,152	4,424	230	-	-
YoY	3.5%	-21.3%	26.4%	13.0%	-0.4%	-14.5%	12.3%	-55.2%		
NPM	2.1%	2.0%	2.1%	0.3%	1.9%	1.6%	2.2%	0.1%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY CE
Sales	171,328	358,210	543,112	723,212	181,337	372,782	572,199	759,713	100.0%	760,000
YoY	2.8%	6.8%	8.0%	8.5%	5.8%	4.1%	5.4%	5.0%		5.1%
GP	22,174	44,915	67,183	88,936	22,224	44,457	68,868	91,991		
YoY	6.5%	8.6%	8.0%	7.7%	0.2%	-1.0%	2.5%	3.4%		
GPM	12.9%	12.5%	12.4%	12.3%	12.3%	11.9%	12.0%	12.1%		
SG&A	18,005	36,230	54,570	73,147	17,793	36,498	54,638	73,838		
YoY	7.8%	9.1%	9.2%	9.2%	-1.2%	0.7%	0.1%	0.9%		
SG&A / Sales	10.5%	10.1%	10.0%	10.1%	9.8%	9.8%	9.5%	9.7%		
OP	4,169	8,685	12,613	15,789	4,431	7,959	14,229	18,153	108.1%	16,800
YoY	1.0%	6.4%	2.9%	1.4%	6.3%	-8.4%	12.8%	15.0%		6.4%
OPM	2.4%	2.4%	2.3%	2.2%	2.4%	2.1%	2.5%	2.4%		2.2%
RP	5,106	9,853	14,547	17,905	5,089	9,103	16,324	20,366	108.9%	18,700
YoY	9.7%	13.8%	5.2%	0.0%	-0.2%	-7.5%	12.2%	112.2%		4.4%
RPM	3.0%	2.8%	2.7%	2.5%	2.8%	2.4%	2.9%	2.7%		2.5%
NI	3,527	7,212	11,150	11,663	3,512	6,664	11,088	11,318	88.4%	12,800
YoY	3.5%	-10.9%	-0.5%	0.0%	-0.4%	-7.6%	-0.6%	-3.0%		9.7%

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

Domestic sales increased to JPY374.2bn (+0.3% YoY); overseas sales also grew to JPY385.5bn (+10.1% YoY). Gross profit was up 3.4% YoY at JPY92.0bn, as sales to automotive, office equipment, and home appliance manufacturers increased. Despite provisions for doubtful accounts at a subsidiary in Taiwan, operating profit and recurring profit both increased by double digits—the result of higher gross profit and lower retirement benefit expenses. That said, net income fell 3.0% YoY, to JPY11.3bn, owing to lower gains on the sale of investment securities and a reduction in deferred tax assets on FY15 tax reforms. .

View the full report.

MONTHLY WRAP – June 2015

NAIGAI TRANS LINE LTD. (9384)

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

On **May 15, 2015**, Naigai Trans Line Ltd. (NTL) announced a stock split and a revision to the dividend forecast.

The company plans to conduct a two-for-one stock split with a record date of June 30, 2015 and an effective date of July 1, 2015. The number of shares outstanding will increase from 5,349,000 to 10,698,000 as a result of the split.

In line with the stock split, the company has revised its annual dividend per share forecast from JPY50 to JPY40 (interim dividend of JPY30 [unchanged]; year-end dividend of JPY10 [JPY20 prior to the revision]). Effectively, there is no change to the dividend (in view of the stock split).

On **the same day**, Shared Research updated the report after interviewing management.

Quarterly Performance (cml.)	FY12/14				FY12/15				FY12/15	
(JPYmn)	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	FY12/14				FY12/15			
(JPYmn)	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.

Gross profit was up 21.3% YoY at JPY1.5bn. GPM increased 0.2pp YoY to 27.2%, although this represented a 1.0pp QoQ decline. According to the company, this was due to an increase in relatively low-margin FCL export sales, and a decline in transportation surcharges.

SG&A expenses increased 9.2% YoY, to JPY1.1bn.

According to the company, since the global financial crisis in 2008, it has used acquisitions to move away from an earnings structure overly reliant on export LCL sales, and to diversify risk. As a result, it can now grow earnings without relying on FCL sales growth.

View the full report.

MONTHLY WRAP – June 2015

NanoCarrier Co. (4571)

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

On **May 14, 2015**, NanoCarrier Co. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	150	176	119	28	57	254	47	317	100.1%	675
YoY	1430.2%	96.4%	16.7%	-83.9%	-62.0%	44.7%	-60.1%	1040.8%		42.9%
Gross Profit	98	125	53	14	27	177	9	251		
YoY	-	209.9%	-14.9%	-51.1%	-72.4%	41.2%	-82.9%	1747.1%		
GPM	65.2%	71.4%	44.8%	48.9%	47.4%	69.6%	19.2%	79.1%		
SG&A Expenses	375	349	336	352	409	303	423	437		
YoY	151.8%	172.2%	114.6%	81.9%	8.9%	-13.3%	25.8%	24.2%		
SG&A / Sales	250.2%	198.7%	283.5%	1266.7%	717.5%	119.1%	894.1%	137.9%		
Operating Profit	-277	-224	-283	-339	-382	-126	-414	-187	-	-1,129
YoY	-	-	-	-	-	-	-	-		-
OPM	-	-	-	-	-	-	-	-		-
Recurring Profit	-190	-246	-197	-462	-461	312	190	-212	-	-189
YoY	-	-	-	-	-	-	-	-		-
RPM	-	-	-	-	-	122.5%	401.1%	-		-
Net Income	-191	-246	-197	-479	-462	310	188	-244	-	-227
YoY	-	-	-	-	-	-	-	-		-
NPM	-	-	-	-	-	121.9%	397.8%	-		-

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

Source: Company data

Sales were primarily from supplying clinical trial medication and materials for cosmetics.

NanoCarrier booked JPY919mn in forex gains—mainly from the revaluation of time deposits in foreign currencies—and JPY28mn in interest received, mainly from time deposits in foreign currencies.

On **May 12, 2015**, the company announced the approval of a process patent for DACH-Platin Micelle (NC-4016) in Europe.

The European Patent Office (EPO) granted NanoCarrier a Notice of Allowance for a process patent for one of the company's most important pipeline products, DACH-Platin Micelle (NC-4016), following divisional applications by NanoCarrier. This patent will not affect the company's results for FY03/16.

The EPO has previously granted process patents for NC-4016 in Europe, as announced on March 21, 2013 and April 4, 2013. This patent now adds another process-variation. Together with the previously obtained patents in Europe, this patent secures comprehensive exclusive rights, covering all manufacturing processes theoretically applicable to NC-4016. As a result, although these are process patents, they may be utilized as a strong patent network comparable to the operational exclusivity granted by a substance patent, and the term of exclusivity of these patents exceeds that of a substance patent already held by NanoCarrier. This allows NanoCarrier to secure strong operational exclusivity for NC-4016. This process patent relates to NC-4016, which is now comprehensively protected. NanoCarrier has also obtained such patents in Japan, the United States, China, Russia, Australia, Canada, and South Korea, further protecting NC-4016.

Invention title: Process for Production of Polymerized Coordination Compound of Platinum Complex
Patentee: NanoCarrier Co., Ltd.; National University Corporation, the University of Tokyo

View the full report.

MONTHLY WRAP – June 2015

Nippon Parking Development (2353)

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

On **May 28, 2015**, Nippon Parking Development Co., Ltd. (NPD) announced earnings results for Q3 FY07/15 and a revision to the dividend forecast (commemorative dividend of JPY0.30).

Quarterly Performance	FY07/13				FY07/14				FY07/15				FY 07/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% of FY	FY Est.
Sales	**2,296**	**3,929**	**4,217**	**2,995**	**3,064**	**4,401**	**4,448**	**3,206**	**3,218**	**5,121**	**5,330**	**3,432**	**79.9%**	**17,100**
Parking Lot Business	2,258	2,291	2,348	2,504	2,474	2,563	2,524	2,650	2,662	2,757	2,788	3,113	72.5%	11,320
Ski Resort Business	38	1,638	1,869	492	590	1,838	1,924	556	554	2,359	2,529	308	94.7%	5,750
Other									2	4	13	11	62.1%	30
YoY	8.2%	35.3%	29.5%	29.7%	33.4%	12.0%	5.5%	7.0%	5.0%	16.4%	19.8%	7.0%		13.1%
Parking Lot Business	7.8%	6.7%	6.8%	9.6%	9.6%	11.9%	7.5%	5.8%	7.6%	7.6%	10.5%	17.5%		10.9%
Ski Resort Business	39.0%	116.6%	76.5%	1,891.8%	1,439.4%	12.2%	2.9%	12.9%	-6.0%	28.4%	31.5%	-44.6%		17.2%
Gross Profit	807	1,820	2,026	1,105	1,238	2,188	2,063	1,105	1,252	2,522	2,647			
YoY	4.8%	36.8%	28.7%	28.7%	53.3%	20.2%	1.8%	0.0%	1.1%	15.3%	28.3%			
Gross Profit Margin	35.2%	46.3%	48.0%	36.9%	40.4%	49.7%	46.4%	34.5%	38.9%	49.3%	49.7%			
SG&A Expenses	610	1,099	1,093	935	926	1,295	1,063	974	1,015	1,431	1,417			
YoY	9.4%	42.1%	46.5%	47.3%	51.8%	17.9%	-2.8%	4.2%	9.7%	10.5%	33.2%			
Operating Profit	**197**	**722**	**932**	**170**	**312**	**892**	**999**	**131**	**236**	**1,091**	**1,230**	**42**	**98.4%**	**2,600**
Parking Lot Business	390	339	373	415	393	394	380	444	413	446	427	444	74.4%	1,730
Ski Resort Business	-193	383	559	-245	-81	499	619	-313	-175	646	808	-379	142.2%	900
Other									-3	-1	-5	-22		-30
YoY	-7.1%	29.4%	12.6%	-24.0%	58.1%	23.6%	7.2%	-22.8%	-24.3%	22.3%	23.1%	-67.6%		11.4%
Parking Lot Business	-1.4%	-15.9%	-6.0%	-2.4%	0.6%	16.2%	1.8%	7.1%	5.3%	13.2%	12.5%	-0.1%		7.4%
Ski Resort Business	-	147.3%	29.9%	-	-	30.1%	10.8%	-	-	29.6%	30.4%	-		24.2%
Operating Profit Margin	8.6%	18.4%	22.1%	5.7%	10.2%	20.3%	22.5%	4.1%	7.3%	21.3%	23.1%	1.2%		15.2%
Parking Lot Business	17.3%	14.8%	15.9%	16.6%	15.9%	15.4%	15.1%	16.8%	15.5%	16.2%	15.3%	14.3%		15.3%
Ski Resort Business	-503.8%	23.4%	29.9%	-49.7%	-13.6%	27.1%	32.2%	-56.3%	-31.5%	27.4%	31.9%	-123.4%		15.7%
Recurring Profit	**214**	**819**	**982**	**220**	**354**	**989**	**1,058**	**190**	**414**	**1,248**	**1,227**	**11**	**99.6%**	**2,900**
YoY	6.0%	44.1%	7.7%	-1.6%	65.2%	20.8%	7.7%	-13.6%	16.8%	26.2%	15.9%	-94.0%		11.9%
Recurring Profit Margin	9.3%	20.8%	23.3%	7.4%	11.6%	22.5%	23.8%	5.9%	12.9%	24.4%	23.0%	0.3%		17.0%
Net Income	**115**	**539**	**646**	**79**	**199**	**670**	**656**	**56**	**972**	**812**	**1,418**	**198**	**94.2%**	**3,400**
YoY	21.6%	69.1%	-	-32.6%	73.5%	24.5%	1.6%	-29.5%	387.2%	21.2%	116.1%	256.8%		115.0%
Net Income Margin	5.0%	13.7%	15.3%	2.6%	6.5%	15.2%	14.8%	1.7%	30.2%	15.9%	26.6%	5.8%		19.9%

Source: Company data

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

Estimates for Q4 are calculated by subtracting cumulative Q3 results from full-year estimates.

Sales and operating profit grew significantly year-on-year, owing largely to the commencement of operations at the Meiho Ski Resort following the acquisition of shares in Meiho Kogen Development. NPD also booked gains on the sale of shares in a subsidiary (JPY1.2bn) and gains on a change in equity (JPY870mn), in line with the listing of consolidated ski resort subsidiary Nippon Ski Resort Development on the Mothers section of the Tokyo Stock Exchange on April 22, 2015. As a result, the company reported its highest quarterly net income ever, at JPY3.2bn.

The company also announced a special year-end dividend of JPY0.30/share, commemorating the listing of Nippon Ski Resort Development. This brings the total annual dividend (and year-end dividend) to JPY3.30, from JPY3.

View the full report.

MONTHLY WRAP – June 2015

NS TOOL Co., Ltd. (6157)

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

On **May 14, 2015**, NS Tool Co., Ltd. announced earnings results for full-year FY03/15.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/15				FY03/13	FY03/14	FY3/15	FY3/16	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Act.	Act.	Act.	Est.	Change
Sales	1,570	1,533	1,482	1,413	1,538	1,531	1,632	1,718	1,736	1,813	1,921	1,933	5,998	6,419	7,403	8,200	797
End Mills (up to 6mm)	1,018	956	905	885	946	932	977	1,038	-	-			3,764	3,893			
End Mills (over 6mm)	190	185	185	177	194	195	219	217	-	-			737	825			
End Mills (Others)	251	278	289	253	291	302	319	352	-	-			1,071	1,264			
Other Products	108	112	101	96	105	101	114	115	-	-			417	435			
Sales (new categories*)																	
End Mills (up to 6mm)					1,112	1,093	1,144	1,219	1,214	1,328	1,385	1,374	4,193	4,570	5,301		
End Mills (over 6mm)					194	195	219	216	218	227	251	229	738	825	925		
End Mills (Others)					124	142	152	167	184	141	168	168	646	586	661		
Other Products					105	101	114	114	118	115	115	166	419	435	514		
YoY (*)	7.7%	5.1%	-0.4%	2.6%	-2.0%	-0.1%	10.1%	21.6%	12.9%	18.4%	17.7%	12.5%	3.7%	7.0%	15.3%	10.8%	
End Mills (up to 6mm)	12.0%	2.9%	-5.3%	0.2%	-7.1%	-2.5%	8.0%	17.3%	9.2%	21.5%	21.1%	12.7%	4.5%	9.0%	16.0%		
End Mills (over 6mm)	-5.5%	0.5%	-5.6%	6.0%	2.1%	5.4%	18.4%	22.6%	12.4%	16.4%	14.6%	6.0%	-1.6%	11.8%	12.1%		
End Mills (Others)	10.1%	16.8%	27.9%	16.6%	15.9%	8.6%	10.4%	39.1%	48.4%	-0.7%	10.5%	0.6%	11.6%	-9.3%	12.8%		
Other Products	-7.7%	6.7%	-6.5%	-11.1%	-2.8%	-9.8%	12.9%	19.8%	12.4%	13.9%	0.9%	45.6%	-4.8%	3.8%	18.2%		
Composition (*)																	
End Mills (up to 6mm)	64.9%	62.4%	61.1%	62.6%	61.5%	60.9%	59.9%	60.4%	69.9%	73.3%	72.1%	71.1%	62.8%	71.2%	71.6%		
End Mills (over 6mm)	12.1%	12.1%	12.5%	12.5%	12.6%	12.7%	13.4%	12.6%	12.6%	12.5%	13.1%	11.8%	12.3%	12.9%	12.5%		
End Mills (Others)	16.0%	18.1%	19.5%	17.9%	18.9%	19.7%	19.6%	20.5%	10.6%	7.8%	8.7%	8.7%	17.9%	9.1%	8.9%		
Other Products	6.9%	7.3%	6.8%	6.8%	6.8%	6.6%	7.0%	6.7%	6.8%	6.3%	6.0%	8.6%	7.0%	6.8%	6.9%		
Smaller diameter ratio					72.4%	71.4%	70.2%	71.0%	70.0%	73.3%	72.2%	71.1%		71.2%	71.6%		
Domestic sales	1,255	1,216	1,165	1,112	1,210	1,243	1,329	1,366	1,389	1,391	1,474	1,445	4,750	5,150	5,699		
Overseas sales	314	316	316	300	327	287	301	353	346	421	446	490	1,247	1,268	1,703		
China, Hong Kong, Taiwan	121	131	126	103	107	95	65	129	106	170	176	210	483	396	662		
Asia (ex. above)	88	93	91	89	106	90	102	104	112	123	111	132	363	402	478		
EU	85	66	76	81	90	73	101	93	93	90	119	108	309	357	410		
US, other	18	24	22	25	22	28	32	30	33	37	37	45	90	112	152		
YoY																	
Domestic	9.3%	3.5%	-5.7%	0.0%	-3.6%	2.2%	14.1%	22.8%	14.8%	11.9%	10.9%	5.8%	1.7%	8.4%	10.7%		
Overseas	1.6%	11.7%	25.9%	13.6%	4.1%	-9.2%	-4.7%	17.7%	5.8%	46.7%	48.2%	38.8%	12.5%	1.7%	34.3%		
China, Hong Kong, Taiwan					-11.6%	-27.5%	-48.4%	25.2%	-0.9%	78.9%	170.8%	62.8%	24.5%	-18.0%	67.2%		
Asia (ex. above)					20.5%	-3.2%	12.1%	16.9%	5.7%	36.7%	8.8%	26.9%	9.0%	10.7%	18.9%		
EU					5.9%	10.6%	32.9%	14.8%	3.3%	23.3%	17.8%	16.1%	-7.5%	15.5%	14.8%		
US, other					22.2%	16.7%	45.5%	20.0%	50.0%	32.1%	15.6%	50.0%	73.1%	24.4%	35.7%		
Gross Profit	777	716	699	652	722	740	779	836	885	902	954	965	2,844	3,076	3,707		
YoY	18.5%	-0.3%	-7.5%	6.8%	-7.1%	3.3%	11.4%	28.2%	22.7%	22.0%	22.5%	15.4%	3.8%	8.2%	20.5%		
GPM	49.5%	46.7%	47.1%	46.2%	46.9%	48.3%	47.7%	48.7%	51.0%	49.8%	49.7%	49.9%	47.4%	47.9%	50.1%	2.2%	
SG&A Expenses	470	472	529	451	493	488	498	528	502	570	589	565	1,922	2,007	2,226		
YoY	10.7%	13.0%	25.7%	-12.4%	4.8%	3.4%	-5.8%	17.1%	1.8%	16.8%	18.3%	7.1%	8.1%	4.4%	10.9%		
SG&A / Sales	30.0%	30.8%	35.7%	31.9%	32.0%	31.9%	30.5%	30.7%	28.9%	31.4%	30.7%	29.2%	32.0%	31.3%	30.1%		
Personnel	-	-	-	-	275	279	276	333	279	352	316			1,163			
Other	-	-	-	-	217	208	222	194	221	217	272			841			
Operating Profit	307	244	170	201	229	252	280	308	384	332	365	400	922	1,069	1,481	1,630	149
YoY	32.6%	-18.8%	-49.3%	109.4%	-25.4%	3.2%	65.2%	53.0%	67.6%	32.0%	30.2%	29.8%	-4.3%	16.0%	38.5%	10.1%	
OPM	19.6%	15.9%	11.4%	14.3%	14.9%	16.4%	17.2%	17.9%	22.1%	18.3%	19.0%	20.7%	15.4%	16.7%	20.0%	19.9%	
Recurring Profit	320	248	177	206	247	253	286	321	405	347	368	414	952	1,107	1,534	1,660	126
YoY	31.2%	-20.4%	-51.0%	78.2%	-22.9%	2.0%	62.0%	55.4%	64.1%	36.9%	28.7%	29.1%	-7.8%	16.3%	38.6%	8.2%	
RPM	20.4%	16.2%	11.9%	14.6%	16.1%	16.5%	17.5%	18.7%	23.3%	19.1%	19.2%	21.4%	15.9%	17.2%	20.7%	20.2%	
Net Income	185	146	98	98	142	181	175	196	256	227	249	241	527	695	973	1,100	127
YoY	33.6%	-18.4%	-54.3%	3,648.0%	-23.4%	24.2%	78.5%	100.4%	80.1%	25.4%	42.4%	22.8%	-1.5%	31.7%	40.1%	13.0%	
NPM	11.8%	9.5%	6.6%	6.9%	9.2%	11.8%	10.7%	11.4%	14.7%	12.5%	13.0%	12.5%	8.8%	10.8%	13.1%	13.4%	

Source: Company data
Figures may differ from company materials due to differences in rounding methods.
The company modified its product categories for sales beginning in Q1 FY03/15. YoY and composition figures for Q1 FY03/15 onward are under these new categorizations. Specifically, CBN and PCD products that were previously included in End Mills (Others) are now included in Other Products.

<u>Record consolidated sales and profits; profits top global financial crisis levels</u>

For FY03/15, the company posted record high sales and profits, with profits topping levels last seen before the 2008 global financial crisis. Its operating profit and recurring profit margins both topped 20%. The firm had revised upward its FY03/15 forecasts on May 7, 2015.

Double-digit domestic / overseas sales growth; strong growth in sales to Chinese smartphone makers

Sales grew by double digits both domestically (+10.7% YoY) and overseas (+34.3% YoY) on strong demand for its small-diameter end mills, particularly from automobile and smartphone makers. Overseas, its Hong Kong subsidiary built up inventories and sales growth in China was particularly strong. Indeed, total sales for China, Hong Kong, and Taiwan surged 67.2% YoY, with this region's share of the company's overall sales rising to 8.9%.

Profitability improved, operating profit margin topped 20% for first time since FY03/08

Gross profit margin improved 2.2pp YoY to 50.1% on 1) increased sales of profitable CBN products and a larger percentage of sales attributed to small-diameter end mills (+0.4pp YoY to 71.6%), which provide higher margins, and 2) the offsetting of higher raw materials costs through improved production efficiency, average selling price controls, and lower depreciation expense. Furthermore, the operating profit margin recovered to 20.0%, cracking the 20% line for the first time since FY03/08, as sales growth more than offset higher SG&A expenses.

FY03/15 management strategies bearing fruit

NS Tool's key strategies for FY03/15 were 1) increase sales of high value-added products (aggressively present CBN and other high value-added products at exhibitions and other venues, 2) rework product strengths (introduce new products utilizing CBN and PCD for machining difficult materials, expand types of tools offered), 3) enhance sales in Asia (maintain inventories in Hong Kong to significantly improve distribution in the south China region, expand usage of products among makers of low-cost smartphones), and 4) deeper cost reductions (2.2pp cost rate improvement on promoting automation / labor-saving, contribution from increased production). These strategies are starting to bear fruit.

On **May 7, 2015**, the company announced upward revisions to full-year earnings forecasts for FY03/15.

Full-year earnings forecasts for FY03/15 (previous forecast in parentheses)
Sales: JPY7.4bn (JPY7.0bn)
Operating profit: JPY1.5bn (JPY1.3bn)
Recurring profit: JPY1.5bn (JPY1.3bn)
Net income: JPY973mn (JPY820mn).

Reasons for the revisions

Domestic sales to the auto sector fell significantly, partly owing to the consumption tax hike. But sales to metal mold, component, and other product manufacturers recovered in the summer because of exports and work related to testing new models. Sales to electronic component manufacturers also increased, driven by applications in the manufacture of new smartphones, and the use of computer systems in cars. Despite some ups and downs, NS Tool also saw robust demand for its signature ultra-hard small diameter end mills. As a result, the company now expects full-year earnings for FY03/15 to outperform previously announced forecasts. The company has maintained its dividend forecast of JPY40 per share.

View the full report.

MONTHLY WRAP – June 2015

NTT Urban Development Corporation (8933)

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

On **May 12, 2015**, NTT Urban Development Corporation announced full-year earnings results for FY03/15.

Quarterly Performance (cumulative)		FY03/14				FY03/15			FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Operating Revenue	40,350	82,011	130,289	189,186	36,272	74,379	101,251	152,052	99.4%	153,000
YoY	-2.7%	3.8%	19.9%	15.9%	-10.1%	-9.3%	-22.3%	-19.6%		-19.1%
Gross Profit	14,749	26,693	40,191	52,666	10,244	21,359	29,093	42,718		
YoY	3.7%	3.6%	14.2%	14.5%	-30.5%	-20.0%	-27.6%	-18.9%		
GPM	36.6%	32.5%	30.8%	27.8%	28.2%	28.7%	28.7%	28.1%		
SG&A Expenses	4,265	8,873	14,255	22,207	3,999	8,089	11,762	17,881		
YoY	10.3%	14.3%	25.7%	19.4%	-6.2%	-8.8%	-17.5%	-19.5%		
SG&A / Sales	10.6%	10.8%	10.9%	11.7%	11.0%	10.9%	11.6%	11.8%		
Operating Profit	10,483	17,820	25,935	30,458	6,245	13,270	17,330	24,836	108.0%	23,000
YoY	1.2%	-0.9%	8.7%	11.2%	-40.4%	-25.5%	-33.2%	-18.5%		-24.5%
OPM	26.0%	21.7%	19.9%	16.1%	17.2%	17.8%	17.1%	16.3%		15.0%
Recurring Profit	9,243	14,637	21,521	24,865	5,217	11,142	13,972	20,395	110.2%	18,500
YoY	1.5%	-4.1%	9.1%	12.9%	-43.6%	-23.9%	-35.1%	-18.0%		-25.6%
RPM	22.9%	17.8%	16.5%	13.1%	14.4%	15.0%	13.8%	13.4%		12.1%
Net Income	5,658	8,838	17,737	11,343	3,513	6,959	8,622	16,235	162.4%	10,000
YoY	-5.4%	-7.3%	51.6%	-6.0%	-37.9%	-21.3%	-51.4%	43.1%		-11.8%
NPM	14.0%	10.8%	13.6%	6.0%	9.7%	9.4%	8.5%	10.7%		6.5%

Quarterly Performance (quarterly)		FY03/14				FY03/15		
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Revenue	40,350	41,661	48,278	58,897	36,272	38,107	26,872	50,801
YoY	-2.7%	11.1%	62.5%	8.1%	-10.1%	-8.5%	-44.3%	-13.7%
Gross Profit	14,749	11,944	13,498	12,475	10,244	11,115	7,734	13,625
YoY	3.7%	3.5%	42.9%	15.5%	-30.5%	-6.9%	-42.7%	9.2%
GPM	36.6%	28.7%	28.0%	21.2%	28.2%	29.2%	28.8%	26.8%
SG&A Expenses	4,265	4,608	5,382	7,952	3,999	4,090	3,673	6,119
YoY	10.3%	18.2%	50.7%	9.4%	-6.2%	-11.2%	-31.8%	-23.1%
SG&A / Sales	10.6%	11.1%	11.1%	13.5%	11.0%	10.7%	13.7%	12.0%
Operating Profit	10,483	7,337	8,115	4,523	6,245	7,025	4,060	7,506
YoY	1.2%	-3.9%	38.1%	28.0%	-40.4%	-4.3%	-50.0%	66.0%
OPM	26.0%	17.6%	16.8%	7.7%	17.2%	18.4%	15.1%	14.8%
Recurring Profit	9,243	5,394	6,884	3,344	5,217	5,925	2,830	6,423
YoY	1.5%	-12.5%	54.1%	46.5%	-43.6%	9.8%	-58.9%	92.1%
RPM	22.9%	12.9%	14.3%	5.7%	14.4%	15.5%	10.5%	12.6%
Net Income	5,658	3,180	8,899	-6,394	3,513	3,446	1,663	7,613
YoY	-5.4%	-10.3%	310.1%	-	-37.9%	8.4%	-81.3%	-219.1%
NPM	14.0%	7.6%	18.4%	-	9.7%	9.0%	6.2%	15.0%

Source: Company data

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

The increase in net income was mainly due to the reversal of deferred tax liabilities in line with changes to corporate taxes (JPY4.1bn after the elimination of minority interests).

View the full report.

MONTHLY WRAP – June 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 **May 25, 2015**, Paris Miki Holdings announced changes to executive management.

At a meeting held on the same day, the board of directors agreed upon changes to the representative director and officers of the company. The company plans to officially decide upon these changes at the ordinary general meeting of shareholders to be held on June 23, 2015, and the subsequent meetings of the board of directors and board of corporate auditors.

Overview of the changes

Name	New role	Current role
Mikio Tane	Representative director and vice president	Director
Junichi Kaga	Director and vice president	Representative director and vice president
Jiro Nagata	Senior councilor (Miki Group)	Representative director and vice president
Tomoko Aramaki	Director and head of IR	Non-executive director

Source: Company data

On **May 15, 2015**, the company announced full-year earnings results for FY03/15.

Quarterly Performance (JPY mn)	FY03/13				FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	14,452	14,687	13,594	12,686	14,121	15,253	13,910	13,619	13,873	14,359	13,380	12,730	94.9%	57,258
YoY	-5.2%	-10.1%	-7.2%	-4.7%	-2.3%	3.9%	2.3%	7.4%	-1.8%	-5.9%	-3.8%	-6.5%		0.6%
Gross Profit	9,759	10,011	8,888	9,053	9,529	10,250	9,324	9,385	9,547	9,785	9,035	8,715		
YoY	-5.0%	-9.7%	-7.1%	2.0%	-2.4%	2.4%	4.9%	3.7%	0.2%	-4.5%	-3.1%	-7.1%		
GPM	67.5%	68.2%	65.4%	71.4%	67.5%	67.2%	67.0%	68.9%	68.8%	68.1%	67.5%	68.5%		
SG&A Expenses	9,319	9,484	9,400	9,080	9,325	9,332	9,314	9,709	9,082	9,330	9,239	9,255		
YoY	-9.2%	-8.4%	-6.9%	-1.3%	0.1%	-1.6%	-0.9%	6.9%	-2.6%	-0.0%	-0.8%	-4.7%		
SG&A / Sales	64.5%	64.6%	69.1%	71.6%	66.0%	61.2%	67.0%	71.3%	65.5%	65.0%	69.1%	72.7%		
Operating Profit	440	526	-511	-28	203	919	9	-323	465	455	-204	-541	15.4%	1,140
YoY	4,300.0%	-28.3%	-	-	-53.9%	74.7%	-	-	129.1%	-50.5%	-	-		41.1%
OPM	3.0%	3.6%	-3.8%	-0.2%	1.4%	6.0%	0.1%	-2.4%	3.4%	3.2%	-1.5%	-4.2%		2.0%
Recurring Profit	447	616	-333	336	302	958	67	-292	532	535	0	-432	56.6%	1,122
YoY	520.8%	-8.9%	-	-	-32.4%	55.5%	-	-	76.2%	-44.2%	-	-		8.4%
RPM	3.1%	4.2%	-2.4%	2.6%	2.1%	6.3%	0.5%	-2.1%	3.8%	3.7%	0.0%	-3.4%		2.0%
Net Income	96	200	-292	99	263	600	32	-476	227	307	208	-544	38.9%	509
YoY	-	-51.1%	-	-	174.0%	200.0%	-	-	-13.7%	-48.8%	550.0%	-		21.5%
NPM	0.7%	1.4%	-2.1%	0.8%	1.9%	3.9%	0.2%	-3.5%	1.6%	2.1%	1.6%	-4.3%		0.9%
Inventory	9,872	9,242	9,548	9,658	10,214	10,021	10,467	10,308	10,604	10,553	11,177	11,034		
Net cash	14,639	15,701	15,188	14,832	12,180	13,370	11,655	11,843	11,396	11,348	12,931	13,016		

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

Source: Company data

Japan: comparable store sales continue to slide

Sales were down year-on-year at main subsidiary Miki because of a protracted pullback in demand following the consumption tax hike, and the closing of unprofitable stores. Although the company is also opening new stores in parallel with closing unprofitable stores, comparable store sales continued to underperform. As a result, sales and operating profit both declined year-on-year, underperforming the company's targets.

Overseas: operating loss widens; tackling a new challenge in Vietnam

Overseas, the operating loss widened from JPY103mn in FY03/14 to JPY207mn. In China, results are improving as the company's Chinese subsidiary closes unprofitable stores, but difficult conditions persisted amid sluggish economic growth and rising labor expenses. The company's subsidiary in Southeast Asia had also been contributing to operating profit, but results were hit by lower sales at this subsidiary. Shared Research judges that the loss at the company's Australian subsidiary has probably narrowed as it streamlines its store network.

Sales fell at the UK subsidiary as it closed for relocation. Operating profit also declined owing to expenses associated with this relocation. Recurring profit, however, improved because the company received compensation for the relocation. The company also began investing in a medical business in Vietnam, as it takes on a new challenge in this region where eye healthcare remains underdeveloped.

On **May 7, 2015**, the company announced April 2015 sales figures.

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%
FY03/16	-8.5%											

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%
FY03/16	-9.1%											

View the full report.

MONTHLY WRAP – June 2015

Resorttrust, Inc. (4681)

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

On **May 12, 2015**, Resorttrust, Inc. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	27,342	30,401	30,787	28,294	27,559	32,044	31,255	29,543	103.0%	116,900
YoY	9.1%	10.1%	10.4%	14.2%	0.8%	5.4%	1.5%	4.4%		
Gross Profit	22,369	25,059	25,024	22,988	23,269	27,005	26,523	25,553		
YoY	9.1%	11.2%	10.1%	17.5%	4.0%	7.8%	6.0%	11.2%		
GPM	81.8%	82.4%	81.3%	81.2%	84.4%	84.3%	84.9%	86.5%		
SG&A Expenses	19,301	19,758	19,066	22,196	20,275	20,828	20,448	24,757		
YoY	7.5%	9.2%	3.8%	17.7%	5.0%	5.4%	7.2%	11.5%		
SG&A / Sales	70.6%	65.0%	61.9%	78.4%	73.6%	65.0%	65.4%	83.8%		
Operating Profit	3,068	5,301	5,957	793	2,993	6,178	6,074	796	103.5%	15,500
YoY	20.2%	19.3%	36.9%	12.0%	-2.4%	16.5%	2.0%	0.4%		
OPM	11.2%	17.4%	19.3%	2.8%	10.9%	19.3%	19.4%	2.7%		
Recurring Profit	4,224	5,330	6,159	1,018	3,266	8,267	7,872	801	112.3%	18,000
YoY	63.2%	14.8%	34.6%	-13.1%	-22.7%	55.1%	27.8%	-21.3%		
RPM	15.4%	17.5%	20.0%	3.6%	11.9%	25.8%	25.2%	2.7%		
Net Income	1,668	3,244	3,754	-61	1,918	5,603	4,699	-369	105.8%	11,200
YoY	20.4%	10.1%	32.3%	-	15.0%	72.7%	25.2%	-		
NPM	6.1%	10.7%	12.2%	-	7.0%	17.5%	15.0%	-		

Figures may differ from company materials due to differences in rounding methods
Source: Company data
In Q1 FY03/15, the company changed its accounting methods, but year-on-year comparisons use the former methods to ensure like-for-like comparison.

The company changed its accounting methods in Q1 FY03/15. To ensure like-for-like comparisons, figures have been retroactively restated for year-on-year comparisons (note, figures in the table above have not been retroactively restated).

In October 2014, the company acquired The Kahala Hotel & Resort, a high-end resort in Hawaii, marking its first expansion overseas in the hotel business. In addition to expenses related to this acquisition, results were also negatively impacted by the rollover of some revenues from memberships in unopened hotels until opening, namely XIV Toba Annex and XIV Yugawara Imperial Villa. Still, growth in sales and profits outperformed targets as the impact of the pullback after the consumption tax hike was more moderate than expected, while in the Medical segment, HIMEDIC memberships and residents in the senior residence business increased.

Growth in recurring profit and net income outpaced that of operating profit because the company recognized forex gains as a non-operating revenue.

View the full report.

MONTHLY WRAP – June 2015

Round One Corp. (4680)

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

On **May 8, 2015**, Round One Corporation announced full-year earnings results for FY03/15 and monthly sales data for April 2015.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	20,165	21,706	18,715	23,686	19,694	22,155	19,319	22,737	100.7%	83,300
YoY	-2.8%	-3.7%	-1.9%	0.5%	-2.3%	2.1%	3.2%	-4.0%		-1.2%
Gross profit	2,665	3,051	632	5,375	1,559	2,995	210	3,631		
YoY	1.4%	-26.8%	-40.7%	-1.7%	-41.5%	-1.8%	-66.8%	-32.4%		
GPM	13.2%	14.1%	3.4%	22.7%	7.9%	13.5%	1.1%	16.0%		
SG&A expenses	409	398	465	362	406	403	486	459		
YoY	-3.3%	-2.5%	1.8%	-23.6%	-0.7%	1.3%	4.5%	26.8%		
SG&A / Sales	2.0%	1.8%	2.5%	1.5%	2.1%	1.8%	2.5%	2.0%		
Operating profit	2,256	2,652	168	5,012	1,152	2,593	-276	3,172	109.8%	6,050
YoY	2.4%	-29.5%	-72.5%	0.4%	-48.9%	-2.2%	-	-36.7%		-40.0%
OPM	11.2%	12.2%	0.9%	21.2%	5.8%	11.7%	-	14.0%		7.3%
Recurring profit	1,642	1,970	-278	4,484	830	2,577	-222	2,965	107.9%	5,700
YoY	63.1%	-29.7%	-	2.4%	-49.5%	30.8%	-	-33.9%		-27.1%
RPM	8.1%	9.1%	-	18.9%	4.2%	11.6%	-	13.0%		6.8%
Net income	631	-11,371	-3,681	-5,260	778	1,527	-479	-6,394	-	-5,300
YoY	43.9%	-	-	-	23.3%	-	-	-		-
NPM	3.1%	-	-	-	4.0%	6.9%	-	-		-6.4%

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

The company targeted occasional users such as families with Disney characters in promotional campaigns and planning. It also expanded its free shuttlebus service from 33 to 88 stores, in a bid to make it more convenient for visitors. The company was aiming to increase sales, but in the end sales fell year-on-year.

As of the end of April 2015, total domestic store count was 113, of which 111 stores were existing (comparable) stores. The breakdown of sales by service is as follows (figures in parentheses exclude US sales).

MONTHLY WRAP – June 2015

Monthly Sales Trends FY03/16	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Sales (JPYmn)	**5,908**											
Bowling	1,692											
Game	2,522											
Karaoke	591											
SPO-CHA	890											
Other	211											
Total Sales YoY	**-7.8%**											
Bowling	-15.4%											
Game	-6.1%											
Karaoke	-7.8%											
SPO-CHA	1.4%											
Other	5.8%											
Comparable Store Sales YoY	**-9.4%**											
Bowling	-16.6%											
Game	-8.0%											
Karaoke	-9.4%											
SPO-CHA	-0.7%											
Other	5.3%											
Monthly Sales Trends FY03/15	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
Total Sales (JPYmn)	**6,408**	**7,024**	**5,913**	**6,134**	**9,318**	**6,321**	**5,793**	**6,071**	**6,960**	**7,808**	**6,102**	**8,050**
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
Total Sales YoY	**-3.3%**	**0.1%**	**-6.0%**	**-0.6%**	**8.4%**	**-4.4%**	**3.7%**	**9.9%**	**-4.4%**	**-9.2%**	**-0.8%**	**-5.8%**
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%
Comparable Store Sales YoY	**-3.3%**	**0.1%**	**-6.0%**	**-0.6%**	**8.4%**	**-4.4%**	**2.0%**	**7.3%**	**-6.4%**	**-10.9%**	**-2.7%**	**-7.5%**
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%

Source: Company data

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

April 2015 sales were down 7.8% YoY with comparable store sales down 9.4% YoY. The total number of stores was 113, of which 111 were existing (comparable) stores.

On **the same day**, the company announced that the board of directors had resolved to put forth a proposal for a reduction in capital reserves, in order to ensure financial flexibility and a stable dividend.

The company plans to reduce capital reserves from JPY25.5bn to JPY6.3bn, and allocate the JPY19.2bn to the other capital surplus account, effective June 27, 2015.

View the full report.

MONTHLY WRAP – June 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 **May 7, 2015**, Ryohin Keikaku Co., Ltd. announced monthly sales data for April 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%
Total	**10.4%**	**7.0%**	**8.0%**	**12.6%**	**6.4%**	**16.9%**	**7.2%**	**19.6%**	**14.8%**	**18.6%**	**15.7%**	**14.0%**

FY02/15	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	22.2%	-2.3%	1.6%	4.9%	1.9%	-0.8%	1.8%	-2.2%	0.7%	-2.2%	1.5%	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%
Total	**30.6%**	**12.0%**	**11.0%**	**13.6%**	**22.7%**	**13.2%**	**18.1%**	**8.6%**	**12.2%**	**6.4%**	**13.9%**	**10.5%**

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%	13.8%	-	-	-	-	-	-	-	-	-	-
Apparel	-2.8%	13.1%	-	-	-	-	-	-	-	-	-	-
Household Goods	-14.1%	17.4%	-	-	-	-	-	-	-	-	-	-
Food	-7.6%	-4.2%	-	-	-	-	-	-	-	-	-	-
Customers Traffic	-7.0%	-1.2%	-	-	-	-	-	-	-	-	-	-
Spending per Customer	-3.5%	15.2%	-	-	-	-	-	-	-	-	-	-

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.

MONTHLY WRAP – June 2015

On **May 1, 2015**, Shared Research Inc. updated the report following an interview with management.

	FY02/13				FY02/14				FY02/15				FY02/15	
(JPYmn)	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.

View the full report.

MONTHLY WRAP – June 2015

Sanix Incorporated (4651)

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

On **May 13, 2015**, Sanix Incorporated announced full-year FY03/15 earnings results.

Quarterly Performance (Cumulative)	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	15,753	31,692	51,533	84,222	21,714	44,008	69,627	95,629	100.0%	95,630
YoY	78.6%	74.3%	88.1%	94.2%	37.8%	38.9%	35.1%	13.5%		
GP	4,631	9,003	14,068	21,421	4,806	9,343	13,741	18,907		
YoY	81.3%	54.0%	60.8%	60.2%	3.8%	3.8%	-2.3%	-11.7%		
GPM	29.4%	28.4%	27.3%	25.4%	22.1%	21.2%	19.7%	19.8%		
SG&A	3,666	7,507	11,647	16,913	5,935	12,060	17,520	22,049		
YoY	37.3%	41.1%	35.7%	47.1%	61.9%	60.6%	50.4%	30.4%		
SG&A / Sales	23.3%	23.7%	22.6%	20.1%	27.3%	27.4%	25.2%	23.1%		
OP	966	1,496	2,421	4,508	-1,129	-2,717	-3,779	-3,142		-3,140
YoY	-	185.3%	1357.2%	141.0%	-	-	-	-		-
OPM	6.1%	4.7%	4.7%	5.4%	-	-	-	-		-
RP	925	1,443	2,186	4,310	-1,005	-2,859	-4,049	-3,439		-3,440
YoY	-	183.7%	2494.9%	140.9%	-	-	-	-		-
RPM	5.9%	4.6%	4.2%	5.1%	-	-	-	-		-
NI	779	1,052	1,301	2,965	-1,222	-3,194	-5,244	-4,966		-4,990
YoY	-	177.4%	-	88.2%	-	-	-	-		-
NPM	4.9%	3.3%	2.5%	3.5%	-	-	-	-		-

Quarterly Performance	FY03/14				FY03/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	15,753	15,939	19,841	32,689	21,714	22,294	25,619	26,002
YoY	78.6%	70.3%	115.2%	104.8%	37.8%	39.9%	29.1%	-20.5%
GP	4,631	4,372	5,065	7,353	4,806	4,537	4,398	5,166
YoY	81.3%	32.8%	74.5%	59.1%	3.8%	3.8%	-13.2%	-29.7%
GPM	29.4%	27.4%	25.5%	22.5%	22.1%	20.4%	17.2%	19.9%
SG&A	3,666	3,842	4,140	5,266	5,935	6,125	5,460	4,529
YoY	37.3%	44.8%	27.0%	80.5%	61.9%	59.4%	31.9%	-14.0%
SG&A / Sales	23.3%	24.1%	20.9%	16.1%	27.3%	27.5%	21.3%	17.4%
OP	966	530	925	2,087	-1,129	-1,588	-1,062	637
YoY	-	-17.2%	-	22.5%	-	-	-	-69.5%
OPM	6.1%	3.3%	4.7%	6.4%	-	-	-	2.4%
RP	925	518	743	2,124	-1,005	-1,854	-1,190	610
YoY	-	-17.0%	-	24.6%	-	-	-	-71.3%
RPM	5.9%	3.3%	3.7%	6.5%	-	-	-	2.3%
NI	779	273	249	1,664	-1,222	-1,972	-2,050	278
YoY	-	-50.3%	-	-2.2%	-	-	-	-83.3%
NPM	4.9%	1.7%	1.3%	5.1%	-	-	-	1.1%

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

The net loss was due to a JPY271mn charge stemming from impairment losses related to store closers and the cancellation of vehicle leases, as well as the liquidation of deferred assets.

The operating environment for the company's solar-power businesses has become more challenging after the government in January 2015 revised the nation's feed-in tariff system and imposed restrictions on power production. This was in response to concerns about major utilities' capacity to purchase electricity supplied by solar-power facility operators. Such concerns were raised after Kyushu Electric Power in September 2014 put on hold consideration of any new requests by solar-power operators to connect their systems with its power distribution network.

On **May 7, 2015**, the company announced revisions to its earnings forecasts for FY03/15.

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

Sales: JPY95.6bn (JPY97.0bn)
Operating loss: JPY3.1bn (JPY1.2bn)
Recurring loss: JPY3.4bn (JPY1.4bn)
Net loss: JPY5.0bn (2.7bn)

MONTHLY WRAP – June 2015

Reasons for the revisions

Due to problems related to electricity-grid connection for renewable energy generating facilities, regulatory authorities revised various rules, including rules on the restriction of power output. This has led to changes in the operating environment for the solar power generation business. In light of anticipated severity in operating conditions, on February 12, 2015, the company announced revisions to its earnings forecasts. However, while wholesale sales—mainly in the solar engineering (SE) business—exceeded the anticipated level, sales from direct installations fell short of forecasts, meaning that the company expects to see a 1.4% shortfall in overall sales compared with its previous forecast. In the SE business, fixed costs were in line with expectations after the company overhauled its overall expense structure, including personnel expenses. The company continued to make adjustments to its workforce and staffing levels in each region. However, missing its target for direct installation sales in the SE business and several other factors contributed to gross profit underperforming the previous forecasts. These included an increase in wholesale sales—which have a low gross profit margin—within the sales mix, and an increase in materials costs driven by a weaker-than-expected yen, which drove up the price of imported PV modules in the SE business. Based on these conditions, the company decided to revise its full-year profit forecasts, with operating loss and recurring loss now expected to exceed previous forecasts. With regard to net loss, in addition to the aforementioned factors, the company expects to post an extraordinary loss of approximately JPY300mn stemming from impairment losses relating to the elimination and consolidation of stores and cancellation of vehicle leases. Consequently, net loss is expected to be greater than the previous forecast.

On **the same day**, the company announced a voluntary retirement program and the elimination and consolidation of stores.

On May 7, 2015, the company's Board of Directors passed resolutions concerning a voluntary retirement program and the elimination and consolidation of stores.

Voluntary retirement program

(1) Reasons for implementing voluntary retirement program

In the SE business, the company is aiming to execute timely responses to changes in the operating environment driven by problems related to electricity-grid connection for renewable energy generating facilities. For this reason, the company is seeking to implement appropriate workforce levels in the Kyushu and Shikoku regions, while strengthening its operational structure in the Kanto, Kansai, and Chubu regions, Japan's three largest markets. Based on these adjustments, the company is working to improve its earnings structure through an overall reduction in fixed costs.

Recently, management has judged that deeper rationalization measures are essential to respond to changes in the medium-term operating environment for the solar power generation business and realize sustainable growth. In the SE business, this has led to the initiation of a voluntary retirement program to achieve appropriate workforce adjustments.

(2) Overview of voluntary retirement program

Eligible employees: Technical and administrative staff in the SE business

Number of program applicants sought: 600 (approximate)

Application period: May 14–29, 2015

Retirement date: June 22, 2015

Benefits for program participants: In addition to paying a special retirement allowance, the company will provide re-employment support through an outsourcing consulting firm

Elimination and consolidation of stores

(1) Reasons for elimination and consolidation of stores

Based on the store network maintained by the home sanitation (HS) business, in the SE business the company had established 65 stores in western Japan. However, to rationalize operations and reduce operating costs, the company has decided to eliminate and consolidate some of these stores.

(2) Overview of elimination and consolidation of stores
Planned store eliminations in western Japan in the SE business are as follows (current store totals in parentheses).

Kyushu:	11 (24)
Chugoku:	3 (10)
Shikoku:	3 (9)
Kansai:	3 (16)
Total:	20 store eliminations

The operations of eliminated stores will be consolidated into those of nearby stores.

The closures are expected to be completed during June 2015. Based on this, the number of stores in the SE business in western Japan (including six stores in the Chukyo region) will be reduced from 65 to 45 stores. Of the 20 locations affected, 13 locations involve the cancellation of office leases and seven will continue to be used by the HS business.

Outlook
The onetime expenses associated with the voluntary retirement program are expected to be posted in FY03/16 as an extraordinary loss. If the program reaches its target of 600 applicants, the expense is expected to be around JPY300mn. However, the company says it will make further announcements when the actual figures and impact become clearer.

The company plans to post an extraordinary loss of approximately JPY300mn in FY03/15mn related to onetime expenses stemming from store eliminations and associated vehicle impairment expenses.

The cost savings generated by the voluntary retirement program and store eliminations are expected to emerge from July 2015 onward. In FY03/16, the total annual cost savings are estimated at around JPY2.6bn. The impact of these savings on earnings, in conjunction with the one-off costs associated with the voluntary retirement program, will be announced on May 13, 2015, when the company announces its full-year FY03/15 earnings. The company also plans to include these factors in FY03/16 earnings forecasts, which will be announced simultaneously.

View the full report.

MONTHLY WRAP – June 2015

Sanrio Co., Ltd. (8136)

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

On **May 15, 2015**, Sanrio Co., Ltd. announced full-year earnings results for FY03/15.

Quarterly Performance (cumulative)	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	17,242	34,916	57,289	77,009	17,994	35,524	55,742	74,562	100.5%	74,200
YoY	2.2%	2.4%	3.2%	3.7%	4.4%	1.7%	-2.7%	-3.2%		-3.6%
Gross Profit	11,957	24,887	39,908	53,359	12,034	24,675	38,350	50,562		
YoY	6.7%	8.5%	9.0%	7.9%	0.6%	-0.9%	-3.9%	-5.2%		
GPM	69.3%	71.3%	69.7%	69.3%	66.9%	69.5%	68.8%	67.8%		
SG&A Expenses	7,278	15,129	23,187	32,340	7,717	16,206	24,369	33,094		
YoY	2.6%	4.8%	6.8%	10.5%	6.0%	7.1%	5.1%	2.3%		
SG&A / Sales	42.2%	43.3%	40.5%	42.0%	42.9%	45.6%	43.7%	44.4%		
Operating Profit	4,678	9,757	16,721	21,019	4,316	8,469	13,980	17,468	98.7%	17,700
YoY	13.9%	14.8%	12.4%	4.1%	-7.7%	-13.2%	-16.4%	-16.9%		-15.8%
OPM	27.1%	27.9%	29.2%	27.3%	24.0%	23.8%	25.1%	23.4%		23.9%
Recurring Profit	4,133	9,048	15,641	20,180	4,288	9,021	14,912	18,525	97.5%	19,000
YoY	-3.8%	1.2%	6.5%	2.7%	3.8%	-0.3%	-4.7%	-8.2%		-5.8%
RPM	24.0%	25.9%	27.3%	26.2%	23.8%	25.4%	26.8%	24.8%		25.6%
Net Income	2,635	5,849	10,144	12,802	2,805	6,046	10,155	12,804	97.0%	13,200
YoY	-9.5%	4.6%	9.6%	2.1%	6.5%	3.4%	0.1%	0.0%		3.1%
Net Margin	15.3%	16.8%	17.7%	16.6%	15.6%	17.0%	18.2%	17.2%		17.8%

Quarterly Performance	FY03/14				FY03/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	17,242	17,674	22,373	19,720	17,994	17,530	20,218	18,820
YoY	2.2%	2.6%	4.4%	5.4%	4.4%	-0.8%	-9.6%	-4.6%
Gross Profit	11,957	12,930	15,021	13,451	12,034	12,641	13,675	12,212
YoY	6.7%	10.3%	9.9%	4.6%	0.6%	-2.2%	-9.0%	-9.2%
GPM	69.3%	73.2%	67.1%	68.2%	66.9%	72.1%	67.6%	64.9%
SG&A Expenses	7,278	7,851	8,058	9,153	7,717	8,489	8,163	8,725
YoY	2.6%	7.0%	10.6%	21.4%	6.0%	8.1%	1.3%	-4.7%
SG&A / Sales	42.2%	44.4%	36.0%	46.4%	42.9%	48.4%	40.4%	46.4%
Operating Profit	4,678	5,079	6,964	4,298	4,316	4,153	5,511	3,488
YoY	13.9%	15.7%	9.1%	-19.2%	-7.7%	-18.2%	-20.9%	-18.8%
OPM	27.1%	28.7%	31.1%	21.8%	24.0%	23.7%	27.3%	18.5%
Recurring Profit	4,133	4,915	6,593	4,539	4,288	4,733	5,891	3,613
YoY	-3.8%	5.9%	14.7%	-8.5%	3.8%	-3.7%	-10.6%	-20.4%
RPM	24.0%	27.8%	29.5%	23.0%	23.8%	27.0%	29.1%	19.2%
Net Income	2,635	3,214	4,295	2,658	2,805	3,241	4,109	2,649
YoY	-9.5%	20.0%	17.3%	-19.0%	6.5%	0.8%	-4.3%	-0.3%
Net Margin	15.3%	18.2%	19.2%	13.5%	15.6%	18.5%	20.3%	14.1%

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.

Sanrio is using a design with all of its main characters and a focus on Hello Kitty (ahead of her 40th anniversary), and designs with characters like Gudetama, Kirimi-chan, and Show By Rock originating from SNS and other new markets, to capture new customers in their 20s, in addition to Sanrio's conventional fan base. However, sales declined 3.2% YoY as robust product licensing in Asia was not enough to offset sluggishness Europe and the US.

Operating profit declined 16.9% YoY on sluggish product licensing in Europe and the US along with a higher CoGS to sales ratio due to the weak yen and changes to the domestic sales mix. Recurring profit declined only 8.2% in part to a JPY600mn foreign exchange gain resulting from the yen's plunge since September 2014. Net income was roughly flat with profits from Asia, where effective tax rates are lower, accounting for a higher portion of overall profits.

In Japan, sales were JPY49.1bn (+1.4% YoY), with an operating loss of JPY90mn (JPY470mn operating profit in FY03/14). Overseas sales and operating profit were JPY42.0bn (-7.6% YoY) and JPY17.6bn (-14.5% YoY), respectively.

View the full report.

MONTHLY WRAP – June 2015

SBS Holdings, Inc. (2384)

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

On **May 27, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance (cumulative)	FY12/14				FY12/15				FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	32,266	65,777	103,150	141,535	39,538				50.0%	79,000
YoY	8.2%	6.4%	8.6%	7.1%	22.5%					20.1%
Gross Profit	2,935	6,026	10,502	14,276	3,724					
YoY	27.0%	11.1%	22.8%	6.1%	26.9%					
GPM	9.1%	9.2%	10.2%	10.1%	9.4%					
SG&A Expenses	2,260	4,545	7,213	10,152	2,989					
YoY	-4.8%	-3.7%	2.9%	9.0%	32.3%					
SG&A / Sales	7.0%	6.9%	7.0%	7.2%	7.6%					
Operating Profit	674	1,480	3,288	4,123	734				48.9%	1,500
YoY	-	110.3%	113.2%	-0.4%	8.9%					2.2%
OPM	2.1%	2.3%	3.2%	2.9%	1.9%					1.9%
Recurring Profit	570	1,373	2,933	3,672	989				82.4%	1,200
YoY	-	156.9%	129.6%	-3.4%	73.5%					-11.8%
RPM	1.8%	2.1%	2.8%	2.6%	2.5%					1.5%
Net Income	390	1,761	2,501	2,750	2,594				216.2%	1,900
YoY	-	1075.2%	340.8%	75.0%	565.1%					8.6%
NPM	1.2%	2.7%	2.4%	1.9%	6.6%					2.4%

Quarterly Performance	FY12/14				FY12/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	32,266	33,511	37,373	38,385	39,538			
YoY	8.2%	4.8%	12.8%	3.0%	22.5%			
Gross Profit	2,935	3,091	4,476	3,774	3,724			
YoY	27.0%	-0.6%	42.9%	-23.0%	26.9%			
GPM	9.1%	9.2%	12.0%	9.8%	9.4%			
SG&A Expenses	2,260	2,285	2,668	2,939	2,989			
YoY	-4.8%	-2.5%	16.3%	27.5%	32.3%			
SG&A / Sales	7.0%	6.8%	7.1%	7.7%	7.6%			
Operating Profit	674	806	1,808	835	734			
YoY	-	5.1%	115.6%	-67.9%	8.9%			
OPM	2.1%	2.4%	4.8%	2.2%	1.9%			
Recurring Profit	570	803	1,560	739	989			
YoY	-	10.1%	110.0%	-70.7%	73.5%			
RPM	1.8%	2.4%	4.2%	1.9%	2.5%			
Net Income	390	1,371	740	249	2,594			
YoY	-	347.1%	77.2%	-75.2%	565.1%			
NPM	1.2%	4.1%	2.0%	0.6%	6.6%			

Source: Company data

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

To ensure like-for-like comparison, figures have been retroactively restated in line with a change in accounting methods for retirement benefit liabilities and service costs from Q1 FY12/15.

Recurring profit was up significantly year-on-year owing to higher non-operating gains, including forex gains of JPY270mn on loans in foreign currencies from control companies overseas to affiliates. Net income increased because of an extraordinary gain of JPY2.3bn on the sale of the Rokukakubashi sales office in Yokohama, and lower income taxes.

In the logistics industry in Q1 (January–March 2015), the impact of the consumption tax hike persisted, with sluggish consumer spending and lack of a full recovery in freight. The company also faced difficult operating conditions, including opportunity losses caused by labor and vehicle shortages, and rising vehicle hire and part-time labor costs.

As it headed into the second year of its medium-term plan, SBS Growth 2017, the SBS group focused on operational and investment strategies aimed at achieving its targets in the face of these conditions.

Operational strategies included an overhaul of SBS Logicom, aimed at further growth in the 3PL business. The company also established sales offices in Osaka for the Logistics segment and the human resources business, as it looked to ramp up growth in western Japan. It also entered into a business and capital partnership with major audio and visual content wholesaler Seikodo Co., Ltd., which contracted it for comprehensive logistics services.

Investment strategies included the completion and operation of a logistics center in Nagatsuta (Yokohama) in January 2015. It also began building a specialized logistics facility for a major department store in Tokorozawa (Saitama) in March 2015. As of May 2015, SBS is thus constructing two major logistics centers (the other is in Sugita, Yokohama).

View the full report.

MONTHLY WRAP – June 2015

Ship Healthcare Holdings Inc. (3360)

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

On **May 8, 2015**, Ship Healthcare Holdings Inc. announced full-year earnings results for FY03/15 and an upward revision to the year-end dividend.

Quarterly Performance (JPYmn)	FY03/13 Q1	Q2	Q3	Q4	FY03/14 Q1	Q2	Q3	Q4	FY03/15 Q1	Q2	Q3	Q4	FY03/15 % of FY	FY Est.
Sales	**51,185**	**56,624**	**52,906**	**63,648**	**55,330**	**54,256**	**58,337**	**91,266**	**51,504**	**73,852**	**61,302**	**86,669**	**97.6%**	**280,000**
Total Pack Produce	17,912	21,656	14,372	25,704	17,303	15,639	16,733	46,384	11,461	31,449	17,759	40,905	96.7%	105,000
Medical Supplies	24,643	26,185	28,144	27,797	27,866	28,274	30,776	34,280	29,583	31,751	32,396	34,382	97.4%	131,500
Healthcare	4,622	4,642	4,668	4,561	4,643	4,714	4,743	4,772	4,864	4,964	5,061	5,105	90.9%	22,000
Dispensing Pharmacy	3,802	3,834	5,386	5,211	5,318	5,396	5,672	5,481	5,402	5,446	5,774	5,651	101.2%	22,000
Other	206	308	336	375	200	232	413	347	191	242	313	624		
YoY	23.1%	43.2%	11.2%	5.8%	8.1%	-4.2%	10.3%	43.4%	-6.9%	36.1%	5.1%	-5.0%		8.0%
Total Pack Produce	22.4%	81.8%	-0.9%	-0.7%	-3.4%	-27.8%	16.4%	80.5%	-33.8%	101.1%	6.1%	-11.8%		9.3%
Medical Supplies	17.5%	18.9%	16.2%	9.6%	13.1%	8.0%	9.4%	23.3%	6.2%	12.3%	5.3%	0.3%		8.5%
Healthcare	135.7%	152.2%	1.6%	0.4%	0.5%	1.6%	1.6%	4.6%	4.8%	5.3%	6.7%	7.0%		16.6%
Dispensing Pharmacy	0.9%	9.7%	35.2%	31.7%	39.9%	40.7%	5.3%	5.2%	1.6%	0.9%	1.8%	3.1%		0.6%
Other	-10.0%	6.9%	23.2%	-4.4%	-3.0%	-24.6%	22.7%	-7.4%	-4.5%	4.3%	-24.2%	79.8%		
Gross Profit	7,484	8,030	6,716	8,731	7,255	6,966	7,549	11,787	6,569	9,711	8,033	10,808		
YoY	21.5%	40.4%	1.1%	2.0%	-3.1%	-13.3%	12.4%	35.0%	-9.5%	39.4%	6.4%	-8.3%		
GPM	14.6%	14.2%	12.7%	13.7%	13.1%	12.8%	12.9%	12.9%	12.8%	13.1%	13.1%	12.5%		
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	5,585		
YoY	14.5%	17.3%	11.0%	-3.7%	8.8%	5.3%	6.2%	7.6%	11.8%	12.2%	10.5%	3.4%		
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%	6.4%		
Operating Profit	**3,122**	**3,629**	**2,081**	**3,711**	**2,511**	**2,333**	**2,625**	**6,388**	**1,267**	**4,514**	**2,593**	**5,223**	**93.1%**	**14,600**
Total Pack Produce	2,195	2,816	1,274	2,830	1,738	1,280	1,361	4,990	632	3,317	1,622	4,255	92.7%	10,600
Medical Supplies	400	480	392	516	389	450	559	758	418	625	479	360	85.5%	2,200
Healthcare	273	53	145	-56	86	178	144	169	-2	41	95	57	31.8%	600
Dispensing Pharmacy	331	365	386	515	399	433	612	528	264	570	518	495	115.4%	1,600
Other	31	47	51	26	30	31	23	43	27	27	40	38		
Elimination	-107	-131	-166	-119	-133	-38	-74	-101	-72	-68	-161	18		
YoY	32.9%	84.5%	-15.7%	10.9%	-19.6%	-35.7%	26.1%	72.1%	-49.5%	93.5%	-1.2%	-18.2%		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%	6.0%		5.2%
Total Pack Produce	12.3%	13.0%	8.9%	11.0%	10.0%	8.2%	8.1%	10.8%	5.5%	10.5%	9.1%	10.4%		10.1%
Medical Supplies	1.6%	1.8%	1.4%	1.9%	1.4%	1.6%	1.8%	2.2%	1.4%	2.0%	1.5%	1.0%		1.7%
Healthcare	5.9%	1.1%	3.1%	-1.2%	1.9%	3.8%	3.0%	3.5%	-0.0%	0.8%	1.9%	1.1%		2.7%
Dispensing Pharmacy	8.7%	9.5%	7.2%	9.9%	7.5%	8.0%	10.8%	9.6%	4.9%	10.5%	9.0%	8.8%		7.3%
Other	15.2%	15.2%	15.0%	6.8%	15.0%	13.4%	5.6%	12.4%	14.1%	11.2%	12.8%	6.1%		
Recurring Profit	3,460	3,824	2,282	4,023	2,779	2,534	2,859	6,582	1,538	4,694	2,708	4,970	92.7%	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%	-24.5%		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%	5.7%		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	2,944	84.9%	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%	-25.2%		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%	3.4%		3.1%

Performance by Segment (JPYmn)	FY03/13 Q1	Q2	Q3	Q4	FY03/14 Q1	Q2	Q3	Q4	FY03/15 Q1	Q2	Q3	Q4	FY03/15 % of FY	FY Est.
Sales	**51,185**	**107,809**	**160,715**	**224,363**	**55,330**	**109,586**	**167,923**	**259,189**	**51,504**	**125,356**	**186,658**	**273,327**	**97.6%**	**280,000**
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	101,574	96.7%	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	128,112	97.4%	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	19,994	90.9%	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	22,273	101.2%	22,000
Other	206	514	850	1,225	200	432	845	1,192	191	433	746	1,370		-
YoY	23.1%	32.9%	24.9%	18.8%	8.1%	1.6%	4.5%	15.5%	-6.9%	14.4%	11.2%	5.5%		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%	5.7%		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%	5.7%		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%	5.9%		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%	1.9%		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%	14.9%		-
Operating Profit	**3,122**	**6,752**	**8,833**	**12,544**	**2,511**	**4,844**	**7,469**	**13,857**	**1,267**	**5,781**	**8,374**	**13,597**	**93.1%**	**14,600**
YoY	32.9%	56.4%	30.2%	23.8%	-19.6%	-28.3%	-15.4%	10.5%	-49.5%	19.3%	12.1%	-1.9%		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	9,826	92.7%	10,600
Medical Supplies	400	880	1,272	1,788	389	839	1,398	2,156	418	1,043	1,522	1,882	85.5%	2,200
Healthcare	273	326	470	414	86	264	408	577	-2	39	134	191	31.8%	600
Dispensing Pharmacy	331	696	1,083	1,597	399	832	1,444	1,972	264	834	1,352	1,847	115.4%	1,600
Other	31	78	129	154	30	61	84	127	27	54	94	132		-
Elimination	-107	-239	-405	-524	-133	-171	-245	-346	-72	-140	-301	-283		-
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%	5.0%		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%	9.7%		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%	1.5%		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%	1.0%		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%	8.3%		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%	9.6%		-
Recurring Profit	**3,460**	**7,284**	**9,567**	**13,590**	**2,779**	**5,313**	**8,172**	**14,754**	**1,538**	**6,232**	**8,940**	**13,910**	**92.7%**	**15,000**
YoY	30.9%	47.6%	25.1%	20.8%	-19.7%	-27.1%	-14.6%	8.6%	-44.7%	17.3%	9.4%	-5.7%		1.7%
Net Profit	**2,149**	**4,407**	**5,797**	**8,590**	**1,597**	**2,974**	**4,589**	**8,523**	**570**	**3,193**	**4,528**	**7,472**	**84.9%**	**8,800**
YoY	31.0%	46.5%	29.0%	22.2%	-25.7%	-32.5%	-20.8%	-0.8%	-64.3%	7.4%	-1.3%	-12.3%		3.3%

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

Operating profit was down 1.9% YoY, underperforming the target by 6.9%. Shared Research thinks this was largely due to poor performance in Q4.

MONTHLY WRAP – June 2015

Through 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 segment.

Failed to meet FY forecast amid stagnant replacement demand from medical institutions
Despite the above, Shared Research understands that results underperformed targets owing to weak performance in the Healthcare segment, and weak replacement demand in the mainstay Total Pack Produce segment going into Q4. Replacement demand from medical institutions was 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 that was not the case this year.

In Shared Research's view, the company failed to meet its full-year operating profit target of JPY600mn in the Healthcare segment for a few reasons, despite more new residents at existing facilities. First, the opening of Green Life Sendai, a major serviced facility for the elderly, was delayed. Second, the company faced startup costs of JPY400-460mn for Green Life Sendai. Third, the company faced upfront costs related to other new facilities and day service branches.

According to the company, the slump in replacement demand in Total Pack Produce was deeper than expected. However, conditions are not expected to worsen in FY03/16.

Announced upward revision to dividend

The company resolved to issue a special dividend of JPY7 per share commemorating 10 years since its listing, increasing the dividend per share from JPY48 to JPY55. In FY03/16, the company plans only to issue a regular dividend of JPY52.

Looking toward FY03/16

In FY03/16, the company will focus on cultivating a fifth segment comprising heavy ion projects, overseas development, and synergy with the healthcare REIT. At the same time, it will accelerate its M&A strategies with medical device dealers and dispensing pharmacies, in line with alliances and industry restructuring. In the Healthcare segment, the company will also increase occupancy rates to compensate for revisions to nursing care remuneration.

Attempting to increase large projects in the Total Pack Produce segment
In the core Total Pack produce segment, where large projects usually span several years, the company continues to aim for a steady increase in such projects.

Furthermore, weak replacement demand from existing customers appears to have bottomed out in Q4 FY03/15, and is not expected to affect year-on-year earnings in FY03/16. Although manufacturing subsidiaries are seeing a rise in imported part prices due to the weakening yen and delays to inspections due to construction setbacks, no major effects are expected on a year-on year basis.

The company plans to steadily cultivate its fifth segment with the launch of the heavy ion project (expected to conclude in March 2018), the expansion of business in Myanmar, and expected synergies with the healthcare REIT (see interim forecast).

Medical Supply and Dispensing Pharmacy segments expected to engage in aggressive M&A

MONTHLY WRAP – June 2015

The Medical Supply and Dispensing Pharmacy segments are expected to engage in M&A in FY03/16. M&A was hampered in FY03/15 due to a public stock offering in October 2014. Accordingly, there were few projects contributing to full-year earnings. However, after the public stock offering, the company appears to be engaged in M&A, including the acquisition of a specialized dealer in catheters and other cardiovascular products (a profitable business with annual sales of JPY5–6bn per year).

The motivation for this M&A appears to be the drop in medical fees associated with catheters and other medical treatment materials, and the Ministry of Health, Labour and Welfare examination of distribution costs. The company expects alliances and industry restructuring to accelerate among regional specialized dealers and plans to participate in M&A in FY03/16. The company aims to deal with a further shortage of pharmacists in the Dispensing Pharmacy segment, where restructuring is already taking place.

Healthcare segment: offset revisions to nursing fees with higher occupancy rates
Changes in the industry environment include 2015 revisions to nursing care fees (a 2.27% drop overall). As shown in the chart below, this revision involves a reduction in the basic fees for private rooms, the mainstay of the company's facilities. Despite improved treatment of nursing care staff and revisions to regional nursing care costs, these are drastic measures. The company's improved occupancy rate (forecast at 84% for FY03/15) should make up for the loss.

New projects made possible by the capital increase through a public offering in October 2014 include a paid nursing home in Amagasaki, Hyogo Prefecture (budgeted at JPY836mn; began construction in December 2014; to be completed in October 2015), and a serviced retirement home in Tsuyama, Okayama Prefecture (budgeted at JPY732mn; began construction in December 2014; scheduled for completion in November 2015).

Overseas development: offering of enhanced devices expected in Myanmar
The company's Japanese-style medical service business in Yangon, Myanmar, established a subsidiary in August 2014, and the dialysis center is currently treating patients. In FY03/16, the company aims to increase the number of dialysis devices, and offer endoscope and CT exams. FY03/16 will still be a period for advanced investments, and the company will not turn this business into a segment.

View the full report.

MONTHLY WRAP – June 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 **May 11, 2015**, SOURCENEXT Corporation announced earnings results for full-year FY03/15 and a surplus dividend.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	1,262	1,373	1,778	1,323	1,392	1,363	1,847	1,487	-	-
YoY	2.8%	16.8%	10.4%	15.7%	10.3%	-0.7%	3.9%	12.3%		
Gross Profit	966	979	1,325	966	1,047	1,038	1,310	1,061		
GPM	76.6%	71.3%	74.5%	73.0%	75.2%	76.2%	70.9%	71.4%		
SG&A Expenses	691	737	842	721	729	749	895	782		
YoY	6.8%	16.9%	9.4%	7.6%	5.5%	1.6%	6.4%	8.4%		
Operating Profit	276	241	484	245	355	254	415	279	-	-
YoY	104.4%	34.1%	44.5%	99.0%	28.5%	5.1%	-14.2%	14.2%		
OPM	21.9%	17.6%	27.2%	18.5%	25.5%	18.6%	22.5%	18.8%		
Recurring Profit	262	241	479	243	357	260	411	284	-	-
YoY	92.7%	51.5%	48.8%	118.2%	36.4%	7.5%	-14.2%	17.1%		
Net Income	294	282	471	174	368	325	278	244	-	-
YoY	87.8%	69.0%	46.7%	8.2%	25.2%	15.3%	-41.0%	40.1%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	1,262	2,635	4,413	5,736	1,392	2,756	4,602	6,089	99.0%	6,153
YoY	2.8%	9.6%	10.0%	11.2%	10.3%	4.6%	4.3%	6.1%		7.3%
Gross Profit	966	1,945	3,270	4,236	1,047	2,086	3,396	4,457		
GPM	76.6%	73.8%	74.1%	73.9%	75.2%	75.7%	73.8%	73.2%		
SG&A Expenses	691	1,428	2,269	2,991	729	1,478	2,373	3,155		
YoY	6.8%	11.8%	10.9%	10.1%	5.5%	3.5%	4.6%	5.5%		
Operating Profit	276	517	1,001	1,246	355	608	1,023	1,303	100.0%	1,303
YoY	104.4%	64.2%	54.0%	61.2%	28.5%	17.6%	2.2%	4.6%		4.6%
OPM	21.9%	19.6%	22.7%	21.7%	25.5%	22.1%	22.2%	21.4%		21.2%
Recurring Profit	262	503	983	1,226	357	617	1,028	1,312	100.8%	1,302
YoY	92.7%	70.4%	59.2%	68.2%	36.4%	22.5%	4.6%	7.1%		6.2%
Net Income	294	576	1,047	1,221	368	693	971	1,214	106.5%	1,140
YoY	87.8%	78.1%	62.4%	51.6%	25.2%	20.4%	-7.3%	-0.5%		-6.6%

Source: Company data

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

Net income fell due to a drop in deferred tax assets on losses carried forward.

The company achieved 99.0% of its full-year sales target, 100.0% of its operating profit target, 100.8% of its recurring profit target, and 106.5% of its net income target, to be almost exactly on target for the full-year.

By December 31, 2014, the total number of mobile phone contracts stood at 125.1mn, equivalent to 98.5% of the population. Smartphones made up 65.4mn (52.3%) of this figure (source: MM Research Institute, February 2015). In response, SOURCENEXT focused on expanding its range of PC software and smartphone apps, mainly for Android devices.

In the PC software market, the company's mainstay security software product Virus Security broke 9.2mn users, while the company focused on promoting package software such as its Super Security ZERO and its postcard creation software FUDEOH to general consumers. In June 2014 the company announced an all you can use software service CHOU HOUDAI, which allows users to access over 120 of the latest software products. In November of the same year, it announced CHOU HOUDAI Business, an all you can use plan for corporate clients, offering access to over 100 business PC software titles. Telecoms companies such as U-NEXT Co., Ltd. and BENEFIT JAPAN Co., Ltd. were quick to adopt the service.

In the smartphone market, SOURCENEXT continued focusing on developing and selling apps, as in FY03/14. The company offered new products for use on SoftBank Mobile's App Pass service and Sprint Corporation (US)'s App Pass from September 2014, and also upgraded existing products available on these services. Together with its existing offerings on KDDI Corporation's au Smart Pass and NTT Docomo, Inc.'s Sugotoku Contents, the company now provides apps to the three main Japanese carriers. In October 2014, the company announced APPLI CHOU HOUDAI, a fixed-fee, all you can use smartphone app service. As in FY03/14, the company continued discovered promising new products overseas, and focused on promoting its products in Japan. In FY03/15, it launched Puffin Web Browser (a quick browser for Android devices) and Toco Kitchen (an educational app that stimulates creativity and imagination through cooking).

In order to keep staff morale high, improve productivity, and encourage higher quality products and services, the company improved its employees' compensation in April 2015. For the second year in a row, it increased employees' basic salary by 5%.

Surplus dividend

The company announced a dividend per share for FY03/15 of JPY3.83 (10% payout ratio), which was JPY0.24 higher than the company's forecast JPY3.59 per share (10% payout ratio). The company is forecasting a dividend payout ratio of 15% for FY03/16 depending on business conditions, which would amount to a dividend of JPY4.28 per share.

View the full report.

MONTHLY WRAP – June 2015

SymBio Pharmaceuticals (4582)

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

On **May 15, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance (cumulative)	FY12/14				FY12/15				FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	174	975	1,348	1,955	408				21.8%	1,870
YoY	-64.5%	20.3%	1.9%	27.6%	135.0%					122.1%
Gross profit	32	247	353	527	120					
YoY	-78.6%	34.1%	29.4%	65.6%	272.1%					
GPM	18.6%	25.3%	26.2%	26.9%	29.5%					
SG&A expenses	448	893	1,320	1,830	453					
YoY	-9.0%	-9.9%	-10.0%	-8.4%	1.1%					
SG&A / sales	257.9%	91.6%	97.9%	93.6%	110.9%					
Operating profit	-416	-646	-967	-1,303	-332					-2,452
YoY	-	-	-	-	-					-
OPM	-	-	-	-	-					-
Recurring profit	-454	-713	-941	-1,110	-419					-2,481
YoY	-	-	-	-	-					-
RPM	-	-	-	-	-					-
Net income	-455	-715	-944	-1,116	-420					-2,485
YoY	-	-	-	-	-					-
NPM	-	-	-	-	-					-

Quarterly Performance	FY12/14				FY12/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	174	802	373	607	408			
YoY	-64.5%	149.1%	-27.3%	191.0%	135.0%			
Gross profit	32	215	106	173	120			
YoY	-78.6%	543.6%	19.8%	286.1%	272.1%			
GPM	18.6%	26.8%	28.5%	28.5%	29.5%			
SG&A expenses	448	445	427	510	453			
YoY	-9.0%	-10.8%	-10.1%	-4.3%	1.1%			
SG&A / sales	257.9%	55.6%	114.5%	84.0%	110.9%			
Operating profit	-416	-231	-320	-337	-332			
YoY	-	-	-	-	-			
OPM	-	-	-	-	-			
Recurring profit	-454	-259	-228	-170	-419			
YoY	-	-	-	-	-			
RPM	-	-	-	-	-			
Net income	-455	-261	-228	-172	-420			
YoY	-	-	-	-	-			
NPM	-	-	-	-	-			

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

Sales for Q1 FY12/15 totaled JPY408mn (+135.0% YoY) due to domestic and overseas shipments of Treakisym.

Domestic sales of Treakisym were up 2.1x YoY, owing to a favorable year-on-year comparison, as last year the company faced adjustments to distribution inventory.

SG&A expenses were JPY453mn (+1.1% YoY), including R&D expenses of JPY206mn (+15.2% YoY) owing to clinical trial expenses for Treakisym and the oral and IV forms of rigosertib. Other SG&A expenses totaled JPY247mn (-8.3% YoY).

As a result, operating loss totaled JPY332mn (Q1 FY12/14: loss of JPY416mn). The company also reported a recurring loss of JPY419mn (Q1 FY12/14: loss of JPY454mn), owing to non-operating expenses of JPY91mn, mainly from forex losses of JPY89mn. Net loss totaled JPY420mn (Q1 FY12/14: loss of JPY455mn).

View the full report.

MONTHLY WRAP – June 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 **May 7, 2015**, Shared Research updated comments on Takashimaya Co., Ltd.'s earnings results for full-year FY02/15 after interviewing management.

Quarterly Performance	FY02/13				FY02/14				FY02/15				FY02/15	
(JPY mn)	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.

Japan: capturing inbound tourist and pre-tax hike demand; overseas: sales growth from major subsidiaries

Demand growth from inbound tourists and successful efforts to take advantage of a demand rush prior to the consumption tax hike pushed up operating revenue in Japan. 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.

Operating profit above forecast mainly due to reversal of provision for a rent rise

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. Operating profit surpassed the company's forecast thanks to a reversal of provision for an expected increase in rent payments overseas, and revenue growth at major subsidiaries. Net income also rose year-on-year and outperformed the forecast, due to the posting of gains on the sale of fixed assets.

MONTHLY WRAP – June 2015

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

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/13												
Takashimaya (Parent)	16.5%	2.8%	-0.2%	-0.9%	-1.9%	0.6%	1.9%	-1.0%	2.4%	-2.7%	-2.2%	-0.3%
Domestic Department Stores	16.9%	1.9%	-0.7%	-0.5%	-3.0%	-0.6%	1.1%	-1.6%	1.6%	-2.6%	-2.9%	0.3%
Corporate Business	0.1%	23.6%	9.0%	-2.5%	31.5%	20.0%	26.1%	10.3%	21.8%	-7.8%	5.2%	-5.6%
Cross-Media Business	13.4%	-10.3%	-3.8%	-11.7%	-1.4%	22.3%	0.9%	3.6%	7.1%	-0.8%	13.8%	-6.1%
FY02/14												
Takashimaya (Parent)	2.9%	-1.3%	2.5%	8.9%	-3.6%	0.4%	1.9%	-2.6%	2.2%	1.8%	4.1%	3.7%
Domestic Department Stores	4.9%	-0.5%	1.0%	7.8%	-4.0%	0.3%	2.6%	-2.3%	3.0%	1.8%	4.1%	3.9%
Corporate Business	29.1%	-11.5%	20.7%	38.8%	6.0%	-3.0%	3.7%	-4.2%	-5.9%	11.7%	7.5%	3.0%
Cross-Media Business	-1.8%	4.5%	11.3%	0.6%	3.9%	13.2%	-18.3%	-5.3%	-11.2%	-7.0%	-0.7%	-5.8%
FY02/15												
Takashimaya (Parent)	32.3%	-13.2%	-7.0%	-4.9%	-4.4%	0.1%	-0.3%	-0.4%	0.7%	-1.0%	-1.3%	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%
FY02/16												
Takashimaya (Parent)	-23.9%	17.1%	-	-	-	-	-	-	-	-	-	-
Domestic Department Stores	-23.7%	16.7%	-	-	-	-	-	-	-	-	-	-
Corporate Business	-25.9%	-	-	-	-	-	-	-	-	-	-	-
Cross-Media Business	-16.6%	-	-	-	-	-	-	-	-	-	-	-

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

View the full report.

MONTHLY WRAP – June 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 **May 13, 2015**, Tamagawa Holdings Co., Ltd. announced earnings results for full-year FY03/15.

Quarterly Performance (cumulative)	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	914	1,820	2,738	4,171	835	1,924	3,101	5,095	101.8%	5,004
YoY	23.9%	14.5%	7.8%	13.6%	-8.7%	5.7%	13.3%	22.1%		20.0%
Gross Profit	253	547	848	1,198	261	617	996	1,479		
YoY	51.0%	35.7%	15.1%	14.3%	3.0%	12.8%	17.4%	23.4%		
GPM	27.7%	30.0%	31.0%	28.7%	31.2%	32.1%	32.1%	29.0%		
SG&A Expenses	164	332	532	721	204	405	624	947		
YoY	10.2%	7.3%	9.7%	6.8%	24.0%	22.0%	17.4%	31.4%		
SG&A / Sales	17.9%	18.2%	19.4%	17.3%	24.4%	21.0%	20.1%	18.6%		
Operating Profit	89	215	317	477	57	212	372	531	102.8%	517
YoY	371.9%	129.2%	25.6%	27.8%	-35.8%	-1.3%	17.6%	11.3%		8.4%
OPM	9.8%	11.8%	11.6%	11.4%	6.9%	11.0%	12.0%	10.4%		10.3%
Recurring Profit	95	219	319	478	56	210	364	514	101.4%	507
YoY	847.7%	163.0%	32.3%	27.6%	-40.8%	-4.1%	14.2%	7.5%		6.0%
RPM	10.4%	12.0%	11.6%	11.5%	6.8%	10.9%	11.7%	10.1%		10.1%
Net Income	90	191	305	436	26	120	261	427	93.9%	455
YoY	939.0%	108.7%	23.2%	28.5%	-71.1%	-36.9%	-14.5%	-2.2%		4.2%
Net Margin	9.8%	10.5%	11.1%	10.5%	3.1%	6.3%	8.4%	8.4%		9.1%

Quarterly Performance	FY03/14				FY03/15			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	914	906	918	1,433	835	1,089	1,178	1,993
YoY	23.9%	6.3%	-3.4%	26.7%	-8.7%	20.1%	28.3%	39.1%
Gross Profit	253	293	301	350	261	356	379	482
YoY	51.0%	24.7%	-9.6%	12.2%	3.0%	21.3%	25.8%	37.8%
GPM	27.7%	32.4%	32.8%	24.4%	31.2%	32.7%	32.2%	24.2%
SG&A Expenses	164	167	200	190	204	201	220	323
YoY	10.2%	4.5%	14.1%	-0.7%	24.0%	20.0%	9.7%	70.5%
SG&A / Sales	17.9%	18.5%	21.8%	13.2%	24.4%	18.5%	18.6%	16.2%
Operating Profit	89	126	101	161	57	155	160	159
YoY	371.9%	68.0%	-35.9%	32.5%	-35.8%	23.2%	57.6%	-0.9%
OPM	9.8%	13.9%	11.0%	11.2%	6.9%	14.2%	13.6%	8.0%
Recurring Profit	95	124	100	159	56	154	154	150
YoY	847.7%	69.1%	-36.6%	19.1%	-40.8%	24.1%	54.5%	-6.1%
RPM	10.4%	13.7%	10.9%	11.1%	6.8%	14.1%	13.1%	7.5%
Net Income	90	101	114	131	26	94	141	166
YoY	939.0%	22.0%	-26.8%	42.6%	-71.1%	-6.6%	22.9%	26.6%
Net Margin	9.8%	11.1%	12.5%	9.2%	3.1%	8.7%	11.9%	8.3%

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

On **May 12, 2015**, Tamagawa Holdings Co., Ltd. announced a reduction in capital reserves and the distribution of a surplus.

At a meeting of the board of directors held on the same day, the company resolved to reduce capital reserves by JPY200mn and transfer the entire amount to the capital surplus account. It plans to use JPY41mn of the increase in capital surplus to pay a dividend of JPY1 per share. The aim of the above is to secure shareholder return, and ensure a flexible capital policy in future.

The planned record date for this distribution is March 31, 2015, provided the proposal to reduce capital reserves is approved at the general meeting of shareholders on June 26, 2015, and the necessary procedures to protect creditors are completed.

View the full report.

MONTHLY WRAP – June 2015

TOKAI Holdings Corporation (3167)

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

On **May 27, 2015,** TOKAI Holdings Corporation announced the start of a joint investigation of a business alliance with Tokyo Electric Power Co.

In light of the liberalization of the energy retail market in Japan from April 2016, the company is planning to enter the electricity market using its customer base of 2.54mn and business foundation cultivated over 60 years. As a result, it has been considering an alliance with a power company that can provide a stable supply of electricity.

The company has signed a basic agreement to begin exploring a business alliance with Tokyo Electric Power Co. (TSE1 9501) to sell electricity to individuals and corporations throughout Japan. The agreement considers merging both companies' services, and the two companies will discuss ways to create added-value.

On **May 8, 2015**, the company announced earnings results for full-year FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	43,038	41,277	48,644	56,028	44,302	42,972	48,707	51,530	-	-
YoY	-0.7%	2.5%	2.9%	10.3%	2.9%	4.1%	0.1%	-8.0%		
Gross Profit	15,842	14,906	17,897	19,696	16,513	15,272	17,772	19,375		
YoY	-3.5%	-3.5%	-0.4%	3.8%	4.2%	2.5%	-0.7%	-1.6%		
GPM	36.8%	36.1%	36.8%	35.2%	37.3%	35.5%	36.5%	37.6%		
SG&A Expenses	15,194	15,143	15,112	15,500	14,855	15,114	14,721	15,238		
YoY	3.4%	3.8%	1.7%	-1.5%	-2.2%	-0.2%	-2.6%	-1.7%		
SG&A / Sales	35.3%	36.7%	31.1%	27.7%	33.5%	35.2%	30.2%	29.6%		
Operating Profit	648	-237	2,785	4,196	1,657	159	3,050	4,137	-	-
YoY	-62.3%	-	-10.7%	29.3%	155.7%	-	9.5%	-1.4%		
OPM	1.5%	-	5.7%	7.5%	3.7%	0.4%	6.3%	8.0%		
Recurring Profit	549	-246	2,656	4,054	1,547	38	2,932	4,032	-	-
YoY	-63.2%	-	-4.9%	30.1%	181.8%	-	10.4%	-0.5%		
RPM	1.3%	-	5.5%	7.2%	3.5%	0.1%	6.0%	7.8%		
Net Income	149	-503	1,274	1,678	713	-488	1,594	2,115	-	-
YoY	-72.7%	-	-11.3%	27.3%	378.5%	-	25.1%	26.0%		
NPM	0.3%	-	2.6%	3.0%	1.6%	-	3.3%	4.1%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	43,038	84,315	132,959	188,987	44,302	87,274	135,981	187,511	95.2%	196,900
YoY	-0.7%	0.8%	1.6%	4.0%	2.9%	3.5%	2.3%	-0.8%		4.2%
Gross Profit	15,842	30,748	48,645	68,341	16,513	31,785	49,557	68,932		
YoY	-3.5%	-3.5%	-2.4%	-0.7%	4.2%	3.4%	1.9%	0.9%		
GPM	36.8%	36.5%	36.6%	36.2%	37.3%	36.4%	36.4%	36.8%		
SG&A Expenses	15,194	30,337	45,449	60,949	14,855	29,969	44,690	59,928		
YoY	3.4%	3.6%	3.0%	1.8%	-2.2%	-1.2%	-1.7%	-1.7%		
SG&A / Sales	35.3%	36.0%	34.2%	32.3%	33.5%	34.3%	32.9%	32.0%		
Operating Profit	648	411	3,196	7,392	1,657	1,816	4,866	9,003	101.5%	8,870
YoY	-62.3%	-84.0%	-43.8%	-17.3%	155.7%	341.8%	52.3%	21.8%		20.0%
OPM	1.5%	0.5%	2.4%	3.9%	3.7%	2.1%	3.6%	4.8%		4.5%
Recurring Profit	549	303	2,959	7,013	1,547	1,585	4,517	8,549	102.8%	8,320
YoY	-63.2%	-85.9%	-40.2%	-13.0%	-63.2%	423.1%	52.7%	21.9%		18.6%
RPM	1.3%	0.4%	2.2%	3.7%	3.5%	1.8%	3.3%	4.6%		4.2%
Net Income	149	-354	920	2,598	713	225	1,819	3,934	105.2%	3,740
YoY	-72.9%	-	-47.9%	-15.8%	378.5%	-	97.7%	51.4%		44.0%
NPM	0.3%	-	0.7%	1.4%	1.6%	0.3%	1.3%	2.1%		1.9%

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

Source: Company data

MONTHLY WRAP – June 2015

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

On a segment basis, the three main businesses of Gas and Petroleum, Information Communications and Aqua drove the overall improvement in group earnings.

Interest-bearing debt at end-FY03/15 stood at JPY73.1bn (end-FY03/14: JPY85.8bn), and the equity ratio was 25.7% (end-FY03/14: 21.6%), reflecting progress in improving the company's financial standing.

The customer base for recurring services increased by 19,000 YoY, to 2.5mn. TLC membership also increased by 90,000 compared with end- FY03/14, to 396,000. TOKAI launched the TLC Membership Service in order to increase customer loyalty.

View the full report.

MONTHLY WRAP – June 2015

Verite Co., Ltd. (9904)

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

On **May 14, 2015**, Verite Co. announced full-year earnings results for FY03/15 and monthly sales figures for April 2015.

Quarterly Performance	FY03/13				FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	2,217	2,392	2,589	3,367	2,251	2,296	2,505	2,726	1,747	2,009	2,108	2,739	100.0%	8,600
YoY	7.8%	1.3%	-5.1%	-8.5%	1.5%	-4.0%	-3.2%	-19.0%	-22.4%	-12.5%	-15.8%	0.5%		-12.0%
Gross Profit	1,162	1,257	1,783	1,521	1,127	1,200	1,280	1,270	902	1,022	1,100	1,097		
YoY	-0.2%	-4.6%	14.7%	0.2%	-3.0%	-4.5%	-28.2%	-16.5%	-20.0%	-14.8%	-14.1%	-13.6%		
GPM	52.4%	52.6%	68.9%	45.2%	50.1%	52.3%	51.1%	46.6%	51.6%	50.9%	52.2%	40.1%		
SG&A Expenses	1,371	1,333	1,368	1,446	1,169	1,148	1,140	1,198	1,027	861	1,036	1,196		
YoY	8.6%	-3.8%	-3.6%	1.1%	-14.7%	-13.9%	-16.7%	-17.2%	-12.1%	-25.0%	-9.1%	-0.2%		
SG&A / Sales	61.8%	55.7%	52.8%	42.9%	51.9%	50.0%	45.5%	43.9%	58.8%	42.9%	49.1%	43.7%		
Operating Profit	-209	-75	414	79	-42	52	140	90	-125	20	64	-100	106.8%	-132
YoY	-	-	204.4%	2.6%	-	-	-66.2%	13.9%	-	-61.5%	-54.3%	-		-155.0%
OPM	-9.4%	-3.1%	16.0%	2.3%	-1.9%	2.3%	5.6%	3.3%	-7.2%	1.0%	3.0%	-3.7%		-
Recurring Profit	-238	-105	378	39	-66	-1	81	6	-151	-3	43	-143	109.0%	-233
YoY	-	-	220.3%	77.3%	-	-	-78.6%	-84.6%	-	-	-46.9%	-		-1,265.0%
RPM	-10.7%	-4.4%	14.6%	1.2%	-2.9%	-0.0%	3.2%	0.2%	-8.6%	-0.1%	2.0%	-5.2%		-
Net Income	-254	-202	354	215	-58	-16	69	157	-164	-25	30	-1,428	103.7%	-1,530
YoY	-	-	306.9%	-	-	-	-80.5%	-27.0%	-	-	-56.5%	-		-1,106.6%
NPM	-11.5%	-8.4%	13.7%	6.4%	-2.6%	-0.7%	2.8%	5.8%	-9.4%	-1.2%	1.4%	-52.1%		-
Product Inventory	5,070	4,720	5,604	5,268	6,085	6,442	6,208	5,927	5,944	5,951	5,898	4,738		
YoY	5.5%	-12.1%	-0.9%	-0.5%	20.0%	36.5%	10.8%	12.5%	-2.3%	-7.6%	-5.0%	-20.1%		
Turnover (days)	448	394	584	269	461	522	471	380	641	550	536	296		

Full-Year Performance	FY03/04	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	FY03/15	FY03/16	
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Par.	Par.	Par.	Par.	Par.	Est.	Change
Sales	16,376	15,753	13,719	8,861	5,491	11,519	9,246	9,530	10,823	10,565	9,778	8,603	8,100	-503
YoY	-5.8%	-3.8%	-12.9%	-35.4%	-38.0%	109.8%	-19.7%	3.1%	13.6%	-2.4%	-7.4%	-12.0%	-5.8%	
Gross Profit	8,178	7,999	7,072	4,449	2,854	5,567	4,552	4,878	5,555	5,723	4,877	4,121	4,350	229
YoY	-3.9%	-2.2%	-11.6%	-37.1%	-35.9%	95.1%	-18.2%	7.2%	13.9%	3.0%	-14.8%	-15.5%	5.5%	
GPM	49.9%	50.8%	51.5%	50.2%	52.0%	48.3%	49.2%	51.2%	51.3%	54.2%	49.9%	47.9%	53.7%	
SG&A Expenses	7,982	8,250	7,534	5,231	2,616	6,116	5,213	4,815	5,497	5,518	4,655	4,262	4,200	-62
YoY	-4.7%	3.4%	-8.7%	-30.6%	-50.0%	133.8%	-14.8%	-7.6%	14.2%	0.4%	-15.6%	-8.4%	-1.5%	
SG&A / Sales	48.7%	52.4%	54.9%	59.0%	47.6%	53.1%	56.4%	50.5%	50.8%	52.2%	47.6%	49.5%	51.8%	
Operating Profit	195	-251	-462	-781	237	-548	-660	59	47	209	240	-141	150	291
YoY	45.5%	-	-	-	-	-	-	-	-20.3%	344.7%	14.8%	-	-	
OPM	1.2%	-1.6%	-3.4%	-8.8%	4.3%	-4.8%	-7.1%	0.6%	0.4%	2.0%	2.5%	-1.6%	1.9%	
Recurring Profit	245	-232	-514	-933	272	-694	-611	4	-90	74	20	-254	70	324
YoY	100.8%	-	-	-	-	-	-	-	-	-	-73.0%	-	-	
RPM	1.5%	-1.5%	-3.7%	-10.5%	5.0%	-6.0%	-6.6%	0.0%	-0.8%	0.7%	0.2%	-3.0%	0.9%	
Net Income	-391	-205	-1,199	-1,545	215	-1,935	-768	-169	-212	113	152	-1,587	10	1,597
YoY	-	-	-	-	-	-	-	-	-	-	34.5%	-	-	
NPM	-2.4%	-1.3%	-8.7%	-17.4%	3.9%	-16.8%	-8.3%	-1.8%	-2.0%	1.1%	1.6%	-18.4%	0.1%	
Product Inventory	5,015	5,210	4,571	3,891	4,101	4,204	4,235	4,507	5,333	5,300	5,958	4,760		
YoY	3.3%	3.9%	-12.3%	-14.9%	5.4%	2.5%	0.7%	6.4%	18.3%	-0.6%	12.4%	-20.1%		
Turnover (days)	223	245	251	322	568	258	329	354	370	400	444	360		

Source: Company data

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

Difficult conditions persisted during FY03/15, namely due to the pullback in demand after the rush to beat the consumption tax hike, poor consumer spending, and poor weather conditions. As a result, sales fell through Q3. In Q4, however, the company began seeing year-in-year growth. Since Christmas, CEO Arpan Jhaveri has been advising stores on strategies for promotions, inventory, products, and sales. It appears these strategies are paying off.

Still, operating profit, recurring profit, and net income all slipped into the red as sales fell. The net loss was considerable, at JPY1.6bn. This was due to an extraordinary loss of JPY879mn booked on provisions for doubtful accounts after accounts receivable from sister company Jewel Source Japan and advance payments to the Aston Luxury Group Limited were found to be unrecoverable. The company also recognized business restructuring expenses of JPY339mn as an extraordinary loss, owing to the disposal of long-term inventory.

MONTHLY WRAP – June 2015

Monthly Sales (YoY)	FY03/16 Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY03/16 Q1	Q2	Q3	Q4	FY03/16 1H	2H	FY
All Stores																			
Sales	9.5%																		
Customer Count	-19.3%																		
Sales Per Customer	35.7%																		
Stores	80																		
Vérité	71																		
MAHARAJA	7																		
MiMiKaZaRi	2																		
Comparable Stores																			
Sales	6.5%																		
Customer Count	-16.6%																		
Sales Per Customer	27.7%																		
Stores	77																		
Monthly Sales (YoY)	**FY03/15 Apr.**	**May**	**Jun.**	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**FY03/15 Q1**	**Q2**	**Q3**	**Q4**	**FY03/15 1H**	**2H**	**FY**
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 Apr.	**May**	**Jun.**	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**FY03/14 Q1**	**Q2**	**Q3**	**Q4**	**FY03/14 1H**	**2H**	**FY**
All Stores																			
Sales	8.5%	-8.7%	-7.4%	-0.8%	-9.8%	-1.9%	-7.0%	4.2%	2.3%	8.4%	-10.8%	-0.3%	-3.3%	-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

Source: Company data

On **May 1, 2015**, the company announced a revision to its FY03/15 earnings forecasts, the possibility of unrecoverable liabilities, the recording of an allowance for doubtful accounts and extraordinary losses.

FY03/15 earnings forecast revision

	FY03/13 Actual			FY03/14 Results			FY03/15 Est. (Old)			FY03/15 Est. (New)			
(JPYmn)	1H	2H	FY	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.	1H Act.	2H Est.	FY Est.	Dif.
Sales	**4,609**	**5,956**	**10,565**	**4,547**	**5,231**	**9,778**	**3,756**	**5,244**	**9,000**	**3,756**	**4,844**	**8,600**	**-400**
YoY	4.3%	-7.0%	-2.4%	-1.3%	-12.2%	-7.4%	-17.4%	0.2%	-8.0%	-17.4%	-7.4%	-12.0%	-
CoGS	2,189	2,652	4,841	2,219	2,682	4,901	1,831			1,831	-	-	-
Gross Profit	**2,419**	3,304	5,723	**2,327**	**2,550**	**4,877**	**1,924**			**1,924**	**-**	**-**	**-**
YoY	-2.5%	7.5%	3.0%	-3.8%	-22.8%	-14.8%	-17.3%			-17.3%	-	-	-
GPM	52.5%	55.5%	54.2%	51.2%	48.7%	49.9%	51.2%			51.2%	-	-	-
SG&A	2,704	2,814	5,518	2,317	2,338	4,655	2,030			2,030	-	-	-
SG&A/Sales	58.7%	47.2%	52.2%	51.0%	44.7%	47.6%	54.0%			54.0%	-	-	-
Operating Profit	**-284**	**493**	**209**	**10**	**230**	**240**	**-105**	**345**	**240**	**-105**	**-27**	**-132**	**-372**
YoY	-	131.5%	344.7%	-	-53.3%	14.8%	-	50.0%	-	-	-	-	-
OPM	-	8.3%	2.0%	0.2%	4.4%	2.5%	-2.8%	6.6%	2.7%	-2.8%	6.6%	2.7%	-
Recurring Profit	**-343**	**417**	**74**	**-67**	**87**	**20**	**-154**	**254**	**100**	**-154**	**-79**	**-233**	**-333**
YoY	-	197.9%	-	-	-79.1%	-73.0%	-	192.0%	400.0%	-	-	-	-
OPM	-	7.0%	0.7%	-	1.7%	0.2%	-4.1%	4.8%	1.1%	-4.1%	4.8%	1.1%	-
Net Income	**-456**	**569**	**113**	**-74**	**226**	**152**	**-189**	**229**	**40**	**-189**	**-1,341**	**-1,530**	**-1,570**
YoY	-	934.5%	-	-	-60.3%	34.5%	-	1.3%	-73.7%	-	-	-	-

Source: Company data

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

Reason for revision

The company outlined the following rationale for revising its forecasts for sales, operating profit, and net income:

Despite higher year-on-year sales during January of Q4 FY03/15 signaling a recovery in sales and measures such as the introduction of attractive new products, higher discounts, and higher sales promotion expenses, sales were significantly lower than the targets set for March, and sales for Q4 are forecast to be up by 0.4% year-on-year, to JPY2.7bn.

Operating profit has been impacted by lower margins—a result of deeper discounts—and additional sales promotion expenses, and the company forecasts an operating loss.

Verite forecasts a net loss due to the recording of an allowance for doubtful accounts related to the possibility of unrecoverable liabilities, described below, and extraordinary losses of JPY1.2bn, a result of losses associated with the disposal of inventory.

Allowance for doubtful accounts due to possible unrecoverable liabilities at Jewel Source Japan

The company determined that there is a possibility that the following liabilities may be unrecoverable. The counterparty for these liabilities is Jewel Source Japan, a wholly owned subsidiary of Jewel Source Japan Holdings, which is the parent of the company and holds 52.01% of the company's stock.

1. Accounts receivable and outstanding accounts of JPY564mn;
2. Deposits and payment guarantees of JPY153mn;
3. Loans of JPY80mn.

As a result, Verite has recorded an allowance for doubtful accounts for FY03/15.

The company will continue to negotiate to recover the above liabilities in their full amounts, and explore any other options. Concerning procurement arrangements with Jewel Source Japan, Verite is moving forward with a search for new transaction partners, and does not believe that its product procurement structure will be significantly impacted.

Mr. Kavan Choksi, who served as president of Jewel Source Japan and concurrently served as director of the company, stepped down as director on April 17, 2015.

> Verite sold items in its inventory to Jewel Source Japan in January 2015, but payments to the company were not made according to the terms of the purchasing agreement. Despite efforts to negotiate a resolution, the company determined that it can no longer conduct business with Jewel Source Japan, and Jewel Source Japan accepted the result. However, on April 23, 2015, Verite received notice from Jewel Source Japan that due to termination of transactions with a major business partner, it would be forced to significantly downsize its operations, and the downsizing would occur at the end of April 2015. As a result, the company resolved to move forward with the above countermeasures, and although the events in question occurred during FY03/16, the amounts were recorded as significant subsequent effects for FY03/15.

Possibility of unrecoverable liabilities to the Aston Luxury Group Limited

Verite has a business alliance the Aston Luxury Group Limited, and holds 15.3% of its outstanding shares. However, the company has determined that there is a possibility that JPY58mn in advance payments may be unrecoverable, and has booked an allowance for doubtful accounts in the same amount for FY03/15.

While working to negotiating a resolution, the company is also reassessing its relationship and transactions with the Aston Luxury Group.

Loss on disposal of inventory

With the intent of improving its financial standing and restructuring its business, Verite is rationalizing its inventory levels and aiming to strengthen profitability by increasing efficiency in its business operations. In line with these initiatives, the company has resolved to conduct a one-time write off of its long-term latent inventory, and consigned the disposal to an outside firm in March 2015. The amount associated with the disposal was determined in April 2015, and Verite will book JPY335mn in extraordinary losses associated with this transaction during FY03/15.

View the full report.

MONTHLY WRAP – June 2015

VOYAGE GROUP, Inc. (3688)

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.

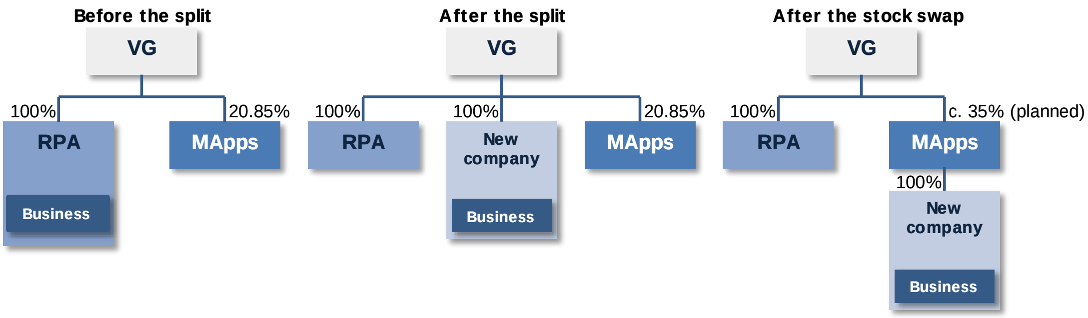
On **May 22, 2015**, VOYAGE GROUP, Inc. announced that it had entered into a basic agreement within the group regarding a restructuring of the online research business.

Overview of the restructuring

The company plans to spin off the online research business in Asia from wholly owned subsidiary Research Panel Asia (RPA). The company will then conduct a stock swap, so that equity-method affiliate Marketing Applications Co., Ltd. (MApps; VOYAGE stake of 20.85%) will become the sole parent company of the new company. In return, VOYAGE will acquire shares in MApps. VOYAGE and MApps have entered into a basic agreement to this effect.

In FY09/14, the online research business in Asia generated sales of JPY469mn and an operating loss of JPY20mn.

Business restructuring



Source: Company data
Business = online research business in Asia

Purpose of the restructuring

The online research industry is seeing consolidation and increasingly difficult conditions as survey work moves to cloud-based systems and automation progresses. Faced with these conditions, the company has judged that the combination of RPA and MApps' sales offices, customer bases, products, and research panel assets offers greater potential for an increase in business development and customer satisfaction than developing these two businesses separately. In order to further strengthen its relationship with MApps, VOYAGE will also increase its stake in this company from 20.85% to about 35%.

Business restructuring schedule

VOYAGE plans to establish the new company on July 1, 2015 and conduct the stock swap on July 22, 2015.

MONTHLY WRAP – June 2015

On **May 12, 2015**, Shared Research updated its report on VOYAGE GROUP after interviewing management.

Income statement (JPYmn)	FY09/12 Cons.	FY09/13 Cons.	FY09/14 Cons.	FY09/15 Est.	FY09/13 Q1	Q2	Q3	Q4	FY09/14 Q1	Q2	Q3	Q4	FY09/15 Q1	Q2	FY09/15 % of FY
Sales	**8,139**	**9,858**	**15,046**	**18,000**	**2,123**	**2,356**	**2,552**	**2,825**	**3,451**	**3,833**	**3,965**	**3,797**	**4,275**	**4,465**	**48.6%**
YoY	2.7%	21.1%	52.6%	19.6%	0.6%	15.7%	31.7%	37.7%	62.5%	62.7%	55.4%	34.4%	23.9%	16.5%	
CoGS	4,846	6,014	9,083	-	1,311	1,478	1,541	1,682	1,992	2,294	2,465	2,334	2,612	2,786	
CoGS / sales	59.5%	61.0%	60.4%	-	61.7%	62.7%	60.4%	59.6%	57.7%	59.8%	62.2%	61.5%	61.1%	62.4%	
Gross profit	**3,292**	**3,844**	**5,962**	**-**	**812**	**878**	**1,011**	**1,143**	**1,459**	**1,540**	**1,500**	**1,463**	**1,663**	**1,679**	
GPM	**40.5%**	**39.0%**	**39.6%**	**-**	**38.3%**	**37.3%**	**39.6%**	**40.4%**	**42.3%**	**40.2%**	**37.8%**	**38.5%**	**38.9%**	**37.6%**	
SG&A expenses	3,290	3,307	4,081	-	803	647	860	995	1,013	994	1,037	1,038	1,101	1,108	
YoY	-	0.5%	23.4%	-	-1.8%	-22.7%	1.7%	26.4%	25.9%	53.6%	20.5%	4.2%	8.7%	11.5%	
SG&A / sales	40.4%	33.6%	27.1%	-	37.9%	27.5%	33.7%	35.2%	29.4%	25.9%	26.1%	27.3%	25.8%	24.8%	
Operating profit	**2**	**536**	**1,881**	**2,300**	**8**	**231**	**150**	**147**	**446**	**546**	**464**	**425**	**561**	**571**	**49.2%**
YoY	-99.6%	24,423.2%	250.6%	22.3%					5,681.4%	136.3%	208.4%	188.8%	25.9%	4.6%	
OPM	0.0%	5.4%	12.5%	12.8%	0.4%	9.8%	5.9%	5.2%	12.9%	14.2%	11.7%	11.2%	13.1%	12.8%	
Non-operating profit	2	-7	10	-				-7	3	9	-24	23	35	-1	
Financial income	5	5	6	-				5	-1	3	3	2	-	7	
Gains on foreign exchange	-7	-3	28	-				-3	4	-4	-8	35	43	-1	
Equity in income of affiliates	-	-19	-10	-				-19	-2	5	-6	-7	-10	25	
Other non-operating profit	3	10	-13	-				10	2	5	-14	-7	2	-32	
Recurring profit	**4**	**529**	**1,891**	**2,300**				**529**	**448**	**555**	**439**	**448**	**596**	**570**	**50.7%**
YoY	-	13,093.5%	257.3%	21.7%								-15.2%	32.9%	2.8%	
RPM	0.0%	5.4%	12.6%	12.8%				18.7%	13.0%	14.5%	11.1%	11.8%	13.9%	12.8%	
Extraordinary profit	-21	-19	-11					-19	-	-14	7	-3	-3	-11	
Income taxes	-102	-201	-776					-201	-169	-210	-170	-227	-231	-203	
Implied tax rate	-589.5%	39.4%	41.3%					39.4%	37.7%	38.8%	38.1%	51.1%	38.9%	36.3%	
Minority interests	-32	0	10					0	-6	-2	10	8	9	15	
Net income	**-152**	**310**	**1,114**	**1,350**				**310**	**273**	**328**	**286**	**225**	**371**	**371**	**55.0%**
YoY	-	-	259.8%	-								-27.2%	35.8%	12.9%	
Net margin	-1.9%	3.1%	7.4%	7.5%				11.0%	7.9%	8.6%	7.2%	5.9%	8.7%	8.3%	

Income by segment (JPYmn)	FY09/12 Cons.	FY09/13 Cons.	FY09/14 Cons.	FY09/15 Est.	FY09/13 Q1	Q2	Q3	Q4	FY09/14 Q1	Q2	Q3	Q4	FY09/15 Q1	Q2	FY09/15 % of FY
Sales	**8,139**	**9,858**	**15,046**	**18,000**	**2,123**	**2,356**	**2,552**	**2,825**	**3,451**	**3,833**	**3,965**	**3,797**	**4,275**	**4,465**	**48.6%**
Media	4,356	5,499	7,597	8,000	1,219	1,385	1,391	1,503	1,810	2,007	1,909	1,871	1,933	2,004	49.2%
VOYAGE media	3,979	5,127	6,234		1,135	1,302	1,306	1,383	1,549	1,653	1,543	1,488	1,479	1,532	
EC Navi, PeX	2,773	3,509	4,233		800	894	908	907	1,000	1,100	1,069	1,064	1,116	1,098	
Other VOYAGE media	1,207	1,618	2,001		335	408	398	476	549	553	474	424	363	433	
Marketing solutions	377	372	1,363		84	83	85	120	261	354	366	383	453	472	
Quarterly active users	81	90	101		86	90	92	93	98	101	103	104	103	109	
Est. quarterly ARPU	1,226	1,421	1,537		330	363	355	371	395	409	375	359	360	351	
Ad-Tech	3,579	4,066	7,393	9,800	813	918	1,047	1,288	1,576	1,834	2,069	1,914	2,312	2,427	48.4%
SSP sales	917	2,310	4,909		364	498	650	797	961	1,172	1,472	1,304	1,610	1,717	
PC	601	1,167	1,987		165	287	338	377	414	512	572	490	524	492	
Smartphone	315	1,142	2,922		199	212	312	420	547	661	900	814	1,085	1,225	
Fluct number of impressions	712	1,258	2,283		250	224	341	443	470	552	593	669	725	731	
Est. eCPM	12.9	18.4	21.5		14.6	22.2	19.1	18.0	20.5	21.3	24.8	19.5	22.2	23.5	
Others	917	1,018	1,177	1,200	246	256	283	234	343	283	284	266	273	234	42.3%
YoY	**2.7%**	**21.1%**	**52.6%**	**19.6%**	**0.6%**	**15.7%**	**31.7%**	**37.7%**	**62.5%**	**62.7%**	**55.4%**	**34.4%**	**23.9%**	**16.5%**	
Media		26.2%	38.2%	5.3%	8.6%	25.7%	36.0%	33.5%	48.5%	44.9%	37.2%	24.5%	6.8%	-0.1%	
VOYAGE media		28.8%	21.6%		11.8%	29.9%	38.2%	36.2%	36.5%	26.9%	18.2%	7.6%	-4.5%	-7.3%	
EC Navi, PeX		26.6%	20.6%		15.9%	29.3%	30.2%	30.8%	25.1%	23.0%	17.7%	17.2%	11.6%	-0.2%	
Other VOYAGE media		34.1%	23.7%		3.0%	31.2%	60.5%	47.7%	63.8%	35.4%	19.2%	-10.9%	-33.8%	-21.7%	
Marketing solutions		-1.4%	266.6%		-21.5%	-16.5%	9.3%	28.6%	210.3%	328.2%	329.5%	219.1%	73.9%	33.4%	
Quarterly active users		11.2%	12.4%		10.1%	8.2%	13.1%	13.2%	14.0%	12.8%	11.8%	11.0%	5.0%	7.8%	
Est. quarterly ARPU		15.9%	8.2%		1.5%	20.0%	22.1%	20.3%	19.7%	12.5%	5.7%	-3.1%	-9.0%	-14.0%	
Ad-Tech		13.6%	81.8%	32.6%	-20.4%	2.8%	28.1%	52.0%	93.8%	99.7%	97.7%	48.6%	46.7%	32.4%	
SSP sales		152.0%	112.5%		84.6%	136.9%	201.8%	171.5%	163.8%	135.2%	126.4%	63.6%	67.6%	46.5%	
PC		94.1%	70.2%		-3.7%	70.7%	164.2%	181.5%	150.7%	78.5%	69.0%	29.8%	26.7%	-3.8%	
Smartphone		262.2%	155.8%		666.8%	398.0%	256.9%	163.0%	174.6%	211.9%	188.8%	94.0%	98.4%	85.4%	
Fluct number of impressions		76.7%	81.5%		258.1%	80.8%	45.9%	55.7%	87.8%	146.2%	73.9%	51.0%	54.3%	32.5%	
Est. eCPM		42.6%	17.1%		-48.4%	31.0%	106.8%	74.4%	40.5%	-4.5%	30.2%	8.3%	8.6%	10.5%	
Others		11.0%	15.5%		43.8%	7.6%	9.6%	-6.6%	39.7%	10.7%	0.5%	13.7%	-20.4%	-17.3%	
Operating profit	**2**	**536**	**1,881**	**2,300**	**8**	**231**	**150**	**147**	**446**	**546**	**464**	**425**	**561**	**571**	**49.2%**
Media	242	413	938	860	42	176	73	121	269	271	200	198	231	241	54.8%
Ad-Tech	223	275	987	1,470	13	93	92	78	196	304	260	228	319	358	46.1%
Others	-462	-152	-45	-30	-47	-38	-15	-51	-19	-29	3	-0	12	-28	53.8%
OPM	**0.0%**	**5.4%**	**12.5%**	**12.8%**	**0.4%**	**9.8%**	**5.9%**	**5.2%**	**12.9%**	**14.2%**	**11.7%**	**11.2%**	**13.1%**	**12.8%**	
Media	5.5%	7.5%	12.3%	10.8%	3.5%	12.7%	5.3%	8.0%	14.9%	13.5%	10.5%	10.6%	11.9%	12.0%	
Ad-Tech	6.2%	6.8%	13.4%	15.0%	1.6%	10.2%	8.8%	6.0%	12.4%	16.6%	12.6%	11.9%	13.8%	14.8%	
Others	-50.4%	-14.9%	-3.8%	-2.5%	-19.2%	-15.0%	-5.2%	-21.9%	-5.5%	-10.3%	1.2%	-0.1%	4.4%	-12.0%	

Source: Company data

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

Q2 results: earnings driven by smartphone market; acquires SSP competitor Kauli

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

SSP PC sales down slightly YoY, awaiting synergies from Kauli acquisition
Recognizing that it must capture demand from the rapidly growing smartphone-based advertising market, the company has shifted management resources to the smartphone segment, and Shared Research believes this is bearing fruit. Meanwhile, PC SSP Fluct's sales declined slightly YoY, an outcome of the increased focus on smartphones.

Growth from premium ad market and the Kauli acquisition, even for PC services
The company also plans to beef up its services for the PC market. Efforts on this front include 1) targeting the premium ad market through the establishment of intelish in February 2015 and the offering of access to Google's DoubleClick Ad Exchange from April 2015, and 2) increasing ARPU and synergies from the consolidation of Kauli. Shared Research will monitor the effects of these initiatives from 2H FY09/15.

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.

View the full report.

MONTHLY WRAP – June 2015

WirelessGate Inc (9419)

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

On **May 20, 2015,** WirelessGate, Inc. announced a business and capital tie-up with Andeco, Inc.

On March 18, 2015, the company entered into a basic business and capital agreement with Andeco, provider of a mobile store platform. After detailed examination, at a meeting of the board of directors held on May 20, 2015, it decided on a business alliance contract with Andeco, and a capital alliance contract with Andeco and major shareholders Yoshiaki Hayakawa and Kinya Maeno. (For more details, see the release on March 18, 2015.)

Details of the capital alliance

To develop a location-based commerce business jointly with Andeco, WirelessGate will go beyond basic business support and acquire all 150 common shares issued by Andeco through a third-party allotment (total amount: about JPY19mn). This will give Wireless Gate 11.95% voting rights of Andeco.

Schedule for the business and capital alliance

Contract date: May 20, 2015

Scheduled payment date: May 29, 2015

On **May 8, 2015**, the company announced earnings results for Q1 FY12/15.

Quarterly Performance	FY12/14				FY12/15				FY12/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	2,046	2,159	2,369	2,532	2,619	-	-	-	46.8%	5,594
YoY	26.5%	24.8%	30.8%	33.4%	28.0%	-	-	-		33.1%
Gross Profit	594	603	633	655	705	-	-	-		
YoY	18.2%	14.1%	12.3%	14.8%	18.7%	-	-	-		
GPM	29.0%	27.9%	26.7%	25.9%	26.9%	-	-	-		
SG&A Expenses	386	404	457	444	496	-	-	-		
YoY	18.3%	19.1%	29.2%	23.0%	28.7%	-	-	-		
SG&A / Sales	18.9%	18.7%	19.3%	17.5%	18.9%	-	-	-		
Operating Profit	208	200	176	212	208	-	-	-	40.1%	520
YoY	18.2%	5.1%	-16.2%	0.7%	0.2%	-	-	-		27.6%
OPM	10.2%	9.3%	7.4%	8.4%	8.0%	-	-	-		9.3%
Recurring Profit	207	199	174	209	208	-	-	-	46.8%	520
YoY	17.9%	5.0%	-16.9%	-0.2%	0.5%	-	-	-		27.9%
RPM	10.1%	9.2%	7.3%	8.3%	7.9%	-	-	-		9.3%
Net Income	127	131	110	132	131	-	-	-	39.6%	331
YoY	16.8%	12.5%	-15.0%	1.9%	3.6%	-	-	-		28.7%
NPM	6.2%	6.1%	4.6%	5.2%	5.0%	-	-	-		5.9%
Cumulative	Q1	1H	Q3	FY	Q1	1H	Q3	FY	% of FY	FY Est.
Sales	2,046	4,204	6,574	9,106	2,619	-	-	-	21.0%	12,472
YoY	26.5%	25.6%	27.5%	29.1%	28.0%	-	-	-		37.0%
Gross Profit	594	1,197	1,830	2,485	705	-	-	-		
YoY	18.2%	16.1%	14.8%	14.8%	18.7%	-	-	-		
GPM	29.0%	28.5%	27.8%	27.3%	26.9%	-	-	-		
SG&A Expenses	386	789	1,247	1,690	496	-	-	-		
YoY	18.3%	18.7%	22.3%	22.5%	28.7%	-	-	-		
SG&A / Sales	18.9%	18.8%	19.0%	18.6%	18.9%	-	-	-		
Operating Profit	208	408	583	795	208	-	-	-	15.4%	1,350
YoY	18.2%	11.4%	1.3%	1.2%	0.2%	-	-	-		69.9%
OPM	10.2%	9.7%	8.9%	8.7%	8.0%	-	-	-		10.8%
Recurring Profit	207	407	580	790	208	-	-	-	15.4%	1,348
YoY	17.9%	11.2%	1.0%	0.7%	0.5%	-	-	-		70.8%
RPM	10.1%	9.7%	8.8%	8.7%	7.9%	-	-	-		10.8%
Net Income	127	258	368	499	131				15.3%	856
YoY	16.8%	14.6%	3.8%	3.3%	3.6%	-	-	-		71.6%
NPM	6.2%	6.1%	5.6%	5.5%	5.0%	-	-	-		6.9%

Source: Company data

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

MONTHLY WRAP – June 2015

WirelessGate focused on increasing revenues, particularly in its core Wireless Broadband Services segment. It also hired more employees and beefed up its salesforce.

As a result, sales were up 28.0% YoY, partly owing to steady membership growth in the mainstay Wireless Broadband Services segment. Gross profit increased by 18.7% YoY to JPY705mn, in line with higher sales. Operating profit, however, only grew 0.2% YoY to JPY208mn because SG&A expenses increased 28.7% to JPY496mn as the company established new services.

WirelessGate grew sales by introducing various new services and increasing membership. The company previously disclosed Wi-Fi and WiMAX membership, but it will no longer do so.

The reason it will no longer disclose this data is that it expects the segmentation of membership data into different services to become difficult, following its entry into the LTE sector in FY12/14, subsequent launch of new services aimed at corporate clients, and future expansion across various sales channels. Furthermore, the company's membership—its customers—are a source of competitiveness. For this reason, disclosing this data could harm the shared interests of shareholders, according to the company.

View the full report.

MONTHLY WRAP – June 2015

Yellow Hat Ltd (9882)

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

On **May 8, 2015**, Yellow Hat Ltd. announced earnings results for full-year FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	26,430	27,122	39,355	27,764	26,005	29,077	41,702	25,004	97.4%	125,082
YoY	-6.8%	-0.4%	1.6%	19.9%	-1.6%	7.2%	6.0%	-9.9%		3.7%
GP	7,805	8,479	10,802	9,918	8,201	9,001	11,988	9,500		
YoY	3.2%	1.1%	9.9%	17.2%	5.1%	6.2%	11.0%	-4.2%		
GPM	29.5%	31.3%	27.4%	35.7%	31.5%	31.0%	28.7%	38.0%		
SG&A	6,681	6,648	7,140	7,703	7,162	7,560	8,511	7,972		
YoY	-1.1%	0.8%	2.6%	12.6%	7.2%	13.7%	19.2%	3.5%		
SG&A / Sales	25.3%	24.5%	18.1%	27.7%	27.5%	26.0%	20.4%	31.9%		
OP	1,123	1,832	3,662	2,214	1,038	1,441	3,477	1,528	88.3%	8,479
YoY	40.4%	2.2%	27.7%	37.1%	-7.6%	-21.3%	-5.1%	-31.0%		-4.0%
OPM	4.2%	6.8%	9.3%	8.0%	4.0%	5.0%	8.3%	6.1%		6.8%
RP	1,435	2,021	3,877	2,587	1,311	1,593	3,702	1,862	90.0%	9,404
YoY	19.0%	1.7%	28.8%	33.1%	-8.6%	-21.2%	-4.5%	-28.0%		-5.2%
RPM	5.4%	7.5%	9.9%	9.3%	5.0%	5.5%	8.9%	7.4%		7.5%
NI	1,028	1,766	2,383	2,119	1,038	1,118	2,358	1,028	87.2%	6,356
YoY	-66.4%	539.9%	35.2%	119.6%	1.0%	-36.7%	-1.0%	-51.5%		-12.9%
NPM	3.9%	6.5%	6.1%	7.6%	4.0%	3.8%	5.7%	4.1%		5.1%

Figures may differ from company materials due to differences in rounding methods.
Source: Company data
Company forecasts are most recently announced figures.

The company consolidated Will Corporation and opened new stores, leading to higher sales. But profits fell owing to rising personnel, rent, and advertising expenses in line with the increase in stores at subsidiaries. Gross profit was JPY38.7bn (+4.6% YoY), and SG&A expenses were JPY31.2bn (+10.8% YoY).

The operating environment continued to be difficult. In the market for automotive accessories, sales of high price items such as tires, aluminum wheels, and satellite navigation systems were down due to a fall in automotive sales, plus the pullback in demand after the rush to beat the consumption tax hike.

In an effort to increase sales of automotive and motorcycle products, the company focused on sales of consumables such as tires, maintenance services such as vehicle inspections and body work. As part of its initiative to increase sales of motorcycle products, in May 2014, the company acquired Will Corporation and made it a subsidiary.

Wholesale sales were JPY57.3bn (-6.7% YoY); retail sales were JPY56.3bn (+8.9%).

View the full report.

MONTHLY WRAP – June 2015

ZAPPALLAS, INC. (3770)

A web-based business, mainly offering digital contents centered on fortune-telling.

On **May 11, 2015,** ZAPPALLAS, INC. announced a gain on the sale of investment securities, from selling private equity that listed on the Mothers section of the Tokyo Stock Exchange.

Details on the sale of investment securities:

Stock sold:	Jig-Saw Inc. (code: 3914)
Number of shares sold:	25,000
Effective period:	April 30, 2015–May 11, 2015
Amount:	JPY154mn

The company plans to book almost all of this gain as non-operating profit for Q1 FY04/16. It expects this to have little effect on FY04/16 earnings forecasts, but is investigating possible changes to earnings due to other influences. Any changes will be announced as soon as they become clearer.

On **May 1, 2015**, the company announced a transfer of shares of a consolidated subsidiary.

At a meeting of the board of directors on May 1, 2015, the company decided to transfer all of its shares of consolidated subsidiary BxE inc. (68.9% ownership) to Emi Oharazawa, representative director of BxE. As a result of this action, BxE inc. will no longer be a consolidated subsidiary of the company.

Details of the share transfer
Date of decision and contract signing: May 1, 2015
Planned date of share transfer: May 8, 2015
Transfer price: JPY68.9mn

The company expects FY04/15 net income to increase due to the the tax effects of this share transfer. It is looking into the effects of this and other factors on its FY04/15 earnings forecasts. It expects gains from the sale of stocks in Q1 FY04/16, but the amount is still under investigation. The company will announce this information as soon as the details are finalized.

View the full report.

MONTHLY WRAP – June 2015

ZIGExN Co., Ltd. (3679)

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

On **May 15, 2015**, ZIGExN Co., Ltd. announced full-year earnings results for FY03/15.

Quarterly Performance	FY03/14				FY03/15				FY03/15	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	458	439	465	565	572	580	839	1,126	-	-
YoY	121.1%	76.9%	66.8%	28.9%	24.9%	32.1%	80.3%	99.2%		
Gross Profit	429	407	431	532	546	538	778	1,026	-	-
YoY	-	-	-	-	27.2%	32.2%	80.6%	92.6%		
GPM	93.8%	92.8%	92.6%	94.2%	95.5%	92.9%	92.8%	91.1%		
SG&A Expenses	194	207	218	255	286	290	472	628	-	-
YoY	-	-	-	-	47.0%	40.3%	116.7%	146.5%		
SG&A / Sales	42.4%	47.1%	46.8%	45.1%	50.0%	50.1%	56.3%	55.8%		
Operating Profit	235	200	213	277	260	248	306	397	-	-
YoY	113.7%	60.1%	44.8%	31.8%	10.8%	23.9%	43.7%	43.1%		
OPM	51.4%	45.6%	45.8%	49.1%	45.6%	42.8%	36.5%	35.3%		
Recurring Profit	236	199	194	278	260	247	314	415	-	-
YoY	-	-	-	-	10.4%	24.5%	61.9%	49.2%		
RPM	51.5%	45.3%	41.7%	49.3%	45.5%	42.6%	37.4%	36.9%		
Net Income	144	122	93	178	159	141	167	218	-	-
YoY	-	-	-	-	11.0%	16.1%	79.5%	22.5%		
NPM	31.4%	27.8%	20.0%	31.4%	27.9%	24.4%	20.0%	19.3%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	458	896	1,362	1,927	572	1,151	1,990	3,116	104.2%	2,990
YoY	121.1%	97.0%	85.5%	64.4%	24.9%	28.4%	46.1%	61.7%		55.1%
Gross Profit	429	836	1,267	1,800	546	1,084	1,863	2,888		
YoY	-	-	-	-	27.2%	29.6%	47.0%	60.5%		
GPM	93.8%	93.3%	93.1%	93.4%	95.5%	94.2%	93.6%	92.7%		
SG&A Expenses	194	401	619	874	286	576	1,048	1,677		
YoY	-	-	-	-	47.0%	43.6%	69.3%	91.8%		
SG&A / Sales	42.4%	44.7%	45.5%	45.4%	50.0%	50.0%	52.7%	53.8%		
Operating Profit	235	435	648	926	260	508	814	1,211	101.0%	1,199
YoY	113.7%	85.2%	70.1%	56.5%	10.8%	16.8%	25.6%	30.9%		29.5%
OPM	51.4%	48.5%	47.6%	48.0%	45.6%	44.2%	40.9%	38.9%		40.1%
Recurring Profit	236	434	628	907	260	507	821	1,237	103.2%	1,199
YoY	-	-	-	-	10.4%	16.8%	30.8%	36.4%		32.3%
RPM	51.5%	48.4%	46.1%	47.0%	45.5%	44.1%	41.3%	39.7%		40.1%
Net Income	144	265	359	536	159	301	468	686	108.7%	631
YoY	-	-	-	-	11.0%	13.3%	30.5%	27.9%		17.7%
NPM	31.4%	29.6%	26.3%	27.8%	27.9%	26.1%	23.5%	22.0%		21.1%

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

Source: Company data

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

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

In existing businesses, the company worked to expand its database through the pursuit of alliances with multiple large clients in its core business areas, along with the development of new clients. In terms of technology, the company continued to revamp its websites and strove to optimize services to enable it to adapt to changes in market trends. This included the introduction of new advertising methods and trial strategies. In addition, ZIGExN undertook measures to improve the precision of matching of user needs with the content it offers, enhance site functionality through analysis of user behavior, and other measures aimed at improving usability.

With regard to progress in new business fields, utilizing strategic Vietnamese subsidiary ZIGExN VeNtura Co., Ltd. as its linchpin, the company further expanded feasibility studies on globally targeted services. Meanwhile, ZIGExN Stamp is increasing the number of partner companies to expand its online-to-online (O2O) business. The company has made progress in integrating operations of newly acquired Brain Lab Lab and Rejob. The company expects that the integration will create synergy.

View the full report.

MONTHLY WRAP – June 2015

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

Current Client Coverage of Shared Research Inc.:

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

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

Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research, Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. Shared Research, Inc. shall not be held responsible for any damage caused by the use of this report.
The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research, Inc. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. SR Inc. officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity

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

Contact Details

http://www.sharedresearch.jp
Email: info@sharedresearch.jp

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