

FISCO Ltd.
3807 TSE JASDAQ

18-May-15

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at the end of this document.FISCO Ltd. Analyst
Aya Kobayashi

■ Expanding Business Area by Aggressively Conducting M&A and Accelerating Development of Existing Businesses

FISCO (3807) is a financial information vendor offering a range of investment support services. In its mainstay business, the information services business, FISCO mainly supplies information to major financial information portal websites such as Yahoo! Japan Finance and to financial information companies such as QUICK Corp, Thomson Reuters, and Bloomberg L.P. Recently, the company has also been focused on corporate IR support services, mainly the production of corporate analysis reports. FISCO has also been diversifying its services with the new development of the FISCO smartphone app, for providing free investment information.

Moreover, FISCO has 13 consolidated subsidiaries, including FISCO IR, Ltd., which is deeply involved with the company's abovementioned corporate IR support services, and NCXX Solutions Inc., which is responsible for development and operation of the FISCO smartphone app. The company has five business segments: the information services business, the consulting business, the Internet travel business, the device business, and the advertising agency business.

Looking at the company's results for FY12/14 (January–December period), net sales were ¥8,430 million, up 26.2% year on year (YOY), operating income was ¥323 million, down 8.6%, ordinary income was ¥903 million, up 55.7%, and net income was ¥730 million, up 30.8%. Both operating income and ordinary income fell short of the targets announced at the start of the year on February 28, 2014, partly because of the effects of shifting certain product deliveries into the next period to accommodate a customer's request for specification changes at subsidiary NCXX Group Inc. (6634). Nevertheless, the company mainly achieved its planned target for net income.

FISCO formulated the New FY2014–2016 Medium–Term Management Plan, a three–year plan starting in fiscal 2014. The targets for the final year of the plan, FY12/16, are net sales of ¥21,160 million, operating income of ¥3,181 million, ordinary income of ¥3,131 million, and net income of ¥1,753 million. The targets represent increases from the results for FY12/14 of 2.5 times, 9.8 times, 3.5 times, and 2.4 times, respectively. Moreover, as medium–term targets, the company aims to achieve net sales of ¥30,000 million or more, operating income of ¥4,500 million or more, post–tax profit of ¥3,000 million or more, and a market capitalization of ¥45,000 million – ¥80,000 million. Moreover in achieving the above mentioned plan, the company aims to have its designation changed the first section of Tokyo Stock Exchange along with the subsidiary NCXX Group. Moreover, the NCXX Group subsidiary e–tabinet.com Inc. (unlisted) is also eyeing a listing on the stock market during 2016 by promoting business expansion through a comprehensive crowd sourcing business.

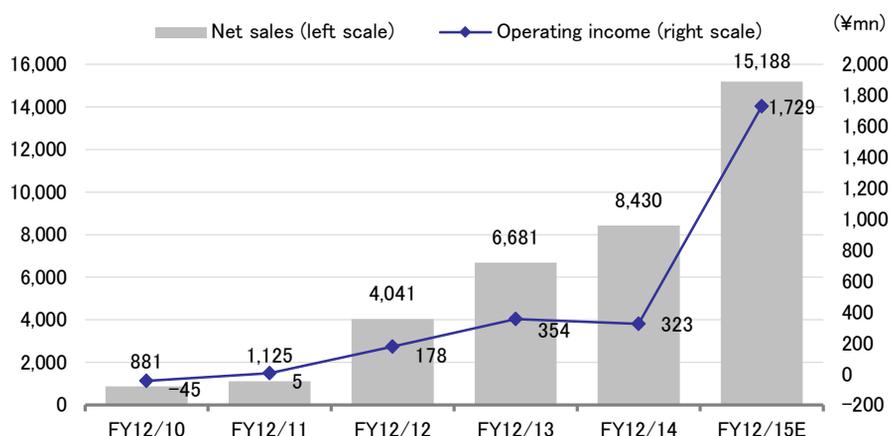
■ Check Point

- Further acceleration of M&A development
- Management resources to be funneled into corporate analysis reports
- Aggressive activity in new businesses to support continued increase in sales and profits

This report was written for the purpose of IR activities

We encourage readers to review our complete legal statement on “Disclaimer” page.

Consolidated Net Sales and Operating Income



Note: e-tabinet.com became a subsidiary in FY12/11 (3 months' contribution to consolidated results)
NCXX Inc. was acquired in FY12/12 (4 months' contribution to consolidated results)

■ Company Profile

Increase in capital under Sequedge, expanding business through M&A activities

(1) Company history

In April 1994, FISCO founded as a business division of Sanji Ltd., and started to provide information services to QUICK and Thomson Reuters. In May 1995, FISCO was formally established as FISCO Ltd. The company is a pioneer in provision of financial information to designated terminals such as QUICK, Thomson Reuters, and Bloomberg.

In May 2004, FISCO established FISCO Asset Management Ltd., and FISCO Commodity Co., Ltd. was established in December 2005; FISCO acquired Sigma Base Capital Co., Ltd. in August 2007 (those companies are currently liquidated or sold). FISCO expanded its businesses around investment advisory, commodity, and education area. The company listed on Osaka Securities Exchange Hercules (now Tokyo Stock Exchange JASDAQ) in June 2006.

Afterward, amid the prolonged slump in Japan's stock market, the company also experienced declining performance as the businesses of securities brokers, its main customers, shrank. FISCO found its self urgently needing to improve its financial position, and thus conducted a private allocation of new shares to Sequedge Investment International Limited (hereafter "Sequedge"). As a result of this allocation, FISCO became a subsidiary of Sequedge in March 2010. This enabled the company to improve its balance sheet and gave it access to the business network of Sequedge, which is focused mainly in Asian countries.

With its increase in net worth, FISCO is now aggressively expanding its business through M&As. The company acquired e-tabinet.com (unlisted) in September 2011 and NCXX Group (6634) in July 2012, and Diamond Agency, Inc. (unlisted; currently FISCO Diamond Agency) in September 2012, converting them into subsidiaries.



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From 2013, FISCO accelerated its M&A activities, acquiring the consulting services company Versatile Inc. (unlisted) in May 2013, and acquiring the shares of D & JOIN INC., a planner and producer of diverse communication tools such as IR tools and media, in November 2013 (unlisted; currently FISCO IR Ltd.). Then in December 2013, the subsidiary NCXX Group acquired the nursing care support systems provider Care Online Limited (unlisted; currently Care Dynamics Limited), and NCXX Solutions Inc. succeeded to the system development business conducted by SJI Inc.'s (2315) Chubu, Kansai, and Kyushu Business Divisions after they were split off. In June 2014, FISCO made full-line IR solutions provider General Solutions, Inc. a consolidated subsidiary, merging it with D & JOIN the following December to form FISCO IR. In the same month, the Group acquired the shares of Chanty Co., Ltd., which produces sales promotion merchandise for the campaign initiatives of client companies such as major beer companies and major advertising agencies, and made it into a subsidiary.

Company History

	Main events
Apr-94	FISCO Ltd. founded in 1994, as a business division of Sanji Ltd. Started to provide the information service to QUICK Corp. and Thomson Reuters.
May-95	FISCO Ltd. registered as company limited with capital of ¥10,000,000.
Oct-02	Developed the "Club FISCO" website that provides the information service to individual investors. Formed business and capital alliance with Index Corporation
May-04	Foundation of FISCO Asset Management.
Dec-05	Foundation of FISCO Commodity Co., Ltd.
Jun-06	Listed on the Hercules section of the Osaka Securities Exchange. (currently the TSE JASDAQ).
Jan-07	FISCO Asset Management acquired approval as an Investment Trust Management Business.
Feb-07	Developed "FINDEX" stock index that covers emerging markets.
Apr-07	Formed business and capital alliance with NNA Japan Co., Ltd.
Aug-07	Consolidated Financial Plus Co., Ltd. Consolidated Sigma Base Capital Corporation.
Oct-07	FISCO Asset Management formed business and capital alliance with ITOCHU Corporation Formed business and capital alliance with Rakuten Securities Inc.
May-08	FISCO Asset Management renamed to TAKMA Capital Co., Ltd.
Oct-08	Financial Plus Co., Ltd. renamed to FISCO Place Ltd.
Mar-10	Increase in under by private allocation of shares to Sequege Investment International Limited
May-10	Foundation of FISCO International Ltd. in Hong Kong FISCO Fujian Ltd. founded in Fujian Province, China.
Oct-10	Overseas subsidiary FISCO (BVI) Ltd., founded in the British Virgin Islands.
Dec-10	Acquired Financial Instruments Business Operator. (Investment Advisory and Agency Business) Completed absorption and merger of FISCO Place Ltd.
Mar-11	Foundation of FISCO Capital Ltd.
May-11	Overseas subsidiary FISCO International (BVI) Ltd., founded in British Virgin Islands.
Sep-11	Acquired shares of e-tabinet.com Inc. and its subsidiaries (WebTravel Co., Ltd., Sekai Isshu Do Co., Ltd. and Liston Co., Ltd.), as consolidated subsidiaries.
Oct-11	Moved the head office to Minato-ku, Tokyo.
Feb-12	FISCO Capital Ltd. acquired a money lending business registration from the Governor of Tokyo
Jul-12	Acquired shares of NCXX (6634), as a consolidated subsidiary.
Sep-12	Diamond Agency Inc. became a consolidated subsidiary through a capital increase by a private allocation of shares.
May-13	Acquired shares of Versatile Inc. to convert it to a consolidated subsidiary.
Nov-13	Acquired shares of D & JOIN INC. to convert it to a consolidated subsidiary.
Dec-13	NCXX Inc. acquired shares of NCXX Solutions Inc. to convert it to a subsidiary.
Dec-13	NCXX Inc. acquired shares of Care Dynamics Limited.
Jul-14	Acquired shares of General Solutions, Inc. to convert it to a consolidated subsidiary.
Dec-14	General Solutions, Inc. merged with D & JOIN INC. through an absorption-type merger and changed company name to FISCO IR Ltd.

Increasing recognition of corporate analysis report service through aggressive development

(2) Business outline

FISCO's business is classified into five segments: the information services business, the consulting business, the Internet travel business, the device business, and the advertising agency business. The breakdown of net sales for FT12/14 was 17% from the information services business, 2% from the consulting business, 21% from the Internet travel business, 54% from the device business, and 6% from the advertising agency business.

● Information services business

The information services business has been the company's mainstay business since its establishment. It will continue to be the core of the company's business development going forward. The business is further classified into information for individuals and information for companies. In information for individuals, the company sells investment information and offers investment advisory as a) services to individual investors. In information for companies, the company provides b) corporate IR support services, c) portal services, d) real-time information distribution services for companies, and e) outsourcing services.

a) Services for individual investors

In this business, the company focuses mainly on sales of investment information on the e-commerce site "Club FISCO" and investor advisory services such as the automated stock price prediction service on "LaQoo+." The majority of sales of this business are from research reports for individual investors such as "IPO navi" and "Market Outlook." In addition, the MARKET MASTERS series of premium investment information compiling the combined capabilities of FISCO analysts is posted daily on the web, offering buy and sell timing as well as forecasts on recommended stocks. The aggregate number of individual registered members for Club FISCO and LaQoo+ is 130,000.

With regard to information on initial public offerings (IPOs), the initial price prediction of FISCO's real-time service for companies has won high recognition and has become the de facto standard for the stock market. However, in FY12/14, sales of information for individual investors were ¥51 million, down 6.4% YOY, as the high activity of the stock market produced only a limited ripple effect for the company.

b) Corporate IR support services

FISCO provides corporate analysis reports of listed company's latest financial status, from an impartial and neutral perspective, to individual investors. This has made it the fastest growing information distribution service business of late. The clients are mainly listed companies that are not covered by analysis of major securities companies. The reports are also provided in different languages as needed, such as Japanese, English, Chinese. Individual investors can access to the reports via FISCO's "Club FISCO" e-commerce website, its corporate website, and several information terminals and Internet portal websites, for free. Moreover, for the client companies, FISCO holds IR seminars, including for individual investors, and operates a Web distribution service for IR information in a short comment format.

In June 2014, FISCO began providing English versions of its corporate analysis reports to CNYES, which is operated by the major Taiwanese financial portal website cnYES.com. Taking advantage of the recovery trend in the Japanese economy, it appears that Japan is attracting more attention, with Taiwanese mutual funds increasing their investments in Japanese stocks, and Taiwanese investors in Japanese real estate. Through CNYES, the company plans to provide IR information to a wide range of individual and institutional investors in Taiwan, and to promote IR support services. Based on its business alliance, the company will also consider a capital alliance with CNYES in the future.



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In FY12/14, net sales in corporate IR support services increased significantly to ¥136 million, up 50.2% YOY. The increase mainly reflected a rapid expansion in corporate analysis report services following a drive to acquire new customers during the fiscal year.

The company has positioned these corporate IR support services as a new core business driver within the information service business, and is currently promoting aggressive sales activities. The services made its full-fledged start in FY12/11 with around 20 user companies, and has seen the number of orders grow to around 60 companies in FY12/12, over 100 companies in FY12/13, and around 160 companies in FY12/14. It is also winning greater recognition in the market.

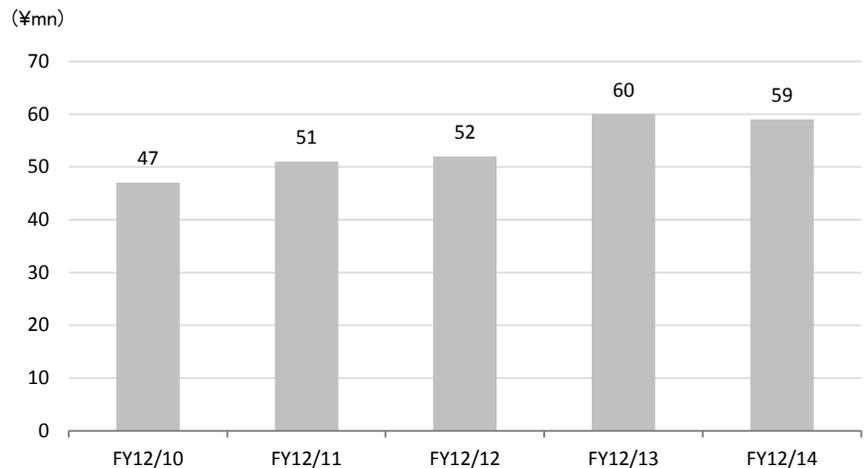
c) Portal services

Currently, FISCO mainly supplies financial information to major portal website “Yahoo! Japan Finance,” and also to “@nifty Finance” and “MSN.” This business accounts for a large portion of the company’s sales from charges per page view (PV). The company has the largest PV share at “Yahoo! Japan Finance,” as it has increased to nearly 50% of total PV at this portal website.

In FY12/14, portal services sales were ¥59 million, up 1.6% YOY, due to strong performance in the number of PVs.

The Yahoo! Japan Finance website also recently added a “Finance Store” section featuring FISCO’s Japanese stock analysis. This will enable users to purchase FISCO’s investment information, enabling the company to approach a wide range of customers to whom it has previously had no access.

Sales Trend for Portal Website Services



d) Real-time information distribution service for companies

FISCO provides around 400 items of real-time information each day, such as equity, currency and interest rate information, to securities brokers and banks through financial information terminals such as QUICK, Thomson Reuters and Bloomberg. The customers are financial institutions, who can subscribe to view FISCO’s information on their financial information terminals as an optional service.

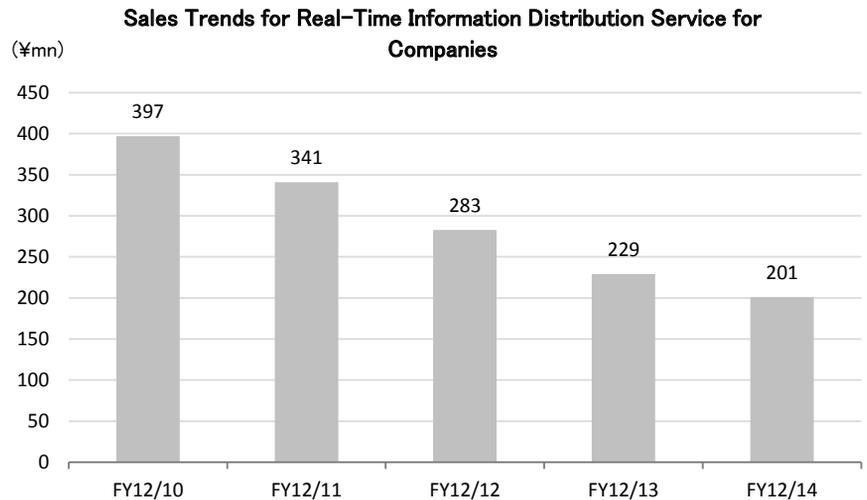


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FISCO has enjoyed an advantageous position as a pioneer in this business, which is its founding business, and its sales accounted at one time for about half of the company's revenue. However, this market is on an inexorable decline amid closures of financial institutions and few opportunities to increase the number of securities dealers, who make up the core users. Sales of this business have been decreasing at around 15% annually from a peak of about ¥800 million in 2005 to 2006.

In FY12/14, net sales for the real-time information distribution service for companies were ¥201 million, down 12.2% YOY. With no prospect for market expansion, the company is working to maintain a high profit margin and increase profitability, while shifting its resources into other service fields.



e) Outsourcing services

FISCO provides currency and equity information to financial institutions and corporations as outsourcing services. The information is tailored to needs of the company's broad customer base, including mainly online securities brokers, but also and offline brokers, banks, and commodity trading companies. The number of customers is more than 50. FISCO is one of a few information providers with an impartial and neutral perspective. Although the company is in a position to realize potential demand, it would depend how much it could respond to more diversified and smaller lots of customer demand going forward.

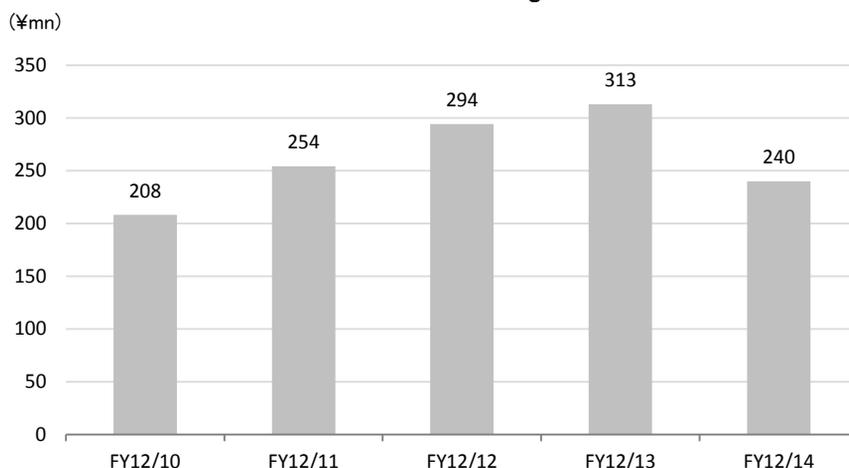
In FY12/14, net sales from outsourcing services declined 23.3% YOY to ¥240 million, impacted by the expiry of contracts with certain financial institutions and information vendors.



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Sales Trends for Outsourcing Services



Using the subsidiary Versatile Inc. as a lever to streamline operating efficiency and drive business expansion

● Consulting business

The company provides a range of consulting services including IR support, capital strategy, financial strategy, business strategy, and recruiting support services, as well as fund arrangement and management services. This business is handled by FISCO, FISCO Capital Ltd. and Versatile, among others.

The main company conducting this business is Versatile Inc., a boutique style consulting company converted into a subsidiary by FISCO in May 2013. Versatile will share its consulting expertise and personnel with rich experience in diverse projects with the group to help strengthen this business going forward, including the M&A strategy.

In FY12/14, net sales in the consulting business were ¥129 million, up 91.7% YOY, while segment income rose 114.5% YOY to ¥78 million. The result reflects Versatile’s provision of consulting services primarily to streamline operations within the FISCO Group, and provision of consulting services overseas by FISCO International Limited to overseas subsidiaries of Japanese companies.

The company is currently focusing mainly on marketing of the corporate analysis report services, where it is strengthening its relationships with clients and exploring possibilities for incorporating various needs. Looking ahead, it seems highly likely that synergies effects with this service will emerge.

Approximately 320 concierges provide customized travel services

● Internet travel business

À la carte travel is the core business provided by Web Travel Co., Ltd., a wholly owned subsidiary of e-tabinet.com, which became a consolidated subsidiary of FISCO on September 2011. In this business, specialist “travel concierges” (travel consultants) with expertise in travel arrangement provide customized travel plans to meet customers’ needs over the Internet.



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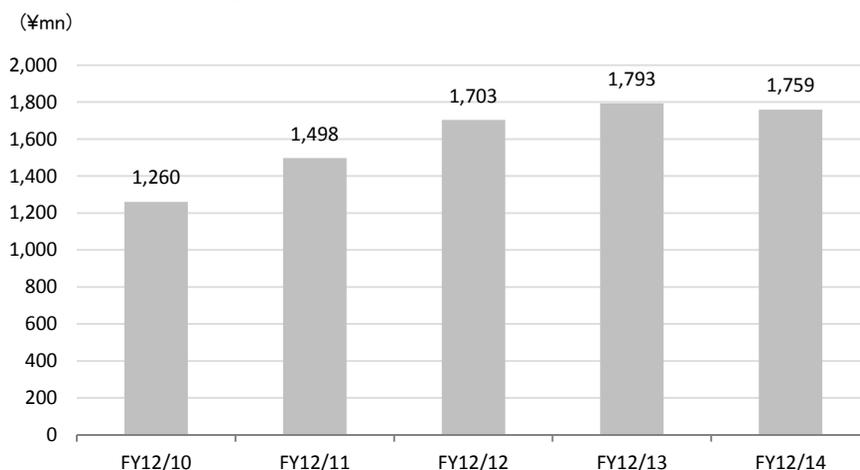
To meet the increasingly sophisticated needs of tourists, the concierges (approximately 320 staff) provide high quality services overflowing with the spirit of hospitality to distinguish themselves from their larger competitors.

Sales have increased more-or-less steadily since the service was launched 2004. As the number of senior tourists grows, demand for customized travel services is expected to increase.

Net sales in the Internet travel business were ¥1,759 million, down 1.9% year on year. These sales comprised overseas travel business sales of ¥1,633 million, centered on honeymoon packages to Italy, Spain and France, and domestic travel business sales of ¥125 million. Despite a tendency among customers to temporarily suspend overseas travel plans due to the outbreak of Ebola virus disease and the yen's sharp depreciation, the Group expects travel demand to recover in fiscal 2015 based on lower fuel surcharges. Meanwhile, supported by the success of continuing cost-cutting initiatives, segment income more than doubled from FY12/13, increasing 122.8% YOY to ¥37 million.

In March 2015, the company launched TRAVELISM, a website based on the concept of satisfying intellectual curiosity, and began proposing a completely new travel concept. This new type of tour provides ancillary seminars before and after the tours, to help tourists deepen their knowledge of the sights and history of the destination. Customers participate in seminars given by specialists to enable them to fully appreciate the tour, and to properly reflect on their impressions of the tour, to create a uniquely memorable experience that cannot be had anywhere else. The first tour to be launched is a tour of shrines and temples of Ise, Kumano, and Koya, with various further tour plans now under consideration.

Sales trends for the Internet travel business



NCXX Group has room for further activity in M2M market, in which rapid expansion is expected

● Device business (wireless communications equipment business)

The Device business is conducted by NCXX Group, which became a consolidated subsidiary of FISCO on July 2012. NCXX Group engages in the development and sale, and other operations pertaining to communications equipment, applying various types of radio technology. NCXX Group is a fables company focused on research and development activities and has no factories. Its strength lies in its integrated operations from planning and development through to sales. It has the ability not only to meet client's various needs, such as high-mix, low-volume production, but to keep pace with the rapid development of communication technology.

In the machine-to-machine (M2M) market (a market requiring technologies that allow machines to connect with one another using all manner of methods) rapid expansion is expected. NCXX Group is therefore expected to find greater room for further activities. M2M enables the existence and status of objects to be ascertained, and the provision of functions that collect, analyze, and utilize dispersed data. The Japanese M2M market size is expected by some to expand from ¥230 billion as of 2013 to over ¥1,000 billion by 2018. NCXX Group's M2M product shipment volume share among communication module vendors in 2013 was estimated at 33%. There are high expectations that it will increase its performance in step with the expansion of the market.

M2M market position of NCXX Group

Market share among communication module vendors by M2M product shipment volume

1st	 HITACHI 日立国際電気	19%
2nd	 SII	18%
3rd	 NCXX	15%
4th	 HUAWEI	12%
5th	 KYOCERA	10%

*Source: Techno Systems Research Co., Ltd. "Mobile M2M Market Trends in Japan"

In data communication devices, the company commercialized and launched the UX302NC/UX312NC USB data communication devices that are compatible with LTE in May 2014. The company's existing 3G-standard products have been sold to more than 10 mobile virtual network operators (MVNO) in and outside of Japan, however the UX302NC/UX312NC products are to be sold to a wider market, including service operators that plan to introduce M2M technologies and manufacturers of various devices that are to have on-board M2M functions.

In a new initiative, in February 2014 the company began designing and providing a hardware for a handheld IP radio system for business use, the "SoftBank 301SJ." Up until now, the company has been developing and manufacturing communication modem units (communication equipment units) as a core technology. However, going forward, the company seeks to develop products for a wider range of segments. To this end, it will concentrate on developing robust water- and dust-resistant communication equipment with high performance that enables the incorporation of multiple applications such as these.



USB UX302NC/UX312NC
compatible with LTE



IP handheld radio system, the
“SoftBank 3015J”

NCXX Group returned to profitability and recorded net income for the first time in six years in its first financial report after being converted into a subsidiary of FISCO (FY11/12 – a four-month transitional accounting period). This was achieved through business structure reforms such as the sale of unprofitable divisions, reduction of personnel costs through a voluntary early retirement program, and reduction of SG&A expenses. Moreover, in January 2013, FISCO received a third-party placement of shares from NCXX Group as a means for increasing NCXX’s capital. Having secured funds for developing new products through the capital procurement, NCXX Group can be expected to step up its product development and other activities in the field of M2M, which is set to expand going forward.

As another new initiative, in April 2014 the company concluded an alliance with robotics-related product manufacturer VStone Co., Ltd., and began development of a nursing care robot. The market for nursing care robots was worth ¥170 million in fiscal 2012. However, the market is expected to expand rapidly, increasing 13-fold from fiscal 2012 in 2015 to ¥2.3 billion, including the addition from robots covered under the revisions to the nursing care insurance system scheduled for fiscal 2015, and 205-fold in fiscal 2020 to ¥34.98 billion. As such, the market has been drawing attention.

Eyeing the projected market expansion, there are many companies entering the nursing care robot market. In Japan, companies entering the field of nursing care robot development include CYBERDYNE Inc. (7779), which has been in the public eye for its development of the HAL® robotic suit, SECOM CO., LTD. (9735), Unicharm Corporation (8113), and Panasonic Corporation (6752). Naturally, market competition is expected to intensify; however, NCXX Group is expected to be able to utilize the company’s M2M technologies to develop high value added nursing care robots capable of being controlled remotely and perform tasks such watching over elderly people by monitoring their status. Furthermore, NCXX Group’s subsidiary NXCC Solutions is able to develop servers to accumulate data gathered from the robots along with applications that will make effective use of this data. If these technologies can be utilized, the company should be able to develop robots with various possibilities and extendable functions that cannot be realized with conventional standalone robots that have only independent functions.



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The current status of nursing care robot applications is focused mainly on excretion support and mobility support. However, these robots have not managed to penetrate far into the front lines of nursing care. The company is developing the concept of a nursing care robot that will serve as a partner and adapt to the lifestyle of the user. The company should be able to establish its place in the market with a nursing care robot that achieves differentiation from mechanical robots.

NCXX Group's subsidiary Care Dynamics has a customer base of over 400 facilities belonging to 71 corporations throughout Japan. The buyers for the completed robot can therefore be envisaged to a certain extent. From development through to supply, the entire group is likely to be able to help maximize the profits from the robot business.

The latest of the company's initiatives in new businesses is the field of automotive telematics. In January 2015, the company started joint marketing in the field of automotive telematics with automotive telematics robot-related product manufacturer, ZMP Inc. By combining the ZMP's vehicle information analysis technology and the company's communication modules and communication technologies within the company's specialty automotive products, it will be possible to monitor the vehicle status, transmit voice and image data while the vehicle is running, and to realize automatic software updates when new functions are added. Furthermore, the systems developer subsidiary NXCC Solutions will be able to develop servers that can store collected data, such as vehicle running information, along with applications that will make effective use of this data. By satisfying new needs in the field of automotive telematics, the company aims to provide completely new services.

In the area of next-generation automotive technologies, there are notable entries into the field from companies other than automakers, including the start of development of an automatically driven vehicle by Google Inc. Moreover, since development of eco-cars, vehicles fitted with IT, and systems development all involve large expenses, even major automakers are increasingly teaming up with venture companies rather than rely entirely on in-house development. That being the case, there would seem to be limitless possibilities for development of new functions and technologies for automobiles through the company's joint marketing with ZMP.

Focus on new service development

● Advertising agency business

The advertising agency business is conducted by FISCO Diamond Agency, Inc., which became a consolidated subsidiary of FISCO on September 2012. It is a full-service advertising agency that offers a wide range of services including market and consumer surveys, strategy proposals for advertising and sales promotion, media buying (procurement of advertising quota from media companies), creatives, website planning, content creation and website operation, and database management. The main customers for this business are major publishing companies and major credit card companies. FISCO Diamond Agency conducts media buying for the publishing companies and handles sales tools (promotions such as sending information materials) for the credit card companies. Other activities include supporting events and seminars, a field where demand has been strong lately.



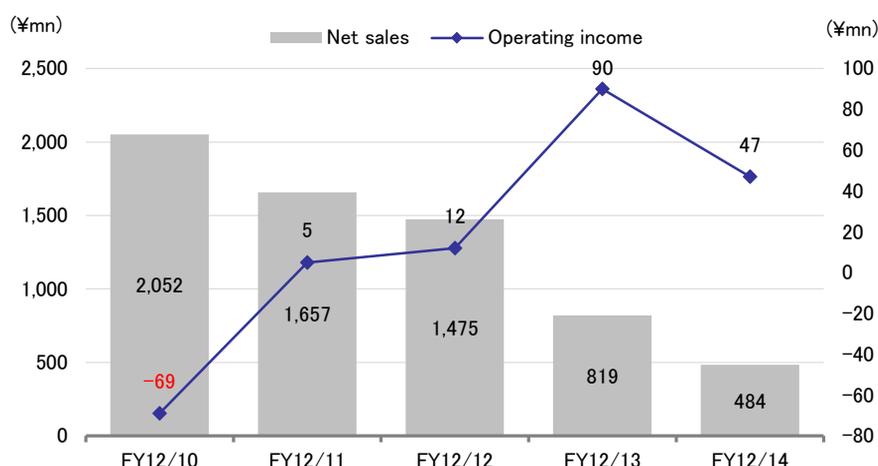
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In FY12/14, net sales decreased 40.8% to ¥484 million, heavily impacted by the expiry of contracts with major customers. Although the company concentrated on projects with high operating margins and reduced selling, general and administrative expenses, this did not make up for the decline in net sales. Consequently, segment income was ¥47 million, down 47.1% YOY. Furthermore, in December, FISCO Diamond Agency. acquired the shares of Chanty Co., Ltd., which produces sales promotion merchandise and novelty items. Through this acquisition, the company has put a framework in place to provide a full line of services ranging from advertising planning to the production of sales promotion merchandise. Accordingly, in FY12/15, the company will implement initiatives to increase its specialization in the sales promotion field as it works to expand its business volume.

The free advertising quote website business, operated in partnership with regional advertising-related companies is a scheme in which advertisers can convey their requests through the site and nominated affiliate partners can propose and provide their optimal solutions to the advertiser free of charge. For the advertisers, it serves as a place where they can acquire expert proposals from advertising-related companies throughout Japan, while for the partner companies it provides an opportunity to acquire new advertisers.

Trends in advertising agency business operating results



Business groups offering potential synergies join the front line one after another

(3) Business groups that have newly joined front line operations

● Care Dynamics Limited

Subsidiary NCXX Group converted Care Online into a subsidiary in December 2013, and changed its name to Care Dynamics in January 2015, dramatically changing the direction of its business. Originally, Care Dynamics has provided the ASP service “Care Online” to nursing care providers since 2006. The service is a system for central management of operations and information related to nursing care services, such as care plan creation, nursing care service provision, and invoicing to national health insurance organizations. As of March 2013, the service has been adopted at over 400 facilities operated by 71 nursing care providers.

Care Dynamics has developed a nursing care solutions business that provides solutions for various issues facing nursing care providers from a software perspective. However, it will now combine M2M technologies that utilize synergies with NCXX Group to transition to a “total nursing care business support company.”



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Specifically, Care Dynamics will enhance its previous software services with NCXX Group's hardware and services in the communications field to provide the highest level of service and total solutions to all parties related to the nursing care business. Furthermore, Care Dynamics will participate in planning and development of the nursing care robot business, and the company is looking at transferring the marketing and sales operations for the nursing care robots to Care Dynamics, so that it can make full use of Care Dynamics' strengths from operating in a business domain that is close to nursing care providers.

With regard to marketing of nursing care robots, Versatile, which is mainly involved in the consulting business, is the only company to have succeeded in standardizing the theory of consulting method in the market for supporting nursing care robot introduction and operation, and has created a nursing care robot introduction and operation manual. Taking the opportunity afforded by this recent business expansion, Care Dynamics will accept the transfer of this consulting business from Versatile and succeed to all aspects of the related expertise. In this way, the company aims to support the creation of an environment in which all nursing care providers can successfully introduce nursing care robots and operate them on a continuing basis.



● NCXX Solutions Inc.

At the Board of Directors meeting of subsidiary NCXX Group held on December 11, 2013, NCXX Group's subsidiary system developer, NCXX Solutions, succeeded to certain rights and obligations held by SJI with respect to the system development business conducted by SJI's Chubu, Kansai, and Kyushu Business Divisions.

The split-off and absorbed business divisions sell Internet-based purchasing and procurement systems for manufacturers and logistics providers, financial strategy support systems, such as Internet banking, for financial institutions, various business process package software for information services providers, and network monitoring systems for telecommunications operators, among other products. They conduct sales that are closely attuned to regional markets, and have trading track records with leading companies in every region.

● General Solutions, Inc.

At a Board of Directors meeting held on June 30, 2014, the company decided to acquire 85.72% of the shares of General Solutions and convert it into a consolidated subsidiary. General Solutions was founded in 1982 as a production company specializing in annual reports. It went on to establish a solid position as a full-line IR solutions provider, expanding its services in response to the diversification of customers' needs to encompass IR tool planning and creation, financial translation, IR information distribution, IR strategy consulting, IPO support, and a business rehabilitation support service, among others.

By converting General Solutions into a subsidiary, the FISCO group became one of the largest companies in the corporate IR industry. Furthermore, in December 2014, General Solutions was merged with D & Join to form FISCO IR. Through this measure, the company plans to further streamline management and provide a one-stop service for supporting IR activities.

Outline of FISCO IR

(1) Reference	FISCO IR Ltd.
(2) Representative director	Motoki Sato
(3) Registered address	2-18-15 Araki Cho Kishiwada, Osaka, Japan (This is the registered address, the address for actual operations is as follows.) 5-4-30 Minamiaoyama Minato-ku, Tokyo, Japan Tel: +81-3-5774-2355
(4) Business Activities	IR support business (IR tool planning and production business, financial translation business, IR information distribution business, IR strategy consulting business, IPO support business, business rehabilitation support business)
(5) Amount of capital	¥50,000 thousand
(6) Fiscal year-end	December
(7) Major shareholder and shareholding ratio	The company (FISCO, Ltd.) 85.7%
(8) Effective date of merger	December 1, 2014

HP: <http://www.fisco-ir.co.jp/>

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Annual Report

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A structure that facilitates synergies between segments and groups

(4) Business structure and market share

● Business structure

The operating income margin in the information services business for FY12/14 was 24% (based on segment information), showing high profitability. This can be taken as a result of progress in strengthening the corporate constitution through structural reforms. Furthermore, since it is a business field with a high fixed-cost ratio, with costs heavily weighted toward personnel costs and so forth, future sales growth in outsourcing services and individual investor services is likely to have an increasing impact on profits. Furthermore, in the corporate analysis report service, relatively variable cost elements are increasing due to outsourcing report creation to external analysts.

Moreover, depending on the degree to which the needs of corporate customers in the corporate analysis report service can be grasped, there may be openings to business opportunities for the consulting business. In addition, in the Internet travel business, there is potential to identify demand among the senior sector of the CLUB FISCO members, along with ample scope to utilize the company's Internet marketing expertise in information portal websites and so forth.

Amid these, in corporate analysis reports, which have been positioned as a growth field and are being expanded, the company can make multi-tiered proposals for new service provisions to the customers of FISCO IR, which was formed from the merger of D & Join and General Solutions, which will give rise to fast-acting synergy effects.

By combining the business base of Care Dynamics and the communication technology assets of NCXX Group, the company can search for ways to expand business opportunities. For example, on the front line of home-based nursing care and nursing, which corresponds to home-based medical and nursing care services, the company can provide new solutions businesses, such as tablet devices that enable timely information checking and information input, and monitoring services for seniors.



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Synergies can be expected from the combination of NCXX Solutions' advanced systems development capabilities and NCXX Group's hardware development technologies and integration expertise. This will enable the company to provide not only device products, but package products that combine dedicated systems and offer high usability. Furthermore, the combination also allows the company to undertake various software and systems development needed for developing NCXX Group's products in-house, rather than outsourcing them. Furthermore, the company should also be able to build a sales infrastructure targeting leading companies in every region.

Among the FISCO group's businesses, the information services business, device business (wireless communication devices business), and advertising agency business are all strongly linked to the fluctuations of the economy. In particular, in the current stock market, the impact of foreign exchange rates is reflected easily, and the market is prone to deteriorating when the yen is in an appreciating phase. However, in the Internet travel business, which has relatively high profit levels, the business structure makes it easy for a strong yen to drive growth in demand for overseas travel. As a result, this business takes more of a role as a profit driver for the company during downturns in the economic climate.

The information service business has a highly advantageous market position due to strong performance history

● Competitors and market share

In real-time services for corporations, competitors in the outsourcing and portal service businesses (independent information providing companies) include DZH Financial Research, Inc. (formerly T&C Financial Research, Inc.), Wealth Management, Inc. (3772), and Morningstar Japan K.K. (4765), in the stock market. In foreign exchange information, there are competitors such as Global-info. In these fields, the company's market share is estimated roughly at around 30%.

Furthermore, independent corporate analysis report distributors include Toward the Infinite World, Inc., Advanced Research Japan Company Limited, Shared Research Inc., and Investment Bridge Co., Ltd. In real-time services for corporations, portal services, and so forth, looking at the company's performance record to date, it has a strong advantage over new entrants to the market. However, in outsourcing services, corporate analysis report services, individual investor services, and so forth, there is a high likelihood that new companies will increasingly enter the market in conjunction with the revitalization of the stock market. The company therefore needs to establish a large market share and bolster its position at an early stage. For this reason, the company has currently positioned corporate analysis reports in particular as a new core business in the information services business, and is aggressively promoting sales activities.

In FY12/14, the number of contracting companies for corporate analysis reports increased, leading to a 50.2% YOY increase in net sales. On positive factor is the company's distribution network for the created reports. Since the company was originally established as a financial information vendor, it has an information distribution network for dedicated financial information terminals, as well as providing information to Yahoo! Japan Finance in its portal service. It is therefore able to publish the created reports through these distribution networks. Financial information is collected by market participants through the dedicated financial information terminals and by individual investors through Yahoo! Japan Finance. The ability to distribute information directly to these investors is a unique strength of the company among report-creating companies. Moreover, the company offers more than report creation. When companies release IR-related information, the company can offer an information providing short comment service to provide the content of the release as stock price information. Through these independent services, the company can differentiate itself from others and continue to increase the number of contracting corporations. In this way, it seems likely to continue to increasing its market share.

Sharp growth in performance at present due to management reforms and portfolio restructuring

(5) Sources of growth up until now

● Corporate management reforms

At present, the company is demonstrating rapid sales growth and a recovery in profits. This has been due to advances in efficiency bringing surplus resources to the fore, and new investments in growth fields, among other measures. The company has improved situations where personnel have been overcommitted to projects offering little profit, and promoted efficiency gains by allocating resources to projects that have more profitability. As a result, there have been clear improvements in earnings at subsidiaries NCXX Group and FISCO Diamond Agency.

Moreover, the company has been expanding its financial information distribution service and using the distribution capabilities it has accumulated as a lever to start new businesses, such as development in Yahoo! Japan Finance and the IR support business. NCXX Group has broken free from a structure that was depended on PHS handsets and undertaken a massive shift of resources into the growth field of M2M.

● Restructuring the portfolio

The company has enlarged and reorganized its portfolio based on clear standards and detailed business evaluation. It has acquired under-valued companies and businesses with market competitiveness and uniqueness that offer synergies with its existing businesses. At the same time, it has also succeeded in selling off at a high price businesses that had lost their competitiveness and uniqueness in the market and that had few synergies with existing businesses. For example, NCXX Group had strong competitive advantages in technology, but a low market evaluation due to its poor operating results. Immediately after acquisition by the company, NCXX Group achieved a return to profitability, and its stock price increased, at one point to a level more than four times its pre-acquisition price. On the other hand, the company sold NNA Japan Co., Ltd. (an information distribution company specializing in European and Asian economic and business information) at 1.5 times the original acquisition price, thereby obtaining a capital gain.

■ Financial results

Contribution from increased profits in the device business and the addition from new businesses

(1) Financial results for FY12/14

In FY12/14 (January–December period) the company's net sales were ¥8,430 million, up 26.2% YOY, operating income was ¥323 million, down 8.6%, ordinary income was ¥903 million, up 55.7%, and net income was ¥730 million, up 30.8%. The decline in operating income was due to the postponement of delivery of certain products at subsidiary NCXX Group until FY12/15 to accommodate changes to specifications at customers' request. On the other hand, the company booked a foreign exchange gain of ¥634 million under non-operating income upon exiting a foreign exchange margin trading position entered into as a means of hedging the risk of the yen's depreciation. This helped to push up ordinary income dramatically so that net income was broadly in line with the initial plan announced on February 28, 2014.

Net sales in the information services business were ¥1,474 million, up 73.2% YOY. The breakdown is as follows.

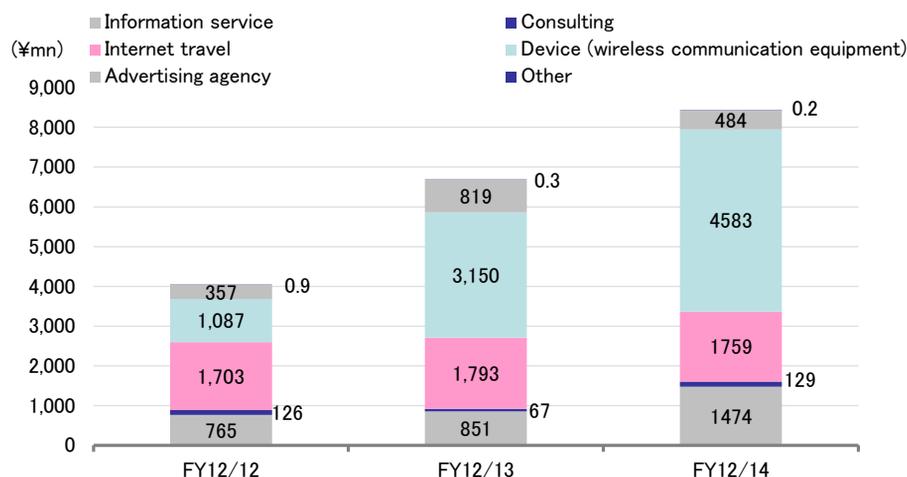
- Services to individual investors ¥51 million, down 6.4%
- Corporate IR support services..... ¥136 million, up 50.2%
- Portal services ¥59 million, down 1.6%
- Real-time information distribution services for companies ... ¥201 million, down 12.2%
- Outsourcing services ¥240 million, down 23.2%

The company rapidly expanded its corporate IR support services through a concentrated effort to acquire new customers among listed companies. In other areas, the upturn in stock market conductions and the contribution from MARKET MASTERS resulted in steady performance in services for individual investors, while healthy numbers of PVs on the Yahoo! Japan Finance website supported steady performance in the portal services. Meanwhile, after some contract terminations among financial institutions in services for financial information terminals, the real-time information distribution services for companies continued their decline. Outsourcing services also began to decline with the expiry of contracts with certain securities companies and dedicated Internet financial instruments business operators.

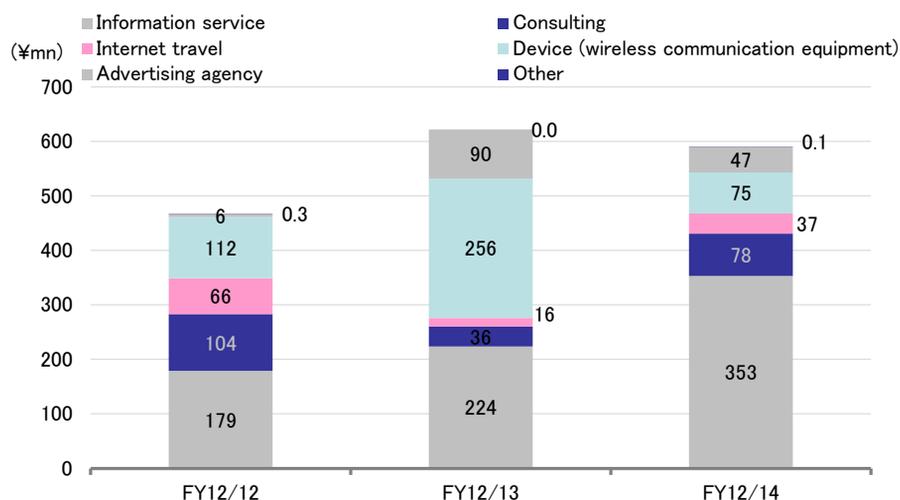
Net sales in the Internet travel business were ¥1,759 million, down 1.9% YOY. Of these, ¥1,633 million were in the overseas travel business and ¥125 million in the domestic travel business. The decline reflects a tendency among customers to temporarily suspend overseas travel plans due to the outbreak of Ebola virus disease and the yen's sharp depreciation.

By segment, net sales were ¥353 million in the Information service business, up 57.7% YOY, ¥78 million in the consulting business, up 114.5%, ¥37 million in the Internet travel business, up 122.8%, ¥75 million in the device business, down 70.7%, and ¥47 million in the advertising agency business, down 47.1%. In particular, the Internet travel business achieved a significant increase in profits due to successful efforts to reduce expenses.

Trend in net sales by segment



Trend in income by segment



FY12/15 financial results forecast for substantial increases in sales and profits FY12/15

(2) FY12/15 financial results forecast

For FY12/15, the company is forecasting net sales of ¥15,188 million, up 44.5% YOY, operating income of ¥1,729 million, up 433.9%, ordinary income of ¥1,683 million, up 86.4%, and net income of ¥952 million, up 30.5%.

The company continues add new companies to the group through aggressive M&A activity, targeting companies that have potential for synergies with the group's businesses. In the information services business, prepared the groundwork to expand its corporate IR support services by acquiring the shares of General Solutions, a company that produces annual reports and other materials, and merging it with D & Join in December 2014 to launched FISCO IR. In the device business, NCXX Solutions succeeded to part of the systems development business of SJI. In the advertising agency business, the company acquired the shares of Chanty, which produces and sells sales promotion merchandise and novelty items. With these moves, the company is now able to make full-line proposals encompassing all aspects from advertising planning to the production of sales promotion merchandise and corporate IR. By conducting cross-selling targeting the customers using each type of service, the company intends to increase the number of customers and provide even more sophisticated corporate IR and PR services.

In FY12/15, the company will work to spur the growth of companies that have become new consolidated subsidiaries, and to capture synergies between group companies. At the same time, the company will seek to drive further business expansion through M&As.

In the information services business, real-time information distribution services for companies are expected to continue their decline; however, corporate IR support services should continue to expand, driven mainly by corporate analysis reports. The corporate analysis report service has grown steadily from over 100 client companies in FY12/13 to over 160 currently. Services for individual investors is also a business field that is strongly influenced by market fluctuations; however, the company will look to make a stable business base, by winning steady customers among individual investors, who have returned to the market. To this end, the company will focus on expanding the sales content of CLUB FISCO, holding seminars, and aggressively expanding new businesses, among other initiatives.

With regard to the device business, the expansion of the M2M market will widen the company's business opportunities, and by advancing into new fields such as nursing care and agriculture, it is expected to maintain a constant growth trajectory over the medium term. In particular, gross profit margins in the field of M2M products are high at around 30%, and they make a significant contribution to profit growth. The start of initiatives by NCXX Solutions can be expected to strengthen the company's sales capabilities while enhancing its product development capabilities through the fusion of hard and soft aspects. Furthermore, in the Internet travel business, whose growth had been hampered by the yen's depreciation, should see its falling profit levels come to a halt as the yen's depreciation eases going forward.

■ Growth Strategy

Aiming for net sales of ¥21.1 billion in FY12/16 under the medium-term plan

(1) Numerical targets for the medium-term plan from FY12/14

On February 28, 2014, the FISCO group announced its three-year medium-term management plan, which starts in FY12/14. The specific numerical targets for FY12/16 are net sales of ¥21,160 million, operating income of ¥3,181 million, ordinary income of ¥3,131 million, and net income of ¥1,753 million. The targets represent increases from the results for FY12/13 of 3.2 times, 9.0 times, 5.4 times, and 3.1 times, respectively. Moreover, as medium-term targets for five years from now, the company aims to achieve net sales of ¥30,000 million or more, operating income of ¥4,500 million or more, post-tax profit of ¥3,000 million or more, and a market capitalization of ¥45,000 million – ¥80,000 million. Furthermore in achieving the above mentioned plan, the company aims to have its designation changed to the first section of Tokyo Stock Exchange along with the subsidiary NCXX Group.

The subsidiary NCXX Group also announced a medium-term plan on February 28, 2014. NCXX Group's numerical targets for FY11/16 are net sales of ¥15,442 million, operating income of ¥1,800 million, ordinary income of ¥1,778 million, and net income of ¥1,424 million. These represent increased from the results of FY11/13 of 3.1 times, 6.9 times, 3.7 times, and 3.3 times, respectively.

Medium-Term Management Plan

(Unit: ¥ Millions)

	Net sales	Operating income	Ordinary income	Net income
FY12/2014 (Result)	8430	323	903	730
FY12/2015 (Target)	15,188	1,729	1,683	952
FY12/2016 (Target)	21,160	3,181	3,131	1,753



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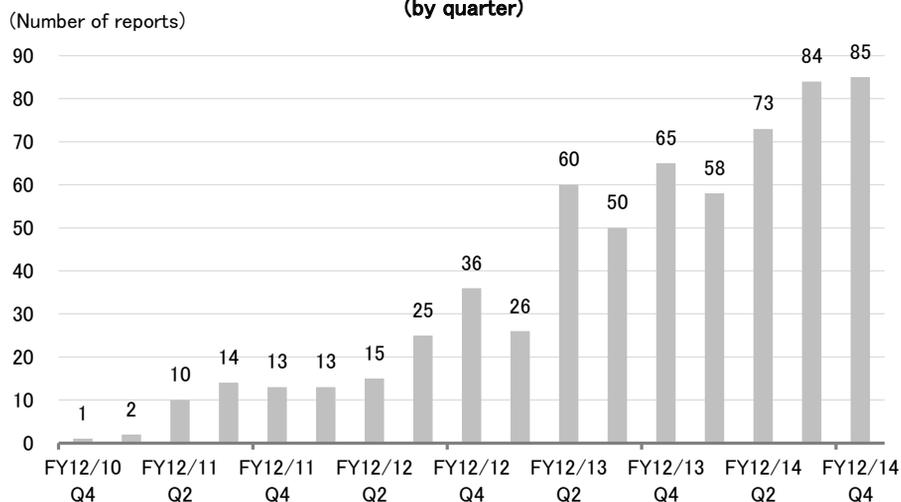
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Future goal of 1,000 corporate customers for the corporate analysis report service

(2) Growth strategy for existing businesses

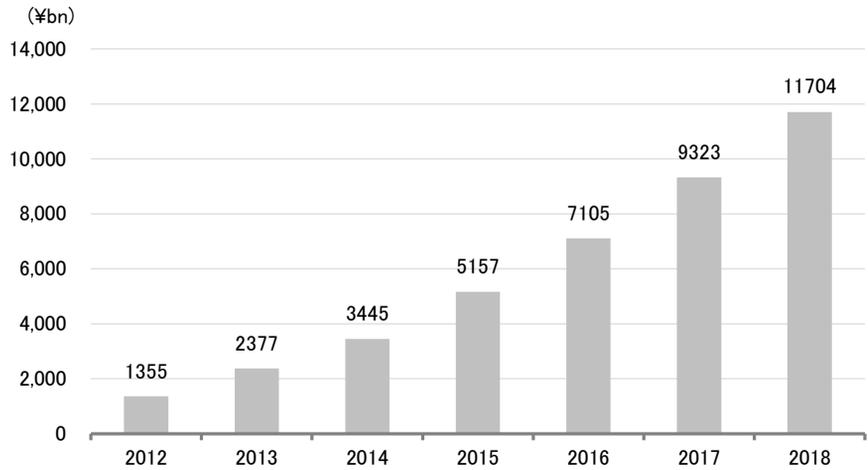
In the information services business, the group plans to strengthen sales of the corporate analysis report service. The group is targeting approximately 2,000 listed companies that are not covered by analysts at securities companies. If it aims for a market share of around 50%, the company could find a market of around ¥1,200 million. Currently, the group publishes corporate analysis reports on around 180 companies. With the addition of reports for job hunters, described below, the group aims to release reports on around 1,000 companies in future. Challenges ahead include securing the services of external analysts to cope with the increased number of reports and maintaining a high rate of repeat customers. The group's current personnel could handle around 200 companies' reports per year at full capacity, and in terms of performance to date, in the new fiscal year most of the customers have continued their contracts for a second year.

Trends in numbers of corporate analysis reports published (by quarter)



In the device business, the group aims to expand its business at a faster pace than the growth of the M2M market, where it will be focusing its efforts. To this end, the group's strategy is to increase market share through aggressive alliances with other companies in the same industry and to expand its domain by combining with other business types. In the devices sector, the group is eyeing business domain expansion through incorporation of communication functions in industry fields that have previously had no need for communications. With regard to servers, the group plans to achieve total coverage of the M2M market in the future by providing management systems and end-user applications. This will be based on expanding the solutions it provides through NCXX Solutions and further M&As. In the consumer market, the group will swiftly analyze diversifying demand through group synergies and launch suitable products into the market. In the agricultural ICT business, the group will drive the uptake of ICT that can streamline existing agriculture and improve its profitability. At the same time, it will work to contribute not only to agriculture, but to regional revitalization, including tourism. By implementing these measures, NCXX Group aims to become the largest M2M technology group in Japan.

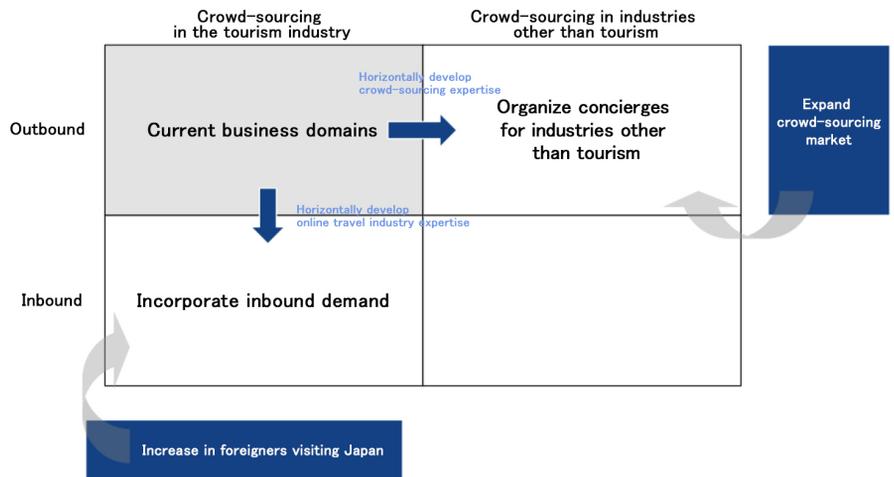
M2M market scale projection



Source: Nomura Research Institute, Ltd. "IT Navigator 2014"

In the Internet travel business, "travel concierges" (travel consultants) take the lead in planning Kodawaru Hito No Tabi ("Journeys for the Discerning Traveler") travel itineraries, as part of which, new Kodawari No Tabi travel packages are announced every month. The group will continue to expand Kodawari No Tabi and propose custom-made tours. Moreover, the company is also eyeing proposals for travel plans that meet the inbound tourism needs of overseas visitors to Japan, whose numbers have been increasing recently against the backdrop of the yen's depreciation, with a view to proactively capturing earnings opportunities. Furthermore, in January 2015, the group unveiled a policy of expanding its business scope as a "comprehensive creator of crowd sourcing platforms" by promoting a comprehensive crowd sourcing business. The group has already constructed a crowd sourcing platform that connects the orderer (customer) with the order taker (concierge) through the operation of made-to-order travel plans. It now plans to apply and expand this platform in fields outside of tourism. In addition, etabinet.com is examining options for an early IPO.

Crowd-sourcing matrix



In the advertising agency business, the group will revise its business portfolio and reallocate human resources to establish a framework for focusing on new business development. In online services, the group has now expanded the number of partners in a project to cooperate with regional advertising-related companies to 42 companies, and is expanding the scope of services to regional corporations and the public sector. Furthermore, in response to emergent demand for video and other visual content and media, the group is incorporating a visual identity (VI) perspective, which is one of its strengths. In other areas, FISCO Diamond Agency acquired the shares of Chanty, which produces sales promotion merchandise and novelty items. Through this acquisition, the group has put a framework in place to provide a full line of services ranging from advertising planning to the production of sales promotion merchandise. It will therefore execute strategies to enhance its specialization in the field of sales promotion.

Continuing aggressive M&A activities in pursuit of synergies going forward

(3) M&A activities

The group continues to promote M&A activities aimed at expanding the scale of business and harnessing group synergies. However, it now plans to vigorously promote M&A activities as a means to drive sales expansion in addition to organic growth. The group has a specialist in-house team for M&As and has developed an acquisition scheme for maximizing the return on risk. It will plan and execute all aspects including management integration and operation after investment. The group will primarily target companies with a low price-to-book ratio and strong cash flow for acquisition, with the aim of drastically increasing corporate value. The group aims to verify management improvements in its portfolio companies, while the FISCO Group overall benefits from the effect of increased consolidated profits and assets.

During 2010 – 2011, the company divested itself of non-strategic assets such as NNA (an information distribution company specializing in European and Asian economic and business information), FISCO Commodities, and Sigma Base Capital, to achieve a lean corporate structure, and at the end of December 2014 it increased its cash to ¥5,173 million (the level at the end of December 2009 was over ¥300 million). These actions have prepared a base for promoting M&A activities to date, and in the future. In the company's recent M&As, there are signs of earnings recovering on an individual company basis due to structural reforms, which will feed directly into increasing earnings at the company. The situation appears promising for future M&A activities.

In conducting M&As, the company's unwritten rule is a maximum investment recovery period of three years and cash-flow focused management. At this stage, the company appears to be considering several M&A proposals, including expansion of existing business and entry into new fields. From a perspective of expanding existing business, the envisaged target fields for potential M&As include providers of information on stocks or foreign exchange (information services business), IR companies (corporate analysis reports, advertising agency business), M2M-related companies (device business), and so forth. Furthermore, when the company's net sales exceed ¥30 billion, it is expected to change gears and aggressively advance its M&As targets from the billions-of-yen level to the tens-of-billions-of-yen level. The company may also widen the scope for financing its M&As from self-funding to include leveraged buy-outs and other methods.

Full-scale roll-out of smartphone app for providing investment information free of charge

(4) New businesses

The FISCO smartphone app for Android and iPhone was released on Google Play and App Store on August 6, 2014. The app provides information on all Japanese listed companies (approximately 3,500 companies) free of charge. The information provided by the app is company information of the kind that is generally provided for a fee through quarterly investment journals or investor information PC software.

Previously, to analyze corporate investment information, analysts were required to retrieve information from information journals and company IR websites, as well as the timely disclosure information browsing service on the Tokyo Stock Exchange website and quarterly financial reports and annual securities reports filed on the EDINET website of the Financial Services Agency. With the FISCO app, however, it is possible to collect corporate information spread out over the Internet easily in a single app. This greatly reduces the labor of information collection related to corporate analysis, and the types of information that can be obtained cover diverse aspects such as financial results, shareholders, corporate officers, and shareholder benefit programs. Furthermore, the app features innovative screening functions for a smartphone that enable stocks to be screened through a combination of various conditions such as market capitalization, growth rate, return on equity, price-to-earnings ratio, and price-to-book ratio. In addition, even more refined stock selection is enabled with the addition of demand conditions such as margin ratio and trading value.

Envisaged users of the app include not only individual investors, but also institutional investors and securities company sales reps, as well as corporate researchers at universities and other institutions. The company therefore plans to progressively expand the information and functions provided, and to develop versions in multiple languages, such as English. Following the release of a tablet version, the company plans to continue with the successive release of a PC version and so forth.

To compensate for the decrease in sales of information services to securities companies and other financial institutions, in addition to financial information apps such as this, the company will also seek opportunities to develop various new businesses. Some of the examples are researching corporate analysis reports dedicated to recruitment information, media strategies using “FISCO Research Reporters,” analyst courses, and the nursing care robot business being developed by NCXX Group.

In particular, the job-hunting related area appears to have a potential market of significant scale. The corporate analysis report could be developed as a job hunting information service, with target customers including some 10,000 unlisted companies in addition to listed companies. The company’s expertise developed through corporate analysis reports should be directly transferrable to this field, and the barriers to entry and so forth should be low. In FY12/15, the company is targeting net sales in the order of ¥150 million.

In addition, by taking advantage of FISCO Research Reporters, the company plans to increase opportunities for media exposure and expand its supporter base. This is also expected to be effective in terms of sales support and other aspects. Furthermore, as recognition of FISCO Research Reporters increases, the company may find opportunities to promote joint development with media companies, and other initiatives. Incidentally, in 2013, FISCO Research Reporters published an introductory guide to stocks.

NCXX Group accelerates development of nursing care robot

NCXX Group, which is involved in the device business, commenced joint development of a nursing care robot with robotics-related product manufacturer VStone in April 2014. VStone conducts development, manufacture, and sales of robotics-related products, and has established its reputation in development and manufacture of bipedal walking robots and robots incorporating omnidirectional sensors. By combining the communication module of NCXX Group with the nursing care robot to be developed by VStone, the two companies will realize a nursing care robot in the future that can be controlled remotely and perform tasks such as status monitoring, watching over elderly people, voice and image data transmission, and software updates.

NCXX Group's subsidiary NCXX Solutions is able to develop servers to accumulate data gathered from the robots along with applications that will make effective use of this data. This will enable the addition of various possibilities and extendable functions that cannot be realized with a standalone robot. In developing the robot, the company has partnered with one of the largest nursing care facility operators in Japan, which has experience including trial introduction of the robotic suits made by CYBERDINE, which should assist the development of a nursing care robot that is optimized for the actual front lines of nursing care and provides necessary functions. In sales, NCXX Group subsidiary Care Dynamics, which provides ASP services to nursing care facilities, has customer relationships with over 400 facilities operated by 71 companies throughout Japan.

The nursing care robot is currently under development, and the nursing care facility operators and local government organizations that will introduce the completed prototype have been decided. The nursing care facility operators include Social Welfare Corporation Zenkoukai, SUNRISE VILLA, and Yurikago Medical Corporation. Local government organizations include the Minamimaki Village Office in Gunma Prefecture.

The market for nursing care robots in Japan was worth ¥170 million in fiscal 2012, but with an increase in the elderly population expected, adding the number of nursing care robots covered by nursing care insurance following the planned revisions to the nursing care insurance system for fiscal 2015, the market scale is expected to increase rapidly to ¥2.3 billion by fiscal 2015, and ¥34.98 billion by fiscal 2020.

D and Join merged with General Solutions in December 2014, and the company name was changed to FISCO IR. In conjunction with this change, the group plans to transfer the primary business organization for the corporate analysis report service to FISCO IR, from the standpoint of increasing the number of customers among publicly listed companies. Through this measure, the group will centralize production operations for integrated reports, annual reports, shareholder newsletters, corporate analysis reports and other publications within FISCO IR. This, in turn, will allow FISCO IR Ltd. to undertake a full line of corporate IR and PR services. Looking ahead, FISCO IR will provide multi-faceted, comprehensive services to fulfill its client companies' wide range of corporate IR and PR needs.

Capturing business opportunities in fields beyond IR and information distribution

(6) Direction of the company

Looking ahead, in addition to financial information distribution services, the group seeks to become a leading provider of IR services for publicly listed companies and a leader in the financial information distribution business, reinventing itself as a provider of management solutions for publicly listed companies. The corporate IR support service is focused primarily on development of analyst's reports for listed companies, and will be positioned as a key field as it forms the basis of a business platform for listed companies that the group is working to establish. The service will distribute detailed corporate information through the group's wide-ranging network on the Internet, and through it the group aims to become a unique information distributor connecting investors and corporate IR. This will enable a giant network including not only companies, but also investors and consumers. It will therefore involve not only financial information, but various communications opening the door to a host of service and business opportunities beyond the scope of IR and information distribution alone.

■ Stock price

Matching stock market expectations for high ROE and other measures

The company's stock price is strongly linked to stock market movements, and is further characterized by high volatility. From the start of the "Abenomics" market on November 14, 2012 through to May 22, 2013, the Nikkei Stock Average (Nikkei 225) increased by 80.4%, while FISCO's stock price increased by 5.1 times to its peak on April 23, 2013. Meanwhile, the Nikkei 225 declined 20.4% from May 22, 2013 to its trough on June 13, while FISCO's stock price declined by 58.1% to its lowest level on June 26 (all based on closing prices).

In recent stock price trends, FISCO's stock price surged in July 2014, with the increase ratio within that month reaching 2.7 times. The capital and business alliance with General Solutions, the announcement of the launch of the new smartphone app service, and a sense of anticipation over the nursing care robot business were seen as some of the background factors pushing up the stock price. Subsequently, however, a decline in the Q2 financial results lent momentum to profit-taking, and recently there is a growing sense of adjustment in the stock market. With the announcement of a downward forecast revision, the stock price has developed further scope for downward movement. However, it has now reached the proximity of the level prior to the surge in July, and there is a growing sense that the market correction has run its course. Despite the downward revision of result forecasts for FY12/14, the company maintained an ROE of close to 30% on an earnings forecast basis. The Government Pension Investment Fund of Japan has also reshuffled its portfolio, and the company's high ROE level is likely to attract interest going forward.

In addition to its high ROE, FISCO is also attractive because it is developing businesses in areas of market interest, such as NISA, agriculture, nursing care, M2M, inbound foreign tourism increase, and M&A. Looking ahead there is plenty of scope for attracting further interest in the stock market from time to time.

Having established a stable business earnings base, FISCO resumed dividend payments at the end of FY12/13 after a seven-year hiatus. Now, the company's basic policy on dividends is to return profits to shareholders in consideration of the total amount of share buybacks and total dividends, and to continue paying a stable dividend. At the same time, the company's highest priority is to increase its share value. Furthermore, as a shareholder returns policy, the company introduced a shareholder benefit scheme in H1 FY12/13. Shareholders holding 100 shares or more are presented with a free coupon for IPO information service that provides corporate information and initial stock price forecast for a newly listed company. The coupon is presented over a period of time in accordance with the number of shares held. (For 100 shares or more, the free coupon is for one month: corresponding to ¥6,480). Moreover, on July 1, 2014, the company conducted a 5-for-1 stock split.

In September, FISCO received the Asia's 200 Best Under A Billion Prize, selected by Forbes Asia, the Asian version of the US economic magazine, Forbes. This prize is awarded to the best 200 companies representing the Asia-Pacific region among listed companies with net sales of less than US\$1 billion, in terms of maintain steady profitability and growth performance over the past three years.

Furthermore, the stock price of FISCO once recorded a rise to the maximum daily limit for 19 consecutive days from ¥120 on January 30, 2009 to the ¥920 on February 27 (price adjusted for subsequent stock split; the stock price declined again after hitting the daily limit on February 27). This is the longest number of consecutive days to hit the maximum limit recorded for any listed company.

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