

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)****Summary**

- The main business of SRG Takamiya Co., Ltd. (hereinafter, or the company) is rental of light temporary scaffold equipment and materials for construction works.
- Due to the weak demand for the domestic construction sector, the company's business results up to the fiscal year 09 (FY09, ending March 2010), were slowing down, but after the FY11, its results have recovered into up-trend due mainly to growth of the environmental sector on which the company was heavily focusing, and to contributions of consolidated subsidiaries taken over in the past. In the FY12 ending March 2013, substantial profits increase has been achieved mainly thanks to favorable sales of solar battery installation frames.
- Sales of ¥29.2 billion (up by 3.9% year-on-year) are expected in the FY13 ending March 2014. This goal is likely to be achieved because overall business circumstance has completely changed to better since last fall. Depending business circumstance coming on, target sales of ¥30 billion in the company's midterm business plan may be achievable. It also may be possible to update the historical high profits.
- Currently, the company is enjoying triple favorable winds in a "change in business circumstance", and "over of investment round in high-value added assets", and "positive effects by collaboration with a maker company". By jumping on these winds, it is quite possible that the company will see another high growth trend after FY14 ending in March, 2015. Once the target of current midterm plan is achieved, it is likely that the next midterm plan with a sales goal of ¥50 billion will be newly announced, and we probably need to keep our eyes on this.
- As stated above, the company's results are likely to improve dramatically hereafter. In addition to that, if IR0 is added to this, the stock price evaluation will change significantly. It is worth noting how the company and the stock price will change alongside business results in the coming 2 to 3 years.

(Noboru Terashima, analyst of G-Cube Co., Ltd.)

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**

Company Profile	
Location	19-19, Chayamachi, Kita-ku, Osaka
CEO	Kazuya Takamiya
Foundation	June, 1969
Listed	June, 2005
Business	Leading company of rental and sale of temporary equipment and materials for construction. Aggressive for M&A. Makes effort for environmental business mainly in solar-energy generation equipment as the second line of business.
Industry	Service business
Fiscal term	End of March
HP	<a href="http://www.srg.jp/ir/">http://www.srg.jp/ir/</a>

Stock Information As of May 21, 2013	
Stock price	¥890
Issued number of stocks	22,312,000 stocks
Aggregate market price	¥19,858 million
Unit of exchange	100 stocks
Dividend (expected)	¥10
EPS (expected)	¥40.58
BPS (actual)	¥324.08
PER (expected)	21.9 times
PBR (actual)	2.75 times
ROE (actual)	12.2%
Dividend yield (expected)	1.1%

\* The issued number of stocks is calculated by subtracting the stock holdings from the number of stocks that are issued at the end of the immediately previous term.

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**
**- Consolidated Business Results-**

Fiscal term	Sales amount (Million yen)	Business profit (Million yen)	Recurring profit (Million yen)	Profit in the term (Million yen)	EPS (Yen)	Dividend (Yen)
Mar.,2010 (A)	14,530	678	607	337	15.58	20.0
Mar.,2011 (A)	17,490	722	621	302	13.95	20.0
Mar.,2012 (A)	23,201	1,037	1,080	755	34.94	20.0
Mar.,2013 (A)	28,113	1,605	1,553	807	37.66	20.0
Mar.,2014 (E)	29,200	1,760	1,650	870	40.58	10.0

\* "E"=expected by the company. Dividends paid in March 2014 are the dividend after stock split.

**<History>**

The company was founded in 1969 as Sinkansai Co., Ltd., in Settsu City, Osaka Prefecture. The company dealt mainly with wooden scaffolding (bolt scaffolding, crosspieces, scaffolding plate, 100 mm<sup>2</sup> planks, etc.). In the meantime, the company focused quickly on steel scaffolding being spotlighted at that time especially overseas, and introduced those to building and civil engineering sites. Around that time, many builders procured large quantities of equipment and materials to construct pavilions for the Osaka World Exposition. Such trend to sell used equipment and materials was soon seen in Osaka. Because of this trend, the company focused attention on future possibility of rental business of such equipment and material, and thus bought a large amount of temporary equipment and materials to change the core of business from sales to rental, and thus laid the foundations of the current SRG Takamiya. Then, in the 1980's, the company aggressively introduced state-of-the-art technology ahead of other companies. The company newly established an engineering department to respond to drawing and design needs, and constructed a computer center for further energy-saving and rationalization. The company promoted a corporate structure from both technological and managerial aspects. In 1988, the company introduced a CAD system in the engineering department. Thereafter, this engineering department was spun off as the predecessor of Cadian (temporary drawing design).

The latter half of 1980's were the time when Japan's economy as a whole thrived inside an economic bubble. Investment in the domestic construction industry expanded to ¥85 trillion (real value: National Land and Transportation Ministry) and the temporary equipment and material rental market expanded as well to ¥235 billion. Under these circumstances, the whole industry lowered rental price resolutely without thinking of the consequences and fierce price competition beset the participating companies. During such period, however, the company did not simply compete by cutting prices but stood by its belief that improving the quality of services itself would gain the trust of customer and thus continued with those efforts.

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In the 1990's, the economic bubble collapsed and investment in the construction industry in Japan fell to ¥53 trillion (same as above). The leading general contractors sold large quantity of their temporary equipment and materials to improve their financial position. While many competitors refrained from new investment in equipment and materials, the company aggressively purchased temporary equipment and materials dumped in the market by using its ample financial power and, as a result, it now possessed a large quantity of fully-depreciated equipment and materials. In the temporary equipment and material rental industry, since the quantity of equipment and materials is directly co-related to sales increase, the fact that the company could acquire a large quantity of equipment and materials marked an important turning point for next period of growth for the company.

All the leading general contractors who sold temporary equipment and materials after the bubble burst changed their business model to outsourcing temporary construction work and, as a result, the rental share of the temporary equipment and material market increased abruptly to 90%. On the other hand, while the construction industry recovered favorably, the price of steel materials rose alongside soaring crude oil prices and a shortage of temporary equipment and materials prevailed in the market. In such environment, the company has established overwhelming advantageous position owing to aggressive purchasing of equipment and materials that the company did in the 1990's.

The company, thereafter, went on growing favorably as a rental company specialized in temporary equipment and materials, made efforts to improve its position in the rental industry as a company that always creates new value and aims to serve not only the construction industry but also society at large. In 2005, the company's shares were listed on the JASDAQ Securities Exchange, and then in December 2007, they were listed in the Second Section of the Tokyo Stock Exchange.

Recently (after 2010), in light of frequent landslide disasters, the demand for landslide prevention work, which the company has been tackling ahead of other competitors, has increased rapidly. Also, the company has developed the "space rental" business for solution of facilities for acceptance of contaminated soils and wastes and sports event facilities. Furthermore, the company has adopted mobile lift-type scaffolding appropriate for skyscrapers as the ultra-tall condominiums that were constructed in 1990's are now in need of repair. Thus, the company offers mobile lift-type scaffolding appropriate for ultra-high-rise buildings and aggressively develops new markets of great potential. As the result of investment in safety of site workers and surrounding environment, the company has succeeded in maintaining the performance and quality of equipment and materials at a high level. In recent years, site safety awareness, i.e., prevention of collapses,

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accidents caused by falling objects, etc., has risen, and the Ministry of Health, Labor and Welfare, legal JIS establishment and others have made legal revisions to health and safety regulations. Though further improvements to safety, maintenance and quality control are demanded, temporary equipment and material rental companies are facing difficulties in coping with the situation via just the conventional handling of equipment and materials. However, the company, which has been making efforts to promptly improve site environments, product development and quality maintenance and controls, has been helping to build safe and highly efficient work sites, and has seized upon this movement as a favorable trend. In addition, as stated below, the construction market is recovering its vitality owing to the encouragement of economic activity by the government of Liberal Democratic Party, and the anticipatory investment for which the company has been making effort will be flourished.

### <History>

- 1969: Founded Sinkansai Co., Ltd., the predecessor of the company.
- 1973: Moved the registered head office to Settsu City, Osaka Prefecture.
- 1974: Changed the line of business to the “leasing and rental of temporary equipment and materials.”
- 1978: Established a computation center and started doing rental estimates on computer.
- 1984: Established SRG Takamiya Co., Ltd. as a subsidiary of temporary equipment and materials in Chuo-ku, Tokyo.
- 1987: Absorbed the subsidiary into SRG Takamiya Co., Ltd. and, at the same time, renamed the company SRG Takamiya Co., Ltd. Made the former SRG Takamiya Co., Ltd. the Tokyo Branch.
- 1988: Moved the head office to Shibata-cho, Kita-ku, Osaka.
- 1990: Established Iwata Ltd. to rent temporary equipment and materials for construction in Wakayama City, Wakayama Prefecture (currently consolidated subsidiary Iwata Co., Ltd. in Kinokawa City, Wakayama Prefecture.)
- 1994: In July, established Rental Nagakita Ltd. (currently consolidated subsidiary) and Sinken Nagakita Co., Ltd. to rent temporary construction equipment and materials in Niigata City, Niigata Prefecture.  
     In August, established Tatsumi Ltd. in Uchihara-cho, Higashiibaragi-gun, Ibaragi Prefecture (currently consolidated subsidiary) and Tatsumi Co., Ltd. to rent temporary construction equipment and materials in Mito City, Ibaragi Prefecture.
- 1998: Established Techno Kobo Ltd. (currently consolidated subsidiary) in Chuo-ku, Osaka and Cadian Co., Ltd. for temporary drawing design in Kita-ku, Osaka.
- 2002: In February, introduced the “Standing Bear’ heavy object timbering that were developed in collaboration with Koyo Machine Industries Co., Ltd.  
     In August, established SRG Kanki Co., Ltd. to rent temporary construction equipment and materials

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in Suma-ku, Kobe City under joint management with Kanki Co., Ltd.

In December, moved the registered head office to Shibata-cho, Osaka.

2003: Introduced “Freely” free design and multipurpose roofing materials.

2004: Established Hiramatsu Co., Ltd. (currently consolidated subsidiary) to rent temporary construction equipment and materials in Haibara -cho, Haibara-gun, Shizuoka Prefecture.

2005: In February, established SN Building Technical Center Co., Ltd. (currently consolidated subsidiary) to rent temporary civil engineering equipment and materials in Shinjuku-ku, Tokyo.

In June, the company was listed on the JASDAQ Securities Exchange. (Securities code: 2445)

2006: Moved the head office and Osaka Branch to Chayamachi, Kita-ku, Osaka and changed head office registration.

2007: In April, consolidated the subsidiary SRG Kanki Co., Ltd. and the existing company became SRG Takamiya Co., Ltd.

In December, the company was listed on the Tokyo Stock Exchange Second Section

(In January 2008, the company was delisted from the JASDAQ Securities Exchange.)

2008: In October, established Aomori Atom (consolidated subsidiary) to rent temporary construction equipment and materials in Higashitoori-mura, Shimokita-gun, Aomori Prefecture.

In December, introduced the mobile lift-type scaffolding, “Lift Climber.”

2009: Acquired 100% stock in Ishijima Kizai Seisakusho Co., Ltd. (Nagoya City, Aichi Prefecture) and made it a consolidated subsidiary.

2010: Affiliated Holly Co., Ltd. (Koto-ku, Tokyo), which developed, manufactured and sold temporary construction equipment and materials and home building materials, as a consolidated subsidiary.

2011: In April, Nagakita Co., Ltd. took over the business of Sinkenkizai Co., Ltd. and renamed of company Shinken Nagakita Co., Ltd. (currently consolidated subsidiary).

In September, affiliated MGI Co., Ltd. (Chuo-ku, Sapporo City), contractor of installation works for temporary equipment, mobile lift-type scaffolding, etc. and temporary electric work.

2012: In August, reamed Ishikawa Seisakusho as Total –Toshiseibi Co., Ltd. (currently subsidiary in Nakagawa-ku, Nagoya City).

In September, established the Fukushima Office in Sukagawa City, Fukushima Prefecture.

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)****Outline of Business**

In nutshell, the main line of business of the company is the “rental of temporary equipment and materials.” The company is ranked top in the rental of light temporary equipment and materials, being only one as the listed company. In recent years, however, the company has strengthened its position as a manufacturer of construction equipment and materials, solar battery frames, etc., through Holly Co., Ltd., acquired by M&A.. (See below for details)

**<Temporary equipment and materials and activity areas of the company>**

For people working at construction sites and the like, temporary equipment and materials such as scaffolding, in addition to construction machinery (heavy machines such as cranes and bulldozers) are absolutely indispensable. Temporary equipment and materials are classified further into the three categories of “heavy temporary equipment and materials”, “light temporary equipment and materials” and “home temporary equipment and materials.” The company specializes in the rental of light temporary equipment and materials.

**<Temporary equipment and materials>****Heavy equipment and materials**

H-beam steel, earth bracing materials, etc.

**Light temporary equipment and materials**

Equipment and materials for construction work, bridge and civil engineering works and disaster prevention works

**Temporary equipment and materials for home construction**

Equipment and materials for low-rise and detached homes

**Construction machinery**

Bulldozers, cranes, etc.

(Source : Data from company's explanation)

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Work sites are roughly classified into the following 8 areas.

**(Architecture)**

High-rise buildings, high-rise condominiums, warehouses, commercial facilities, etc.

**(Bridge)**

Expressways, elevated highways, bridges, etc.

**(Urban civil engineering)**

Urban waste incineration facilities, large underground parking lots, etc.

**(Plant)**

Construction and maintenance, etc. of large-scale plants

**(Repair work)**

Repair works including repair, maintenance, etc. of various types of buildings

**(Demolition work)**

Demolition works of structures accompanied by reconstruction, repair, etc.

**(Disaster prevention work of slopes)**

Disaster prevention works of slopes, disaster prevention works against landslides, etc.

**(Soil improvement work)**

Works for improving soil contaminated by waste remained after soil improvement work, etc.

There are the following kinds of temporary equipment and materials.

**(Building frame)**

Scaffolding for work that is used for construction work (of buildings, condominiums, etc.). They are wide versatile and often seen.

**(Timbering)**

Solid temporary equipment and materials that support heavy structures until works are completed at construction sites of bridges, expressways, etc. and engineering work sites.

**(Work gantry)**

It can be installed efficiently along irregular slopes to prevent landslides, etc. Large construction machinery and tractor can be operated on it.

**(Mobile lift-type scaffolding)**

New generation scaffolding that is built for safety and efficiency, and surpasses conventional scaffolding in any application such as condominium repair work, construction works of warehouses, plants, etc.

**(Membrane structure dome)**

Space rental service that is utilized for soil improvement work, indoor facilities (sports facilities, event

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sites, etc.) and as disaster prevention shelters.

**<Group Companies>**

The SRG Takamiya Group consists of 12 companies between the parent company and the following 11 consolidated subsidiaries.

The main lines of business of each subsidiary are as follows.

**(Holly Co., Ltd. and Holly Korea)**

Manufacture, sales and rental of temporary construction equipment and materials

Manufacture and sales of home building materials

**(Iwata Co., Ltd.)**

Rental of temporary construction equipment and materials

**(Shinken Nagakita Co., Ltd.)**

Rental of temporary construction equipment and materials

**(Tatsumi Co., Ltd.)**

Rental of temporary construction equipment and materials

**(Hiramatsu Co., Ltd.)**

Rental of temporary construction equipment and materials

**(Aomori Atom Co., Ltd.)**

Rental of temporary construction equipment and materials

**(SN Building Technical Center Co., Ltd.)**

Rental of temporary construction equipment and materials

**(Total – Toshiseibi Co., Ltd.)**(Former Ishijima Seisakusho Co., Ltd.)

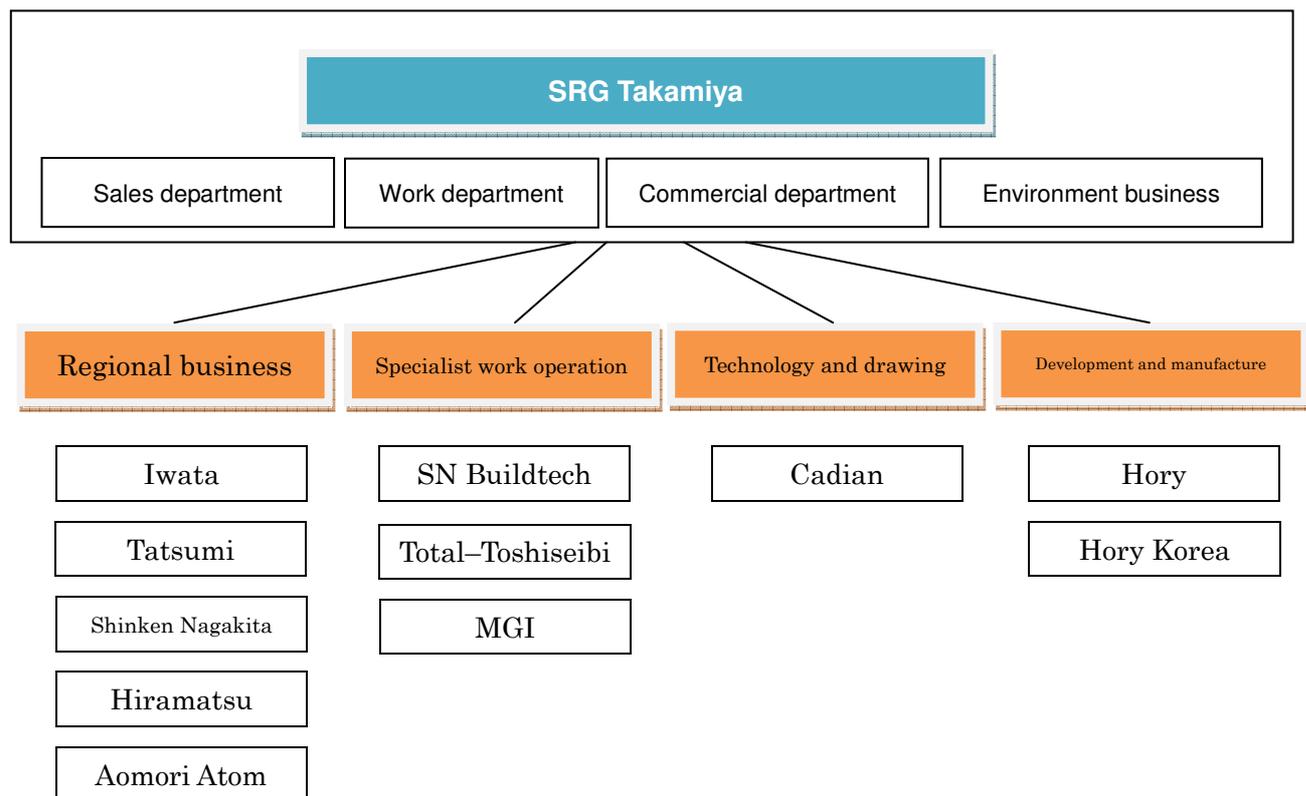
Rental of temporary construction equipment and materials (relating to shielding)

**(MGI Co., Ltd.)**

Installation work of temporary equipment and materials such as mobile lift-type scaffolding, etc. and contracting for temporary electric work.

**(Cadian Co., Ltd.)**

Construction CAD drafting on consignment and CAD drafting of work planning drawings and temporary planning drawings.

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**

**Business Results**
**<Business results in the past>**
**- Consolidated Business Results-**

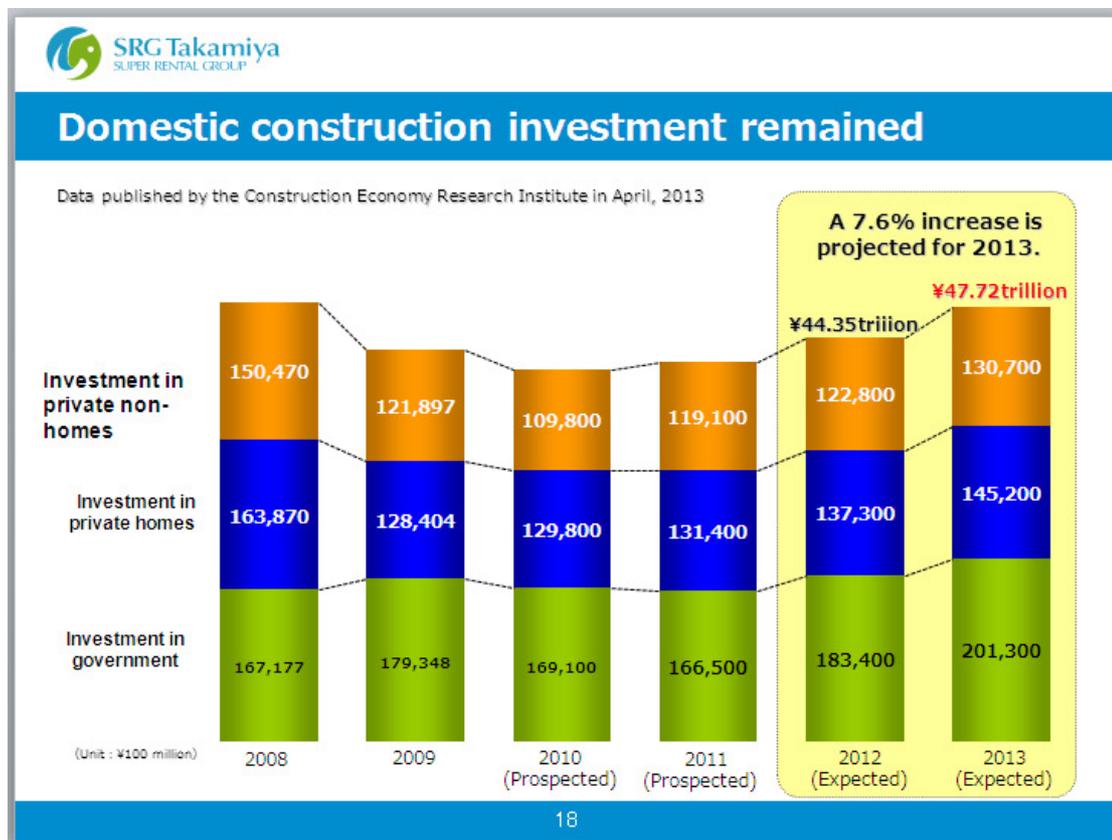
Fiscal term	Sales amount (Million yen)	Business profit (Million yen)	Recurring profit (Million yen)	Profit in the term (Million yen)	EPS (Yen)	Dividend (Yen)
Mar., 2010 (actual)	14,530	678	607	337	15.58	20.0
Mar., 2011 (actual)	17,490	722	621	302	13.95	20.0
Mar., 2012 (actual)	23,201	1,037	1,080	755	34.94	20.0
Mar., 2013 (actual)	28,113	1,605	1,553	807	37.66	20.0

In view of business results over the past several years, sales amount saw sluggish growth and business results were in a slump until the year ended in March 2010 because of a slump across the entire construction industry (refer to the figure shown below), but from the year ended in March 2011, both sales and profits have showed signs of recovery. This is because group subsidiaries greatly contributed to consolidated business

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results in addition to the fact that the construction market reached bottom and, as the company itself claimed, business efforts by the company itself brought about an effect.



(Source: Data from company's explanation)

**<Situation of preceding period>**

Million yen: %	Period of March, 2012		Period of March, 2013		
	Actual result	Composition ratio	Actual result	Composition ratio	Year-to-year comparison
Sales	23,201	100.0	28,113	100.0	21.2
Gross profits	7,202	31.0	8,196	29.2	13.8
SGA expenses	6,165	26.6	6,590	23.4	6.9
Operating profits	1,037	4.5	1,605	5.7	54.8
Current profits	1,080	4.7	1,553	5.5	43.8
Net profits	755	3.3	807	2.9	6.9

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Business results in the previous period (ended in March 2013) posted a substantial increase in income and profit as shown in the above table. The main factor of such increase is attributable to contribution of the consolidated subsidiaries, which the company has been purchasing for the past several years (refer to the figure shown below), while the increase in earnings in the “environment-related sector” mainly owe to Holly has contributed to overall increase in earnings.

### <Contribution of consolidated companies to business results>

In the first half of the year, since all of the consolidated subsidiaries fully contributed and, in particular, the following subsidiaries seem to have contributed greatly to consolidated business results. Total sales substantially increased.

- Total – Toshiseibi (Former Ishijima Kizai Seisakusho)

Rental of temporary equipment and materials for shielding works. Fully contributed from the second quarter of the year ended in March 2010.

- Holly and Holly Korea (Korea)

Manufacture and sales of temporary construction equipment and materials, home building materials, and solar battery installation frames.

Consolidated contribution from the 2<sup>nd</sup> quarter of the year ended in March 2011. Full contribution from the previous period (ended in March 2012).

- Shinken Nagakita

Rental of temporary construction equipment and materials (scaffolding for medium and low-rise houses and civil engineering) The main business markets included Nagano, Niigata and Kanto. Full consolidated contribution from the first half of the year.

- MGI

Contracting for installation work of temporary equipment such as mobile lift-type scaffolding, etc., and temporary electric work. Consolidated contribution from the 2<sup>nd</sup> half of the previous year.

### Periods when each subsidiary was subject to consolidation

	FY2010				FY2011				FY2012				FY2013	
	1q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Total - Toshiseibi			○											
Hory (including Hory Korea)							○							
Shinken Nagakita									○					
MGI											○			

## SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)

### (Departmental trends: The environment-related sector has grown.)

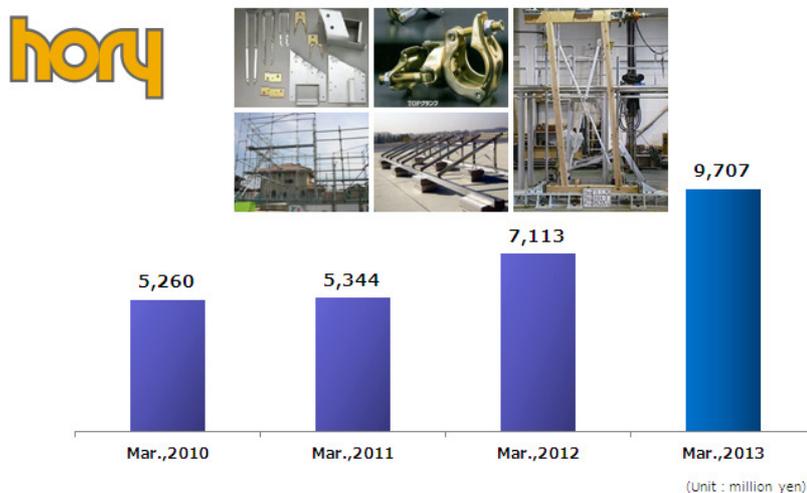
The company had classified business into the 2 sectors: “Construction” and “Environment”, but each of these 2 sectors has been classified further into “Sales” and “Rental.” Consequently, business has been classified into 4 sectors in total after the year ended in March 2012. In the first half of the year, construction-related sales decreased as shown in the figure below, but the total sales amount increased substantially owing to an increase in environment-related business including sales by group subsidiaries.

**Sales amount by sector**



The first reason why the environment-related sales have increased is the fact that new environment-friendly products such as the YT lock system, lift climber, etc. have begun to increase. The second reason is the fact that the increase in “eco-related” products such as solar panels, etc. are prospected. Particularly, demand for the latter tends to differ from the whole construction market. As a result, business results of Holly (group), which is in charge of the sector, have begun to increase considerably since the year ended in March 2012, as shown in the figure below.

The company said that the sales amount of Holly continues to increase even now and, if the current pace continues, sales this period are likely to increase further and contribute significantly to sales increase of the whole group.

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**
**Holly sales amount**

**(Financial conditions and cash flow)**

(¥ million)	End of March, 2012	End of March, 2013
Current assets	12,202	13,725
Fixed assets	20,269	20,262
Tangible fixed assets	17,869	17,707
Assets for rental (net)	11,805	11,319
Intangible fixed assets	859	782
Investments and others	1,540	1,772
Total assets	32,472	33,987
Current liabilities	12,351	14,117
Fixed liabilities	13,740	12,760
Total liabilities	26,091	26,877
Shareholders equity	6,380	7,110
Total debts and net assets	32,472	33,987

The financial position (balance sheet) in the year ended in March 2013 was as shown above, but there was no particularly substantial change in any of the items from the previous year.

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Cash flow (CF) was shown in the table below, but there was no substantial change in the fund balance from the previous year.

(¥ million)	Period of March, 2012	Period of March, 2013
CF by business activities	669	1,575
CF by investment activities	△539	△812
CF by financial activities	△39	△779
Increase and decrease of cash or the equivalent	61	△23
Outstanding amount of cash or the equivalent at the beginning of period	3,039	3,100
Outstanding amount of cash or the equivalent at the end of period	3,100	3,076

**<Projections for the year ending in March 2014 and midterm plans>**

(Million yen: %)	Business results in Period of March, 2013			Expectation of Period of March, 2014		
	Amount	Composition ratio	Y/Y comparison	Amount	Composition ratio	Y/Y comparison
Sales	28,113	100.0	21.2	29,200	100.0	3.9
Operating profits	1,605	5.7	54.7	1,760	6.0	9.6
Current profits	1,553	5.5	43.8	1,650	5.7	6.2
Net profits	807	2.9	6.9	870	3.0	7.8

The company projects the business results in the table shown above for this period (ending in March 2014). Aside from this, the company has announced the midterm business plan targeting sales of ¥30 billion (71.5% increase compared to the year ended in March 2011) for the year ending in March 2014.

Initially, many investors doubted for such target to achieve, but in consideration of the fact that the environment sector centering on the solar-energy-related business has expanded substantially, the group of purchased subsidiaries has favorably increased business results, and moreover business environment surrounding the industry has begun to change significantly from the autumn of the last year (2012) as stated below, it seems most likely that the company will achieve this goal. The company also said that the environment of the construction industry began to change significantly in the autumn of 2012 and would be moving further after autumn in 2013.” As a result, it may be possible for the company to record historical profits (operating profits of ¥2,158 million) in the near future.

**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**

<Future prospects: Time for a significant growth owing to dual favorable winds>

As stated above, the company has bolstered its self-confidence in achieving its current midterm plan and can grow significantly thereafter (after the year ending in March 2015). The major factors behind this lie in two facts: “Changes in the industry environment” and the “Effects of anticipatory investment”. These changes are favorable winds of change for the company and, by exploiting them, business results will make further leaps also after the year ending in March 2015.

**<Change in industry environment>**

The company said that, after the House of Representative election in which the Liberal Democratic Party took back the administration, the direction of wind in the construction industry changed significantly. Until then, construction investment had moved only for reconstruction and restoration, as other matters could not be decided under the administration of the Democratic Party. After the election, however, it is said that the movement appeared a stretch and the demand for investment in infrastructure, particularly such like roads, that had been halted under the previous administration has begun to emerge.

The company said that movement has already appeared in the construction machinery rental business and full-fledged demand for construction should reappear after the early autumn of this year. Accordingly, the company also said that the environment surrounding the company in the next period (year ending in March 2015) should be much better than that in this period. The inflationary policy is surely a favorable wind for the industry and the company. The number of scaffolding workers has already seemed scant at some sites, which suggest that the equipment and materials are difficult to acquire. Therefore, the rental price of scaffolding must rise according to past empirical rules. The company said that the current price was in a difficult situation, but the price in this period (ending in March 2014) would be of no consequence.

**<Effects of anticipatory investment>**

What will be acting as another favorable wind for the company for the years to come is the fact that anticipatory investment in the most-advanced (high value-added) equipment and materials that improves construction safety and efficiency has already taken one round. Safety requests for scaffolding works in high places have grown recently and, therefore, general contractors and installers cannot help but using highly safe equipment and materials. Consequently, even leading general contractors have to equally face to those rental companies that can provide these high value-added equipment and materials, and they secure the order for them and at the same time they will be able to put brake on the lowering price.

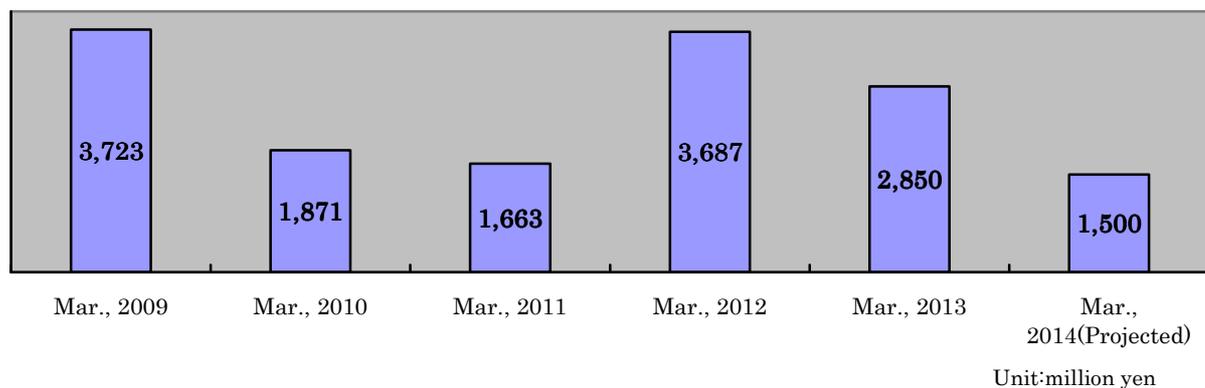
**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**

The company has been aggressively investing in equipment and materials (refer to the figure shown below) for the past few years, and current most materials, including off-balance assets, have already been replaced in “new materials.” On the other hand, many other companies in the same trade have restrained themselves from investing in these high value-added equipment and materials. Consequently, many competing companies start investing going forward from here and supplies of these high value-added equipment and materials may thin even though the demand of the entire industry is increasing as stated above. Therefore, the company can enjoy an overwhelming advantage in this regard. The company also said that the effect of anticipatory investment should appear after the latter half of the year ending in March 2014.

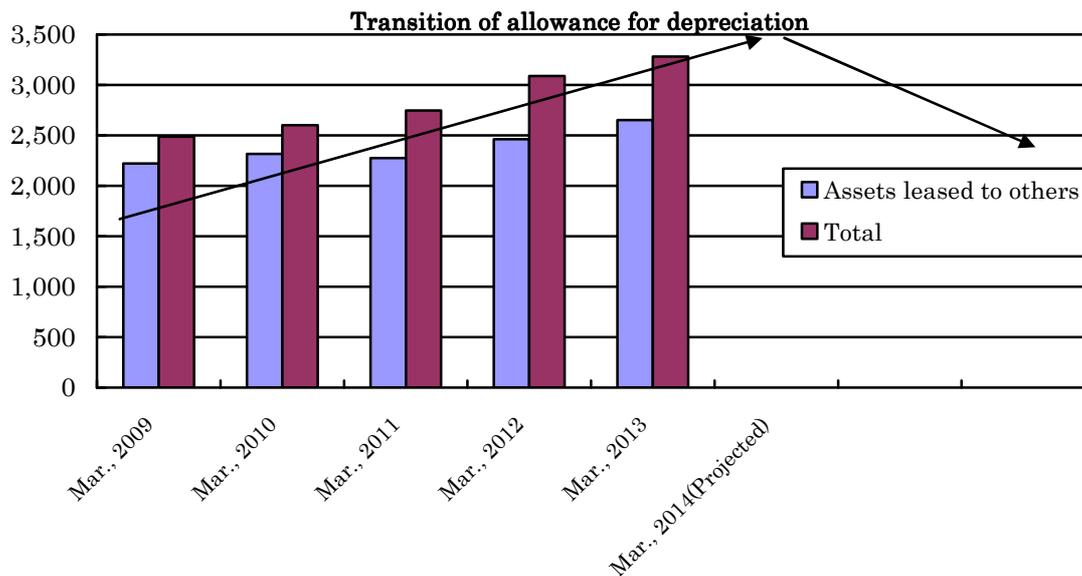
From accounting aspects, depreciation is building toward a peak in the year ending in March 2014, as shown in the figure below, and it is expected to lower thereafter. In other words, after the year ending in March 2015, rise in sales amount can be expected, while expenditures (depreciation) may lower, so profits are most likely to rise substantially.

**Amount of investment in assets leased to others**

(Purchase base)



**SRG Takamiya Co., Ltd. (Tokyo Stock Exchange Second Section)**



**<Next midterm plan>**

As stated above, the measures and policies that the company itself has been implementing are seemingly bearing fruit in addition to the fact that the environment surrounding the industry is changing significantly. The current midterm plan should be achieved according to schedule in the year ending in March 2014, and business results are most likely to take a giant leap against the background of the favorable winds. The company does not deny the possibility as stated above and says that it is now plotting out the next midterm plan, but the specific numeric targets have not yet been announced. The steps to watch in order to verify business growth are firstly whether or not sales of ¥30 billion and historical profits can be reached in the stage, and secondly when and at how much sales amount target will be set in the next midterm plan.

**Summary**

SRG Takamiya is a leading company in the rental of light temporary construction equipment and materials and a unique company in the industry, but it has not yet become a leader of the industry. Besides, the industry itself is considered of low interest and the stock price of the company has been evaluated rather low.

However, environment surrounding the company has changed significantly since the last second half and, in addition, the measures and policies that the company has implemented in the past are bearing fruit. As a result, it is possible that business results will take a giant leap after the end of the on-going midterm plan. The company now has more positive and favorable attitude about the investor relation (IR) than before, and thus it will be necessary to watch the trend of their business results and stock price in the years to come.