Netyear Group
3622 TSE Mothers

18-Jul.-14

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The omni-channel strategy is driving growth

The Netyear Group <3622> (hereinafter "the Group") operates a digital marketing support business utilizing Internet technologies. Its customers are primarily major corporations. Its subsidiary Tribal Media House is an industry leader in the social media analysis and consulting sector. In August 2013 the Group turned Nihon Gigei, the company offering the groupware "rakumo," into a subsidiary and the Group is currently expanding the scope of its operations.

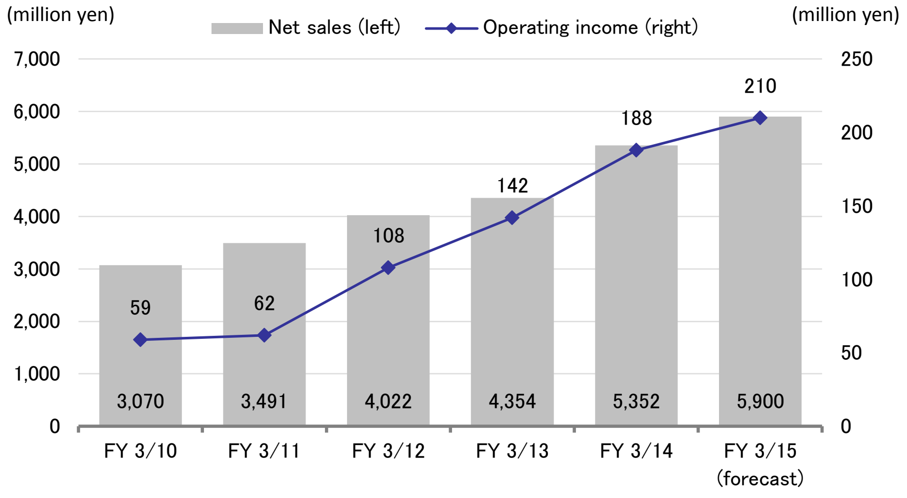
Against a background of expanded investment in the digital marketing sector by corporations, the business results of the Group have been strong. Looking at its consolidated results in the fiscal year ended March 2014, net sales increased 22.9% year on year to 5,352 million yen, operating income increased 32.7% to 188 million yen, net sales increased for the 4th consecutive year, and operating income achieved double-digit growth for the 3rd consecutive year, overcoming negative accounting factors including the recording of provision for loss on order received due to the occurrence of some unprofitable projects and the goodwill expenses of the newly consolidated Nihon Gigei to.

In the fiscal year ending March 2015 the market environment is expected to be good, and the good results of the Group are forecast to continue with net sales increasing 10.2% and operating income increasing 11.3% year on year. Recently systems development projects in such forms that include the analysis and utilization of customer data have been increasing and the scale of the projects has also been getting larger. Furthermore, the "omni-channel strategy" has been in the limelight as one digital marketing technique, and this is a sector in which the know-how that is a strength of the Group is utilized for the design and construction of the "user experience," etc. so this sector is attracting attention as a market area that will drive the growth of the Group. In fact, in the "omni-channel" construction project of Seven & i Holdings <3382> started in fiscal year 2014 the Group was selected as one of the participating member companies, and this is expected to have a positive effect on the business results of the Group.

Check Point

- In the fiscal year ended 3/14 the group achieved sales growth for the 4th consecutive year and double-digit ordinary income growth for the 3rd consecutive year
- Toward expanded business opportunities through participation in Seven & i projects
- If stable cash-flow continues, introduce results-linked dividends

Trends in Net Sales and Operating income

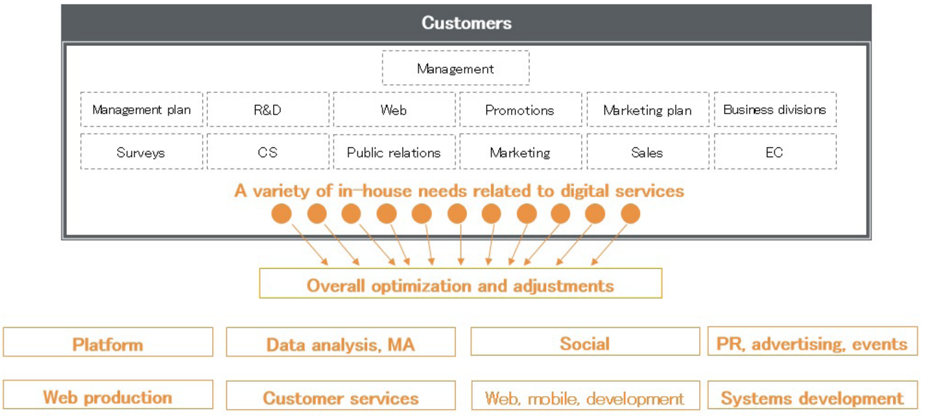


Summary of the business

Developing a digital marketing support business placing the focus on UX

The Group is mainly developing a digital marketing support business that utilizes Internet technologies. Digital marketing refers to the marketing techniques in corporate activities that are centered on the web site of the company and tied in with existing media and marketing, call centers, stores, etc. These services are for clients such as corporations and local governments, and propose and implement new digital marketing strategies in order to produce the outcomes the client wants to achieve, including improved brand power, sales growth, the promotion of business transformations.

Summary of the Business of the Netyear Group



Source: Company

The characteristic of the Group is that it is engaged in systems development and design with the focus on improving the "user experience (UX)" on the web. Here "user experience" does not refer to the standard meaning in English but rather indicates "what users experience when they visit our company's web site, and what they become interested in after experiencing the site." Therefore, the final goal is to improve the "user experience" in order to get customers to purchase products or become fans of the corporation.

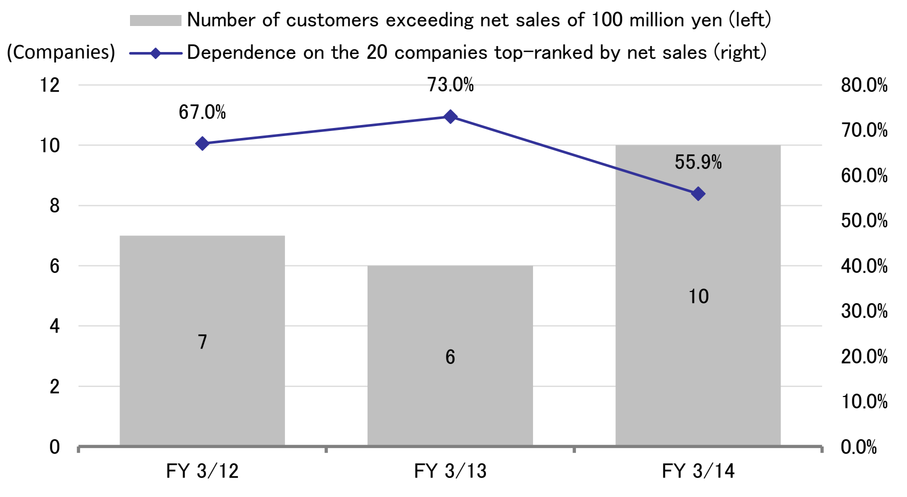
Due to the arrival of digital information society, there is an abundance of information and we can conclude that as the media and device tools for obtaining that information become increasingly diverse, improving the "user experience" as part of a digital marketing strategy has become more important than ever before.

For this reason, services will become customized services for each client. Generally the development period is about three months and even a long development period is about one year, which is short compared to a standard systems development company. Project management is also comparatively easy, and cases in which the development deadline is delayed are rare. Furthermore, the majority of the systems development part of a project is outsourced, with the outsourcing ratio accounting for about 50% of the cost of sales. The unit price of orders is variable depending on the content of the project, ranging from 100,000 yen at the low end to more than 100 million yen at the top end. Recently, however, demand for marketing techniques incorporating "data analysis and utilization" has been increasing and the scale of the projects has been getting larger.

Regarding the types of businesses of the clients, the Group has a comparatively large number of clients in the fields such as information and communications industry, consumer goods manufacturing industry, restaurant industry, and retail industry. Currently there are approximately 200 active clients on a non-consolidated basis and about 400 active clients including Tribal Media House. Regarding Nihon Gigei, the type of business is different but its rakumo Division alone is doing business with about 500 companies, and the overall group has nearly 1,000 customer companies. In the fiscal year ended March 2014 there were no customers accounting for more than 10% of the total sales but in the last few years KDDI <9433> had been a major customer accounting for 10% or more of sales every year. We can see that in the fiscal year ended March 2014 as well it accounted for just under 10% of the total sales. Other major customers include the LIXIL Group <5938>, Itoham <2284>, Starbucks Coffee Japan <2712>, Nikon <7731>, NEC <6701>, Mitsui Fudosan <8801>, another characteristic of the Group being that major corporations account for the core of the sales.

Furthermore, the number of customers exceeding 100 million yen in annual net sales passed ten for the first time in the fiscal year ended March 2014, and the percentage of sales dependent on the 20 top-ranked customers declined to 55.9%. We can deduce that the ordered projects are becoming larger and at the same time the number of customers has expanded, so the customer base is being expanded and enhanced.

Top-Ranked Customers Acquired and the Dependence of Sales on those Customers



Summary of the business

The strengths of the Group include its many human resources with strong planning ability and a progressive sensibility toward marketing. Furthermore, its customers highly evaluate its project management capacity and the stability, reliability, etc. of its systems.

In addition, the Group is focusing on sales of products developed in-house, including its "Social Voice" series, the "Engage Manager" of its subsidiary Tribal Media House, and the "rakumo" of Nihon Gigei which was made a group subsidiary in August 2013. Regarding its third party product lineup, the Group is selling and providing support for the installation of the "campaign management software" of US company Responsys and the "Google Analytics" access analysis tool of Google Inc., among others.

List of the Services of Netyear Group

Source: Company

The Group is working to standardize the functions of its products developed in-house, and by strengthening its sales to small and medium-sized enterprises it is aiming to stabilize its revenue base and at the same time to expand its customer segment and business scale. Note that the sales force is concentrated in the head office and the sales structure consists of a total of about 40 people.

There are three group subsidiaries: Netyear Craft (established 2006) which produces and manages web sites, Tribal Media House (made into a subsidiary through a stock acquisition in 2009) which offers analysis of and consulting regarding social media, and Nihon Gigei (made into a subsidiary through a stock acquisition in August 2013). Furthermore, Netyear Zero, which was a subsidiary until the previous year, has been absorbed into the parent company.

Status of the Affiliates

Consolidated subsidiaries	Capital contribution ratio	Major business
Netyear Craft	100.0%	Web site production and management
Netyear Zero	100.0%	Web site joint development business, including Internet advertising sales, etc. (absorbed into the parent company in the fiscal year ended 3/14)
Tribal Media House	92.6%	Social media marketing
Nihon Gigei	51.0%	Packaged software development and sales
Equity method affiliates	**Capital contribution ratio**	**Major business**
None		

Financial Highlights

In the fiscal year ended 3/14 the group achieved sales growth for the 4th consecutive year and double-digit ordinary income growth for the 3rd consecutive year

(1) Consolidated results in the fiscal year ended March 2014

The consolidated results for the fiscal year ended March 2014 announced on May 9, 2014 were that net sales increased 22.9% year on year to 5,352 million yen, operating income increased 32.7% to 188 million yen, ordinary income increased 32.8% to 191 million yen, and net income decreased 34.2% to 59 million yen. As a result of the greater use of smart phones and social media investment in the digital marketing sector has gained momentum in corporations. In this context the results of the Group have been trending strongly and the Group has continued on a path of expansion with net sales growing for the 4th consecutive year and ordinary profit achieving double-digit growth for the 3rd consecutive year. Net income fell because the Group recorded head office relocation expenses of 23 million yen as an extraordinary loss and in addition income tax increased as a result of the elimination of the loss carried forward of the head office, and there was a reversal of deferred tax assets as a result of the abolition of the special corporation tax for reconstruction.

Net sales were 352 million yen higher than the company plan as of January 2014 so we can deduce that the situation will continue to be good in the short term. In contrast to the better-than-expected performance of net sales operating income only increased by 8 million yen. The factors behind this were that in specific unprofitable projects occurred and in the 4th quarter provision for loss on order received of 63 million yen was recorded in the cost of sales. These are the first unprofitable profits in the Group for ten years. Note that these projects were completed in May 2014 and recorded in sales but the anticipated loss has already been provided for in the fiscal year ended March 2014 so these projects will have no impact on profits in the fiscal year ending March 2015.

Consolidated Results in the Fiscal Year Ended March 2014

(Million yen)

	FY 3/13		FY 3/14				
	Result	Ratio to sales	Company plan	Result	Ratio to sales	Year-to-year	Relative to plan
Net sales	4,354	-	5,000	5,352	-	22.9%	7.0%
Cost of sales	3,421	78.6%	-	4,240	79.2%	23.9%	-
SG&A expenses	791	18.2%	-	923	17.3%	16.7%	-
Operating income	142	3.3%	180	188	3.5%	32.7%	4.8%
Ordinary income	143	3.3%	178	191	3.6%	32.8%	7.3%
Extraordinary income and loss	0	-	-	-23	-	-	-
Net income	89	2.1%	87	59	1.1%	-34.2%	-32.0%

Note: Company forecasts as of Junuary 2014

Note that the impact on the consolidated results of the results from Nihon Gigei, which was made a subsidiary in August 2013, was an improvement of about 150 million yen in net sales while operating income, including the goodwill amortization portion (34 million yen) was reduced by tens of millions of yen. For this reason, the operating income in real terms excluding the recording of the provision for loss on order received and the impact of Nihon Gigei achieves a large increase of double the figure from last year.

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In particular, looking at recent demand trends, even in the digital marketing sector needs for tie-ins with social media and the analysis and utilization of customer data are growing stronger. In particular, the order size of development projects that include data analysis and utilization is tending to become larger so securing development personnel has become a management issue for the Group. In fact, in the fiscal year ended March 2014 it would have been possible to increase sales even further if the Group had the necessary development capacity.

These changes can be seen from the changes in the cost of sales. Among the costs of sales in the fiscal year ended March 2014 the costs that grew the most were outsourcing expenses, which were up 34.4% year on year, so we can deduce that the Group responded to the increase in development projects by increasing outsourcing. The cost to sales ratio appears to have worsened year on year to 79.2% in the fiscal year ended March 2014 but if the provision for loss on order received is excluded then we can see that it has improved slightly to 78.0%. For this reason, we can see that even though outsourcing expenses increased that did not have a negative effect on the cost ratio. A factor behind this is that in the case of the Group most deals are customized for each project and order estimates are made including the outsourcing expenses, so a certain profit margin is ensured. Nonetheless, an increase in outsourcing will lead to a drain of added value to outside the company so it is necessary to put in place in-house development structures of a certain level or above.

Breakdown of the Cost of Sales (Million yen)

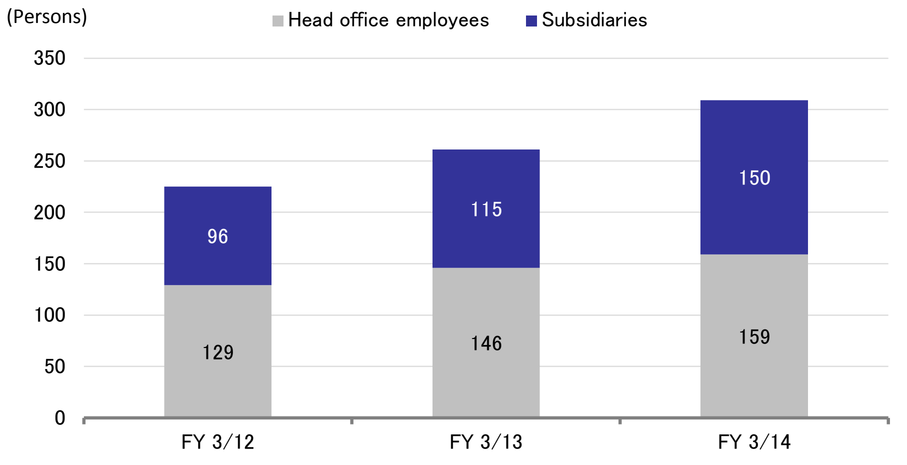
	FY 3/12	FY 3/13	FY 3/14	Growth rate
Personnel expenses	1,189	1,362	1,575	15.6%
Outsourcing expenses	1,671	1,674	2,250	34.4%
Provision for loss on order received	–	–	63	–
Other expenses	365	392	425	8.4%
Change in work in progress during the period	-7	-7	-73	–
Total	3,218	3,421	4,240	23.9%

Ratio of Cost of Sales to Net Sales

	FY 3/12	FY 3/13	FY 3/14
Personnel expenses	29.6%	31.3%	29.4%
Outsourcing expenses	41.5%	38.4%	42.0%
Provision for loss on order received	–	–	1.2%
Other expenses	9.1%	9.0%	7.9%
Change in work in progress during the period	–	–	–
Total	80.0%	78.6%	79.2%

The number of employees the end of March 2014 was 309 persons in the Group, an increase of 48 persons year on year, but this includes the adding on of 54 Nihon Gigei personnel so in real terms the number of employees decreased. A factor behind this is that recently the shortage of human resources has become a chronic problem in the IT industry overall and the Group's recruiting did not proceed as it had anticipated. The decline in recruiting expenses in the fiscal year ended March 2014 was also due to the impact of this.

Change in the Number of Employees



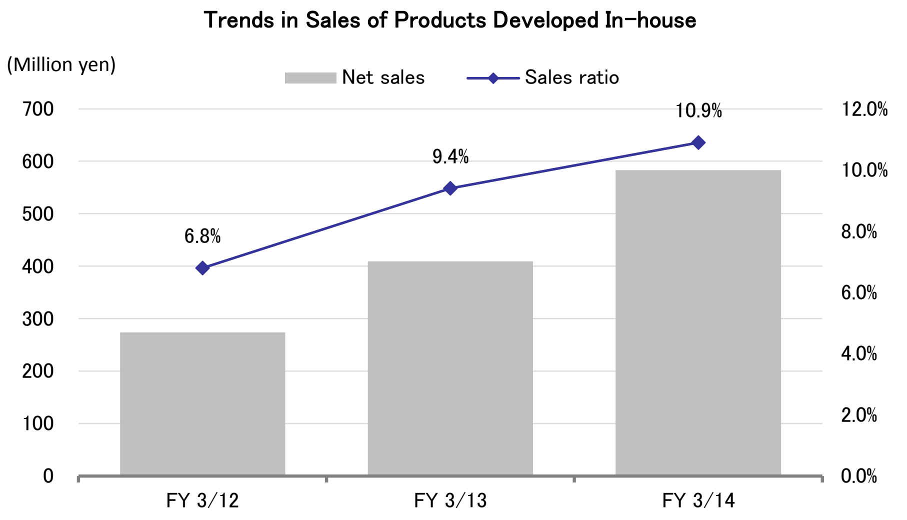
Breakdown of Selling, General and Administrative Expenses (Million yen)

	FY 3/12	FY 3/13	FY 3/14	Growth rate
Personnel expenses and dispatch expenses	386	472	550	16.5%
Recruiting expenses	47	69	49	-29.0%
Goodwill amortization	21	21	49	133.3%
Other	230	229	275	20.1%
Total SG&A expenses	684	791	923	16.7%

Ratio of Selling, General and Administrative Expenses to Net Sales

	FY 3/12	FY 3/13	FY 3/14
Personnel expenses	9.6%	10.8%	10.3%
Recruiting expenses	1.2%	1.6%	0.9%
Goodwill amortization	0.5%	0.5%	0.9%
Other	5.7%	5.3%	5.1%
Total SG&A expenses	17.0%	18.2%	17.2%

Note that the ratio of net sales accounted for by products developed in-house expanded steadily from 9.4% in the previous year to 10.9% in the fiscal year ended March 2014. The major products include "Social Voice" which contributes to raising service quality and reducing costs in CRM divisions including call centers, "Engage Manager" the social media management tool of subsidiary Tribal Media House, "Boom Research" which offers collection and analysis of word-of-mouth data, and Nihon Gigei's Google Apps groupware software "rakumo,". In the fiscal year ended March 2014 the net sales of "rakumo" of about 100 million yen were a factor adding to the overall net sales but net sales of existing products also expanded strongly. In particular it seems that the strengthening of marketing by corporations in the social media sector provided impetus to Engage Manager, which recorded strong sales. In the future the Group intends to increase the ratio of products developed in-house to about 50%, and going forward its policy is to strengthen the development of new products, including development by the subsidiaries. It is anticipated that if sales of products developed in-house expand, not only will the stability of the revenue base improve but also profitability itself will improve.



Sufficiently maintain financial soundness and focus on the improvement of profitability going forward

(2) Financial position and management indicators

As shown in the table, the financial position at the end of March 2014 was that the balance of total assets increased by 688 million yen from the end of the previous year to 3,143 million yen. The main factors behind the increase were the increase in goodwill resulting from the new consolidation of Nihon Gigei (+287 million yen), the increase in tangible fixed assets as a result of the relocation to the new head office (+64 million yen), and others. On the other hand, liabilities came to 1,234 million yen, a 623 million yen increase compared to the end of the previous year. The main factors behind the increase were the borrowing of operating funds to carry out stable management at a time when the business is in a growth stage (+379 million yen) and the recording of income taxes payable and provision for loss on order received.

Some key financial ratios such as equity ratio and the D/E ratio. looked slightly worse due to the increase in interest-bearing liabilities but the current ratio was at a level over 200% and the net cash-flow also remained in the black so we can conclude that sufficient financial soundness was maintained. On the other hand, looking at profitability, the operating income ratio and the ROA rose but the ROE declined due to the fall in net income. Both the operating income ratio and the ROE are in the 3%~4% range so they are not high, meaning that the focus will be on initiatives to improve profitability going forward.

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Balance Sheet

(Million yen)

	FY 3/12	FY 3/13	FY 3/14	Change
Current assets	2,184	2,225	2,495	269
(Cash and deposits)	863	1,051	1,031	(19)
Property, plant and equipment	51	35	100	64
Intangible assets	53	24	361	336
Investments and other assets	158	168	185	16
Total assets	2,448	2,455	3,143	688
Current liabilities	660	610	957	347
Non-current liabilities	13	0	276	276
(Interest-bearing liabilities)	53	13	393	379
Total liabilities	673	610	1,234	623
Total net assets	1,774	1,844	1,909	64
Safety indexes				
Current ratio (current assets / current liabilities)	330.8%	364.8%	260.6%	
Equity ratio (total shareholders' equity / total assets)	72.3%	74.9%	60.4%	
D/E ratio (interest bearing liabilities / shareholders' equity)	3.0%	0.7%	20.7%	
Profitability indicators				
ROA (ordinary income / total assets)	4.3%	5.9%	6.8%	
ROE (net income / shareholders' equity)	3.7%	5.0%	3.2%	
Operating income on sales (operating income / net sales)	2.7%	3.3%	3.5%	

In the fiscal year ending 3/15 the Group will actively recruit personnel while also working to ensure higher sales and higher profits

(3) Results forecasts for the fiscal year ending March 2015

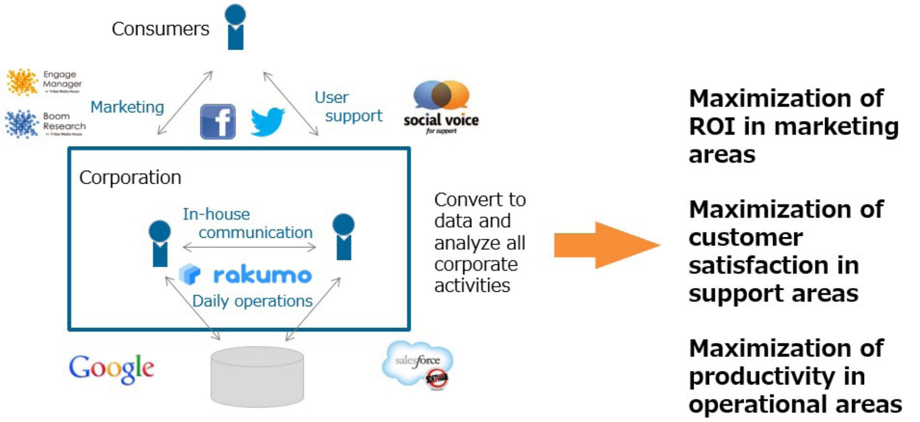
The forecast consolidated results for the fiscal year ending March 2015 are that net sales will increase 10.2% year on year to 5,900 million yen, operating income will increase 11.3% to 210 million yen, ordinary income will increase 9.9% to 210 million yen, and net income will increase 69.2% to 100 million yen.

The Group has announced three business policies for the fiscal year ending March 2015: the strengthening of digital marketing services, the strengthening of data utilization services, and the strengthening of in-house structures and its strategy is to enhance its business results by strengthening its revenue base.

In the digital marketing services sector the Group's policy is to strengthen its services in the data utilization and analysis sector where demand is particularly expanding. It will provide not only a DMP (Data Management Platform) which offers integrated management of user data from in-house web sites, SNS, real stores and other sources, then distributes optimal content, but also management services.

The Group's aim is to continue strengthening its business by setting the respective goals in its four sectors: converting to data and analyzing all corporate activities in the data utilization services sector, maximizing the ROI (return on investment) of the customer corporations in the marketing sector, improving customer satisfaction in the customer support sector, and maximizing productivity in the in-house operations sector.

Strengthening of Data Utilization Services



Source: Company

For the strengthening of in-house structures, in the fiscal year ending March 2015 the Group newly organized the digital marketing business headquarters with the objectives of strengthening the omni-channel services and strengthening project management structures, putting in place a structure for comprehensively managing the previously-independent production business division, the digital media solutions business division, the analysis & optimization business division, and the cloud technology business division (newly established).

Furthermore, in the fiscal year ending March 2015 the Group plans to actively recruit personnel and is aiming for a business structure with 365 people, 56 people more than at the previous year-end in the group overall. The recruiting of personnel will be mainly centered on the data analysis and utilization area. For this reason, personnel expenses are expected to increase by about 20% in the fiscal year ending March 2015 but on the other hand outsourcing expenses will be kept down so the overall earnings ratio is forecast not to change.

Growth forecasts going forward

Toward expanded business opportunities through participation in Seven & i projects

(1) Making omni-channels the foundation of growth going forward

A market area that can bring about revenue growth for the Group going forward is "omni-channels." Omni-channels refers to building structures that enable customer to order the products that they want without having to choose a place or time and to pick up the products at the place they want. It is achieved by linking together all of the sales channels, including the actual stores of corporations, their in-house sites, social media, web stores, and is one kind of digital marketing technique.

The Group considers this "omni-channels" approach to be an example of "perfect customer service focus" and sees it as an ideal area in which the "user experience design" advocated by the Group can be utilized. Seen from the perspective of the structure of the distribution industry, conventionally "supply chain management" that sought efficiency on the supplier side was constructed but with the omni-channels approach there is a transition to a distribution structure that takes the perspective of the consumer side called "demand chain management."

The “omni-channel strategy” that is attracting the most attention currently is the project of Seven & i Holdings <3382>, the leading player in the distribution industry. From fiscal year 2014 the company will invest a total of 100 billion yen to realize omni-channel construction of all of the group companies. In the first step it plans to construct a system that enables customers to collect all of the products of the group at all of the stores by fiscal year 2015. On the Internet, it plans to construct an integrated web store for the group. In the second step, by fiscal year 2016 it will enable customers to utilize the Internet to buy the group products at all of its stores, including the convenience stores. Moreover, by 2017 the company plans to convert the stores into media outlets in order to build stores that are not merely places for selling products but also make the customers want to come to the store again.

There are a number of eminent corporations participating in the project including Oracle Japan <4716>, Yahoo! <4689>, Google, NTT Data <9613>, NEC <6701>, Mitsui & Co., Ltd. <8031>, teamLab, Dentsu <4324>. and the Group has been chosen to a member of the project as well. The Group is mainly involved in support for building the project structures, the establishment of customer scenarios, the overall design of the web sites. For this reason, the Group anticipates that sales to Seven & i Holdings will grow in the business results for the fiscal year ending March 2015. Because Seven & i Holdings, the largest distribution group in Japan, is adopting a full-scale omni-channel approach, it is forecast that other companies in the same industry will make similar moves going forward, so it can be concluded that business opportunities for the Group will also expand further.

Going forward the Group will focus its attention of Nihon Gigei’s rakumo and TMH’s cocosquare

(2) Trends regarding the subsidiaries

○Nihon Gigei

Nihon Gigei is expecting to move into the black on a single month basis during the fiscal year ending March 2015. The number of users of the “rakumo” service holds the key to this. The break-even point in terms of number of IDs is 200,000 (the number of IDs reached 159,000 at the end of March 2014), and the company believes that if all goes well the break-even point should be achieved at about the end of the fiscal year ending March 2015.

The “rakumo” series, the flagship product of Nihon Gigei, is groupware software that contributes to improving operations and increasing productivity inside a company. Currently in the Google Apps version it is providing five applications – Calendar (a group calendar function), Contacts (a shared address book), Workflow (an electronic document circulation system), Time Recorder (a work attendance recorder using the FeliCa reader), and Board (a bulletin board) – and in addition in the force.com version of salesforce.com it provides Social Scheduler (a group calendar linked to Chatter).

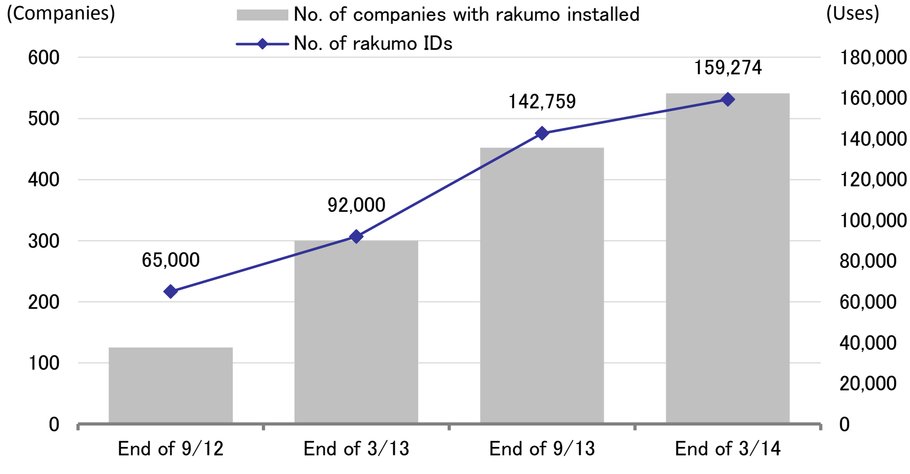
The corporations that introduce the product can choose from among these functions the ones that are necessary for them when making a contract with Nihon Gigei, and can use the system by paying a monthly use charge. The monthly charge comes to 50 yen to 300 yen, and “rakumo” boasts the top market share among the expansion apps of Google Apps.

Regarding the sales routes, direct sales account for 30% and sales through distributors account for 70% of sales. There are ten major distributors including SoftBank Telecom, USEN <4842> and in many cases when these companies sell and introduce Google Apps and “salesforce” to corporations they also market “rakumo” as an optional menu item.

■Growth forecasts going forward

In June 2014 Nihon Gigei concluded a new distributor contract with software development company Future One and in addition it plans to introduce two new products during the fiscal year ending March 2015. Furthermore, in the fiscal year ending March 2015 it plans to use an offshore development of Vietnam in order to further reduce costs. It is forecast that if the number of "rakumo" series contracts expands strongly then the product will begin to contribute to revenue from the fiscal year ending March 2016 onwards.

Trends in the Number of Uses of the Services



○Tribal Media House (TMH)

Turning to the business results of Tribal Media House, a company at the forefront of the marketing consulting industry in the social media area, the company has been growing at a double-digit rate annually, partly due to the fact that the market is expanding, and in the fiscal year ending March 2015 it is forecast to achieve the major milestone of one billion yen in net sales for the first time. This is because the in-house products such as the "Engage Manager" that we mentioned earlier are growing strongly and in addition consulting needs are at a high level.

One service that will attract attention going forward is the "cocosquare" platform for MROC-type co-creation marketing using Facebook as a tool (a new marketing technique in which the customers and the corporation share information and develop new products). The service was launched in 2013 and has been introduced into five companies to date.

It is not unusual for corporations to launch their own official Facebook pages but it is difficult for them to measure the marketing cost-benefit performance of the pages. However, using "cocosquare" going forward will enable the Facebook pages of corporations to perform not only a role as a communication platform which carries out corporate public relations and brand communication but also a role as a research platform for new product development, and is expected to lead to an improvement in the new product hit rate and a reduction of development costs. The scale of net sales is still small for this product but introduction of the product into several companies has already been decided for the fiscal year ending March 2015 and growth in sales of the product can be expected going forward.

Measures for Returning Profits to Shareholders

If stable cash-flow continues, introduce results-linked dividends

The Group is paying out dividends as a measure for returning profits to shareholders. The Group's basic policy regarding dividends is to pay stable and continuous dividends while ensure the internal reserves that is necessary for future business development and the strengthening of the Group's business structures. For this reason, dividends per share have been fixed at 3.25 yen from the fiscal year ended March 2008 onwards. However, the Group intends to introduce results-linked dividends in the future if the internal reserves are enhanced further and stable cash-flow can be obtained every period.

Profit and Loss Statement

(Million yen)

	Fiscal year ended 3/11	Fiscal year ended 3/12	Fiscal year ended 3/13	Fiscal year ended 3/14	Fiscal year ending 3/15 forecast
Net sales	3,491	4,022	4,354	5,352	5,900
(percentage change from last year)	13.7%	15.2%	8.3%	22.9%	10.2%
Cost of sales	2,794	3,230	3,421	4,240	
(relative to sales)	80.0%	80.3%	78.6%	79.2%	
SG&A expenses	634	683	791	923	
(relative to sales)	18.2%	17.0%	18.2%	17.3%	
Operating income	62	108	142	188	210
(percentage change from last year)	5.2%	73.2%	31.6%	32.7%	11.3%
(relative to sales)	1.8%	2.7%	3.3%	3.5%	3.6%
Ordinary income	54	103	143	191	210
(percentage change from last year)	-14.7%	89.6%	39.4%	32.8%	9.9%
(relative to sales)	1.6%	2.6%	3.3%	3.6%	3.6%
Extraordinary income	5	0	0	0	
Extraordinary loss	152	14	0	23	
Income before income taxes	-92	89	143	167	
(percentage change from last year)	-245.6%	-196.3%	61.3%	16.6%	
(relative to sales)	-2.7%	2.2%	3.3%	3.1%	
Income taxes.	21	22	52	105	110
(Effective tax rate)	-23.6%	25.8%	36.4%	63.0%	
Minority interest	2	1	1	3	
Net income	-116	64	89	59	100
(percentage change from last year)	-269.5%	-155.0%	39.6%	-34.2%	69.2%
(relative to sales)	-3.3%	1.6%	2.1%	1.1%	1.7%
Major indicators					
Number of issued shares (unit: 1,000 shares)	6,560	6,617	6,656	6,744	6,807
Earnings per share (yen)	-17.82	9.72	13.49	8.76	14.69
Dividends per share (yen)	3.25	3.25	3.25	3.25	3.25
Net assets per share (yen)	260.29	265.84	276.10	279.00	-
Dividend payout ratio	-	33.4%	24.1%	37.1%	22.1%
Number of employees (persons)	200	225	261	309	365

Disclaimer