



ANALYST GUIDE First-half FY2014

April 2014



(Listed on the 1st Section of the Tokyo Stock Exchange; Code 7447)

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1

Achieved the Highest Sales and Operating Profit.

- 5th consecutive years of growth in sales and profit
- Sales: ¥6,775 m
- Operating profit: ¥1,831 m

2

The Change of Business Environment

- The recent sharp depreciation of the yen
- Escalating material prices, rising sewing costs

3

Unusual Event in this term

[Sales, general, and administrative expenses]

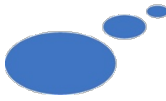
- Relocation to New HQ Building:¥50m

[Non-operating income]

- Exchange-rate profit: First-half FY2013 ¥355m
First-half FY2014 ¥56m

[Extraordinary profit]

- Gain on sale of properties(Sell out old HQ Building, Feb. 2014):¥114m



Outline

- I Financial Review First-half FY2014
- II Market Environment
- III Forecast for FY2014
- IV Management Goals
- V Rewarding shareholder-focused policies



Establish competitive position in medical clothing market

- Approximately 60% market share in domestic medical clothing
- Wide field, planning, manufacturing and marketing
- Competitive product such as extensive products, custom-made program

Strong growing market

Doctor, Dentist, Pharmacist*1	Nursing Staff*1	Care workers*2
670,000 people	1,470,000 people	1,330,000 people
compare with 2008 +19,000people	compare with 2008 +73,000people	compare with 2008 +50,000people

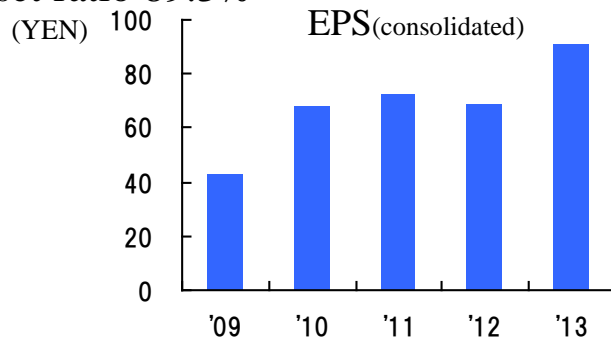
*1 Annual Report on Health, Labour and Welfare 2010, MHLW

*2 Survey of care service facilities and business 2010, MHLW

MHLW: Ministry of Health, Labour and Welfare of Japan

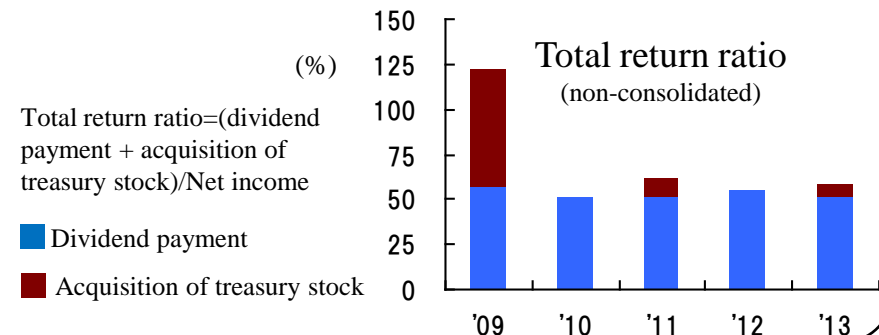
Highly profitability and strong balance sheet

- Gross profit to sales 47.0% (as of FY2013)
- Improve profitability due to overseas production shift
- Capital-to-asset ratio 89.3%



Rewarding shareholder-focused policies

- Continue stable dividend payment with payout ratio of 50%
- Acquisition of treasury stock



I Financial Review First-half FY2014

Financial Highlights <Statements of Income>



(millions of yen,%)	First-half FY2014	% Change	To Forecast %	Composition %	Composition % Change
Net sales	6,775	+4.8	+3.8	+100.0	-
Gross profit	3,169	+4.5	+4.0	+46.8	-0.1
Sales, general, and administrative expenses	1,337	+6.0	-2.1	+19.8	+0.3
Operating income	1,831	+3.3	+8.9	+27.0	-0.4
Recurring income	1,925	-10.7	+13.0	+28.4	-5.0
Net income	1,264	-4.3	+20.5	+18.7	-1.8

[Overview]

-Sales in healthcare wear, patient wear, surgery wear, and high functional products increased steadily. Gaining share in central and west Japan contributed to earnings growth. Net sales and operating income reached 5th consecutive years of growth.

[Gross profit] y/y +¥135 m(Factor of increase of Net sales: +¥146m, Factor of increase of profit ratio: -¥11m)

Gross profit to sales FY2013 46.9 % → FY2014 46.8%

Boost of material cost and sewing cost (-¥8m)

Foreign Exchange rate: FY2013 80.9/dollar → FY2014 87.4/dollar (-¥53m)

Overseas production ratio FY2013 41.1 % → FY2014 42.7% (+¥27m)

[Sales, general, and administrative expenses]

- Expenses related with New HQ: ¥50m (Depreciation ¥23m, Temporal expenses such consumable goods:¥27m)

[Non-operating income]

- Exchange-rate profit: FY2013 ¥355m FY2014 ¥56m

[Extraordinary profit]

-Gain on sale of properties(old HQ Building):¥114m

[Capital Expenditure]

-Capital Expenditure: ¥ 697 m (New HQ Building:¥616m Logistic system renewal:¥26m Manufacturing equipment:¥25m)

-Depreciation: ¥ 147 m

Financial Highlights <Balance Sheet>



Major assets (¥ million %)

Title	Result	Change Result	Change %
Cash on hand at banks	16,016	+882	+5.8
Notes and accounts receivable	4,106	+11	+0.3
Inventories	4,330	+52	+1.2
Current assets	25,144	+1,035	+4.3
Buildings and structures	2,647	+904	+51.9
Land	4,480	-482	-9.7
Investments and other assets	2,951	+249	+9.3
Fixed assets	10,951	+512	+4.9
Total assets	36,095	+1,548	+4.5

Major liabilities and shareholders' equity (¥ million %)

Title	Result	Change Result	Change%
Notes and accounts payable	1,570	-27	-1.7
Accrued income taxes	610	-174	-22.3
Current liabilities	2,585	-163	-6.0
Capital reserves	31,609	+1,520	+5.1
Treasury stock	-3,401	-	-
Net assets	32,858	+1,648	+5.3
Total liabilities and net assets	36,095	+1,548	+4.5

[Major changes from the previous fiscal year]

Cash and cash equivalents	up ¥882million
-Cash flows from operating activities	up ¥3,284million
- Gain on sale of properties	up ¥392million
-Acquisition tangible and intangible fixed assets	down ¥1,160million
-Dividend payout	down ¥1,539million
Fixed assets	up ¥512million
-New HQ Building	up ¥994million
-Old HQ Building	down ¥612million
-Long-term loan	up ¥203million

Net assets	up ¥1,648million
-Net profit	up ¥3,061million
-Dividend payout	down ¥1,541million

Segments by item



Healthcare wear



Patient wear



Shoes



Doctors' wear



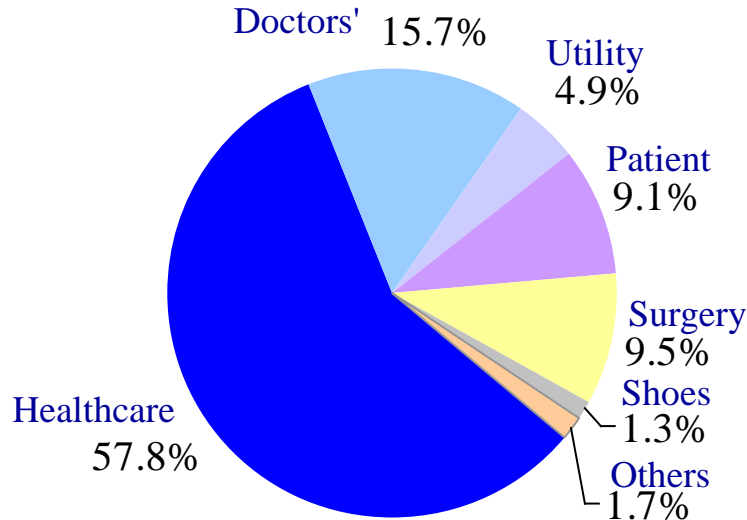
Utility wear



Surgery wear



Sales by Item



Year-on-year change	First-half FY2013	First-half FY2014
Overall	+4.5%	+4.8%
Healthcare wear	+4.9%	+5.1%
Doctors' wear	+6.8%	+8.4%
Utility wear	-4.5%	-4.9%
Patient wear	+1.2%	+6.3%
Surgery wear	+8.2%	+3.3%
Shoes	-6.0%	-13.0%
Others	+11.8%	+14.0%

[Healthcare wear]

-Catching renewal and new contracts smoothly and spreading high functional products in steady, the highest ever sales continued.

[Doctors' wear]

-As new products for team medical care, which related with nurse wears, being received well, steady sales continued.

[Utility wear]

- Sales fell because institutions changed unit of supply from individual to section and tighten the allocation standard.

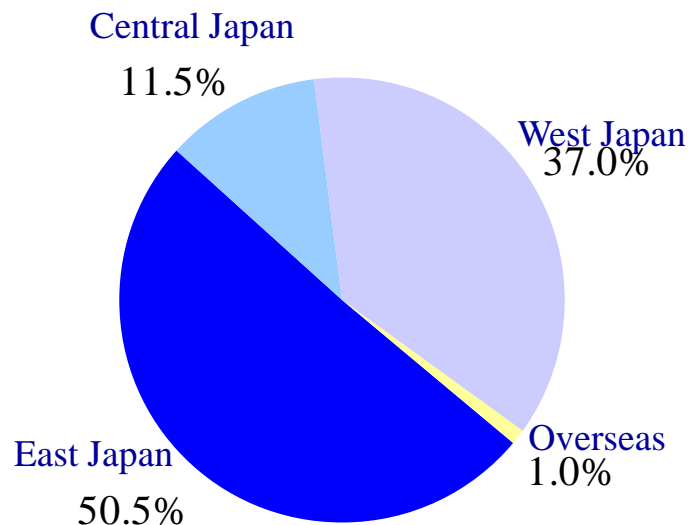
[Patient wear]

-As the demand of health check market expanding, new products contributed to earnings growth.

[Surgery wear]

-As penetrating of surgical underwear(scrub) and COMPELPACK into the market, sales increased continuously.

Sales by Region



Year-on-year change	First-half FY2013	First-half FY2013
Total sales	+4.5%	+4.8%
East Japan	+7.0%	0.0%
Central Japan	-2.4%	+25.1%
West Japan	+2.5%	+6.1%
Overseas	+21.2%	+21.6%

In FY2013, sale in East Japan achieved robust growth in revenues. In FY2014, sale in Central and West Japan exceeded the previous year.

[East Japan]

- In this term, focusing on promotion of new products, sale remained unchanged from the previous year.

[Central Japan]

-Market size was not large and there was the influence by the size of contracts. In this term, catching renewal and new contracts, sales grew further.

[West Japan]

-Gaining share by promotion, sales reached the highest ever sales in five consecutive terms.

[Overseas]

-Due to the impact of depreciation yen, the sales continued double-digit growth.

II Market Environment



Medical treatment fees revised.(effective Apr. 2014)

Revise rate +0.10% (Supported for Consumption tax raise +1.36%, Revise -1.26%)

Service: +0.73%(Supported for Consumption tax raise +0.63%, Revise +0.10%)

Drug price: -0.63%(Supported for Consumption tax raise +0.73%, Revise -1.36%)

Forecast of the number of nursing and care staff in 2015

-Nursing staff 1.65m people Increased by 2.57% annually

-Care staff 1.76m people Increased by 5.71% annually

Consumption tax raised to 8%.(effective Apr. 2014)

-The impact to market in first-half FY2014 was less.

-It is estimated that raise of tax has no effect on full year sales,
though month-on-month sales volume will be impacted by last-minute demand.

Escalating material prices, rising sewing costs

-The price of polyester increased because of increasing oil price.

-The cost of labor charge around China and Southeast Asia raised due to price escalation.

Effect to the cost of overseas production

due to appreciation of the dollar against the yen

-monthly average exchange rate in NY market(as of Feb.)

2010:¥90/dollar, 2011:¥82/dollar, 2012:¥77/dollar, 2013:¥92/dollar, 2014:¥101/dollar

Market Environment

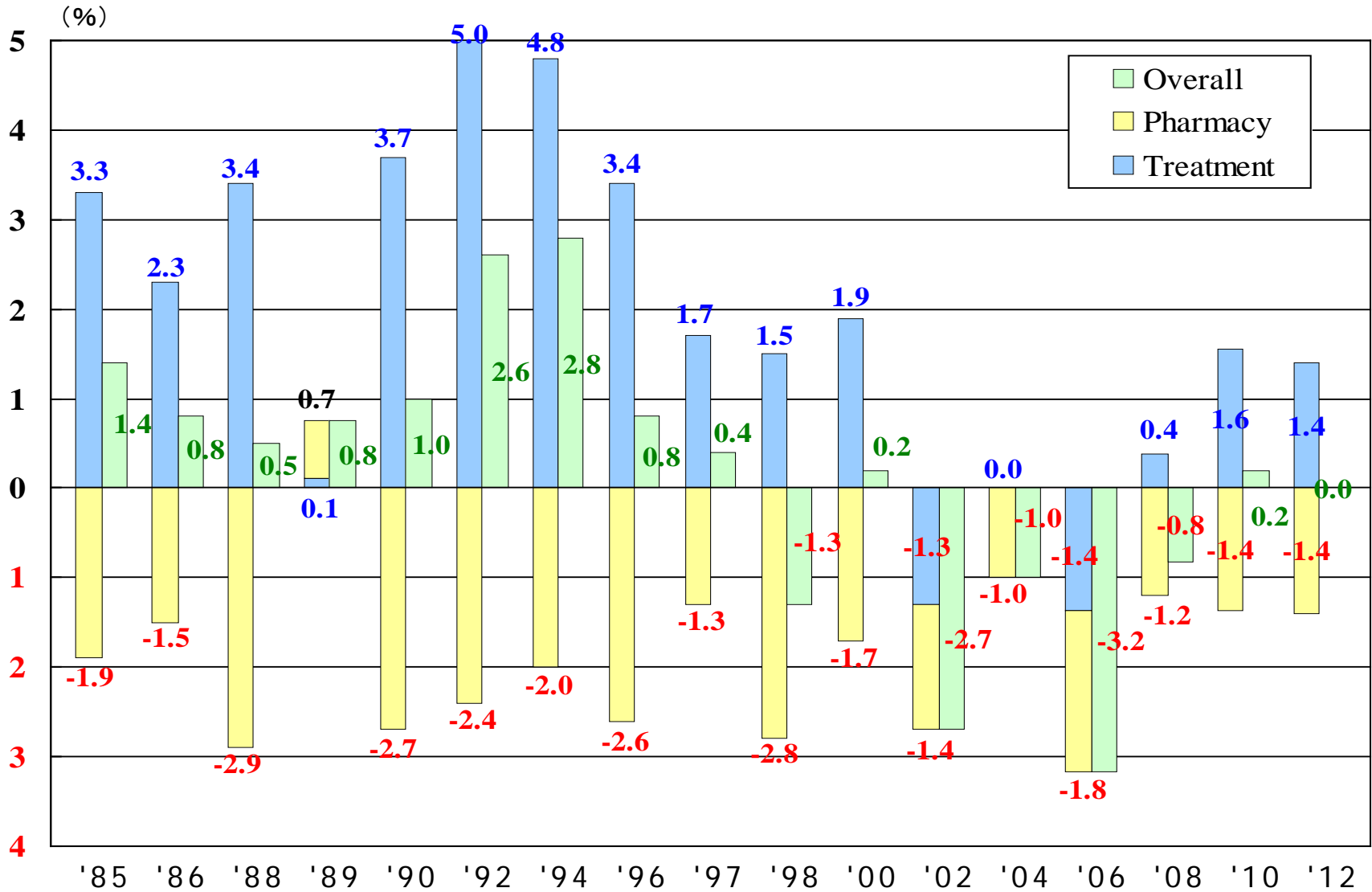


Changes and prospects for medical and care service systems

	Medical System		Care Service System	
	Medical Service Law, Health and Medical Service Law for the Aged, Medical Insurance, etc	Medical treatment fees	Care Service Law, Nursing Care Insurance, etc.	Nursing care fees
'04	Legal transformation of national hospitals into independent administrative corporations	Total market: -1.0% Service: 0.0% Drug price: -1.0%		
'05	Enforcement of Amended Pharmaceutical Affairs Law Release of the 6th prospect for supply and demand of nursing staff			
'06	Proposed draft of reform of medical insurance system submitted. Expansion of DPC to general hospitals.	Total market: -3.16% Service: -1.3% Drug price: -1.8%	Enforcement of Amended Nursing Care Insurance Law 3 rd plan of care insurance system (2006-2008)	Total market: -2.4% Home: -1.0% Facilities: -4.0%
'07	New Health Frontier Strategy announced Social medical corporations instituted by law		Ban lifted on medical corporations from operating private commercial nursing homes. Nursing care type medical facilities to be abolished in 2012	
'08	Medical program for very elderly instituted by law “Metabolic” diagnosis and health guidance specified as mandatory	Total market: -0.83% Service: +0.38% Drug price: -1.2%	Nursing care type elderly health facilities instituted	
'09	Enforcement of Amended Pharmaceutical Affairs Law Local healthcare revival plan		4 th plan of care insurance system (2009-2011)	Total market: +3.0% Home: +1.7% Facilities: +1.3%
'10	Release of the 7th prospect for supply and demand of nursing staff. Legal transformation of national medical highly-advanced center into independent administrative corporations	Total market: +0.19% Service: +1.55% Drug price: -1.36%		
'11	Postponed time limit of abolishing nursing care type medical facilities for 6 year. The interim appraisal of the medical expenses		Disapproval of setting up specialty nursing homes for social medical organization.	
'12	Postponed abolishing of Medical Care System for People Aged 75 and over	Total market: +0.004% Service: +1.38% Drug price: -1.38%	Enforcement of Amended Nursing Care Insurance Law 5 th plan of care insurance system (2012-2014)	Total market: +1.2% Home: +1.0% Facilities: +0.2%
'13	2nd plan of the medical expenses Plan of strategic market creation		Revising of measures against reduction of incidence for nursing care	
'14	Medical Service Act will be amended	Total market: +0.10% Service: +0.73% Drug price: -0.63%	Nursing Care Insurance Law will be amended	



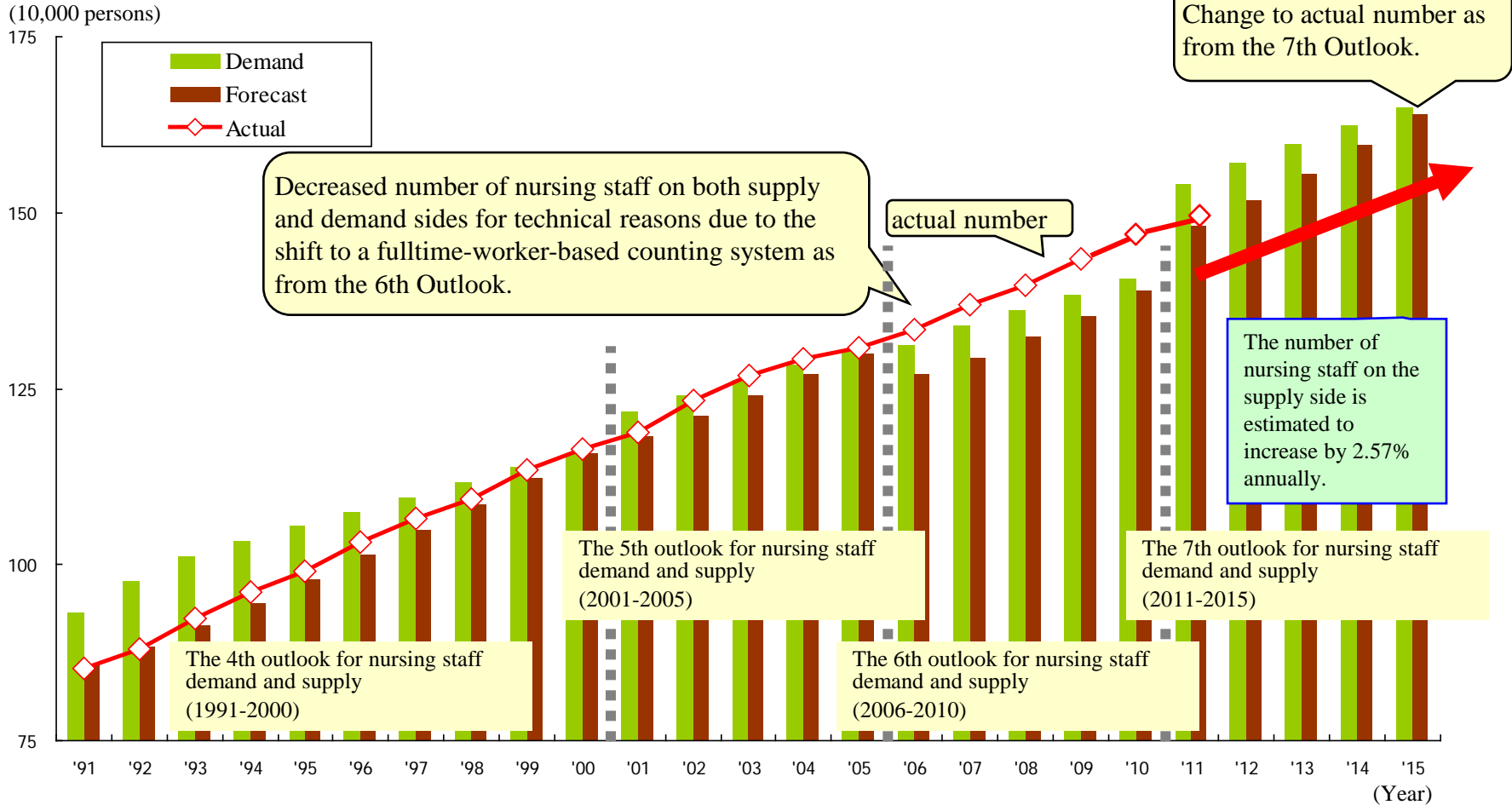
Revisions to medical treatment fees





Supply and Demand of Nursing Staff

(Source: the Ministry of Health, Labor and Welfare (December 2010))



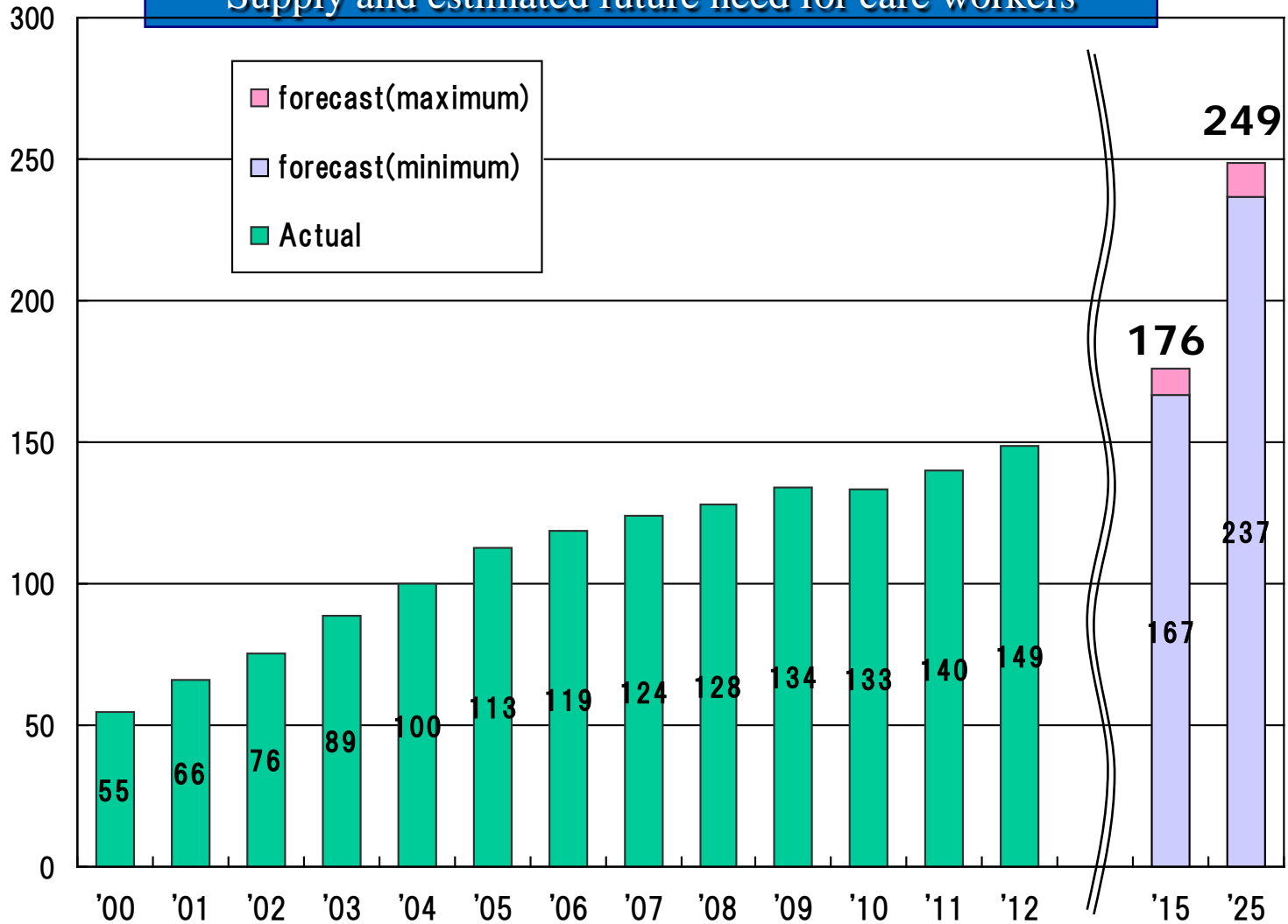
- The 7th outlook for nursing staff demand and supply (five-year plan from 2011 through 2015)
- Change to actual number as from the 7th Outlook.(The 6th is fulltime-worker-based counting system.)
- Outlook for nursing staff supply and demand for all medical and nursing fields

Market Environment



(10,000 persons)

Supply and estimated future need for care workers



Since the number of track records are subject to the influence of change of an examination method, it cannot carry out annual comparison simply after 2010.

Actual record :survey of care service facilities and business, Ministry of Health, Labor and Welfare

Forecast: general politics measurement for the aged society, cabinet

Ⅲ Forecast for FY2014



Marketing strategy to boost sales

- Capture clusters of needs in the healthcare wear market
- Increase peripheral business in products for patients and surgery
- Develop new markets

Production strategy to ensure a steady supply

- Strengthen ties with material makers and trade firms.
- Improve Quick Response production system.
- Develop new production overseas base.

Forecast Statements of Income



(millions of yen,%)	FY2014E	% Change (FY2013)	Composition % Change
Net sales	16,000	+2.4	—
Gross profit	7,520	+2.4	+0.0
Sales, general, and administrative expenses	2,640	+6.8	+0.7
Operating income	4,880	+0.1	-0.7
Recurring income	4,923	-9.1	-3.9
Net income	3,030	-2.8	-1.1

[Overview]

-Net sales and income are expected 6th consecutive years of growth and best record for 4th consecutive years, by growing sales steadily in healthcare wear and doctor wear, expanding sales healthy in patient/surgery wear and gaining share in Central and West Japan.

[Gross profit] y/y +¥ 174 m(Factor of increase of Net sales +¥176m, Factor of increase of profit ratio -¥ 2 m)

Gross profit to sales FY2013 47.0% → FY2014E 47.0%

Boost of material cost and sewing cost (-¥29m)

Foreign Exchange rate: FY2013 ¥82.5/dollar → FY2014E ¥86.0/dollar (-¥ 55m)

Overseas production ratio FY2013 40.7% → FY2014E 42.6 % (+¥ 75m)

[Sales, general, and administrative expenses]

- Expenses related with New HQ ¥108m

(Depreciation: ¥81m, Jan.-Aug. 2014 Temporal expenses such consumable goods:¥27m)

[Non-operating income]

- FY2013 Exchange-rate profit:¥500m The impact on forecast is not considered.

[Extraordinary Profit and loss]

-FY2013 Impairment loss(Present HQ Building) ¥332m

-FY2014 Gain on sale of properties(old HQ Building):¥114m

[Capital Expenditure]

-Capital Expenditure: ¥859m (New HQ Building ¥616m Logistic system renewal:¥95m Manufacturing equipment:¥50m)

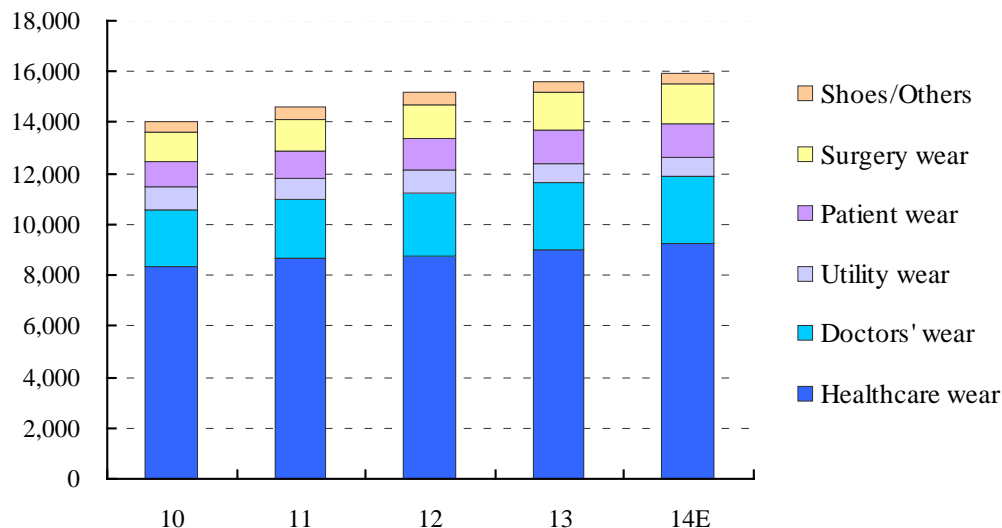
-Depreciation: ¥344m

Forecast of Sales by Item



Sales by Item

(¥ million)



Year-on-year change	FY2013	FY2014E
Sales	+3.0%	+2.4%
Healthcare wear	+3.1%	+2.1%
Doctors' wear	+3.3%	+3.2%
Utility wear	-7.9%	-7.1%
Patient wear	+4.1%	+4.4%
Surgery wear	+7.7%	+8.2%
Shoes/Others	+2.0%	-3.8%

[Healthcare wear] As renewal demand is stabilized and new products were received well from the market, sales of healthcare wear is expected to increase steadily.

[Utility wear] As the demand being down, the decline in sales of utility wear is expected to continue.

[Patient wear] The increase in sales of patient wear is expected to continue with demand in the health check market.

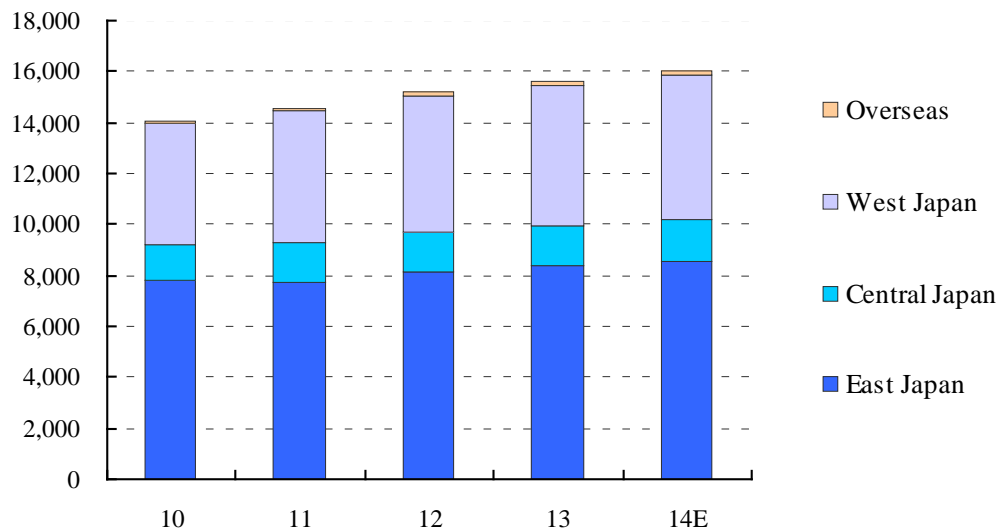
[Surgery wear] As COMPELPACK and surgical underwear (scrub) being steadily permeated, the increase in sales of surgery wear is expected to continue.

Forecast of Sales by Region



Sales by Region

(¥ million)



Year-on-year change	FY2013	FY2014E
Total sales	+3.0%	+2.4%
East Japan	+3.5%	+1.7%
Central Japan	+1.7%	+2.4%
West Japan	+2.3%	+3.5%
Overseas	+13.6%	+4.2%

Each area are expected to increase of sales and continue of the highest ever sales.

[East Japan] Catching renewal orders steadily, the sales in East Japan is expected to increase consistently.

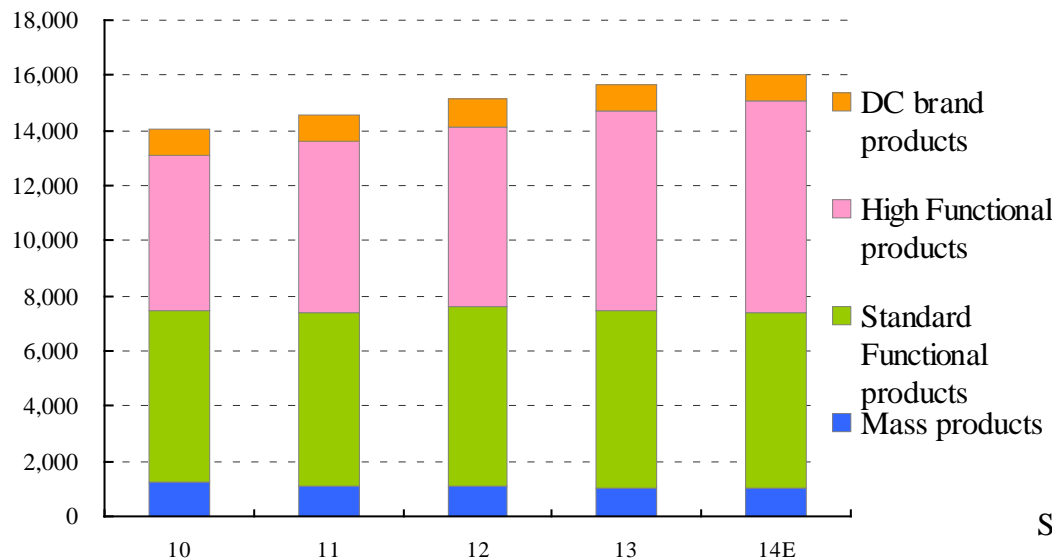
[Central and West Japan] As gaining share by sales promotion, the increase of sales is planned,

[Overseas] Sales is expected to increase as the impact of depreciation yen.

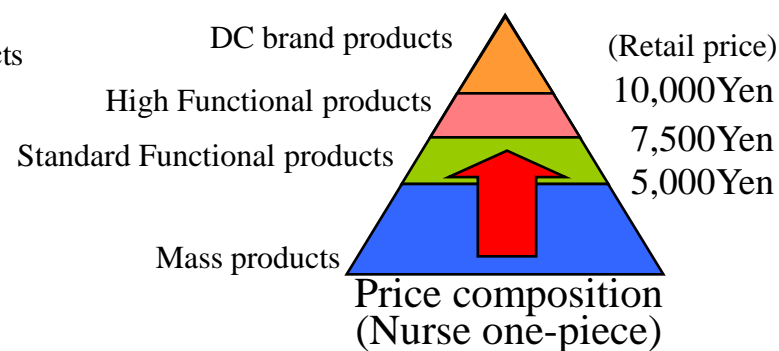


Sales by Product

(¥ million)



Year-on-year change	FY2013	FY2014E
Sales	+3.0%	+2.4%
DC brand products	-8.9%	+0.7%
High Functional products	+10.1%	+6.2%
Standard Functional products	-1.0%	-0.5%
Mass products	-5.1%	-4.3%



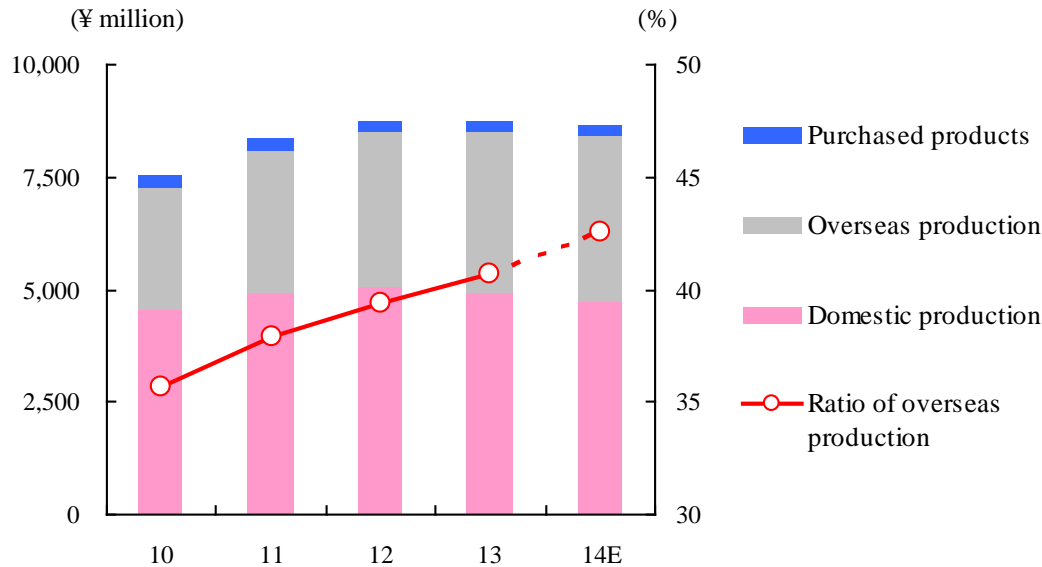
[DC brands] Sales of DC brands is expected to remain same as the previous year. Though existing DC brand products are on the decrease, New brand "Miffy" will contribute to the sale.

[High functional products] As these products being received well from the market, the increase in sales of high functional products is expected to continue by driving the strategy of higher quality and value-added products.

[Mass products] As being on downward trend, the shift from mass products, include other company products, to functional products is expected to continue.



Production(Non-Consolidated)



Composition	FY2013	FY2014E
Domestic production	56.7	54.8
Overseas production	40.7	42.6
Purchased products	2.6	2.6

-To prepare for escalating of material prices and sewing costs, as developing new production infrastructure in overseas, new factory in Java, Indonesia started to operate in February.

IV Management Goals



Business Environment

The number of Medical workers is expected to grow steadily

- Nursing staff 1.65m people increased by 2.57% annually
 - Care staff 1.76m people increased by 5.71% annually
- *Forecast of the number of nursing and care staff in 2015

Business Direction

- Increase peripheral business in products for patients and surgery.
- Gain share In West Japan.
- Develop and Sale of High Functional products.

Sales Strategy



FY2010

(3 terms ago)

FY2013

(Previous term)

FY2016E

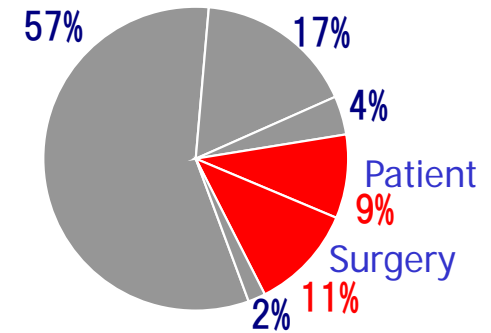
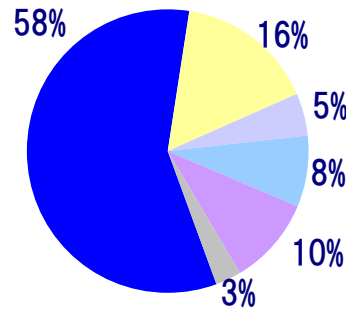
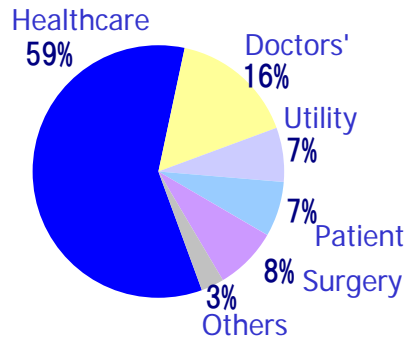
(3 terms later)

net sales ¥14,076 million

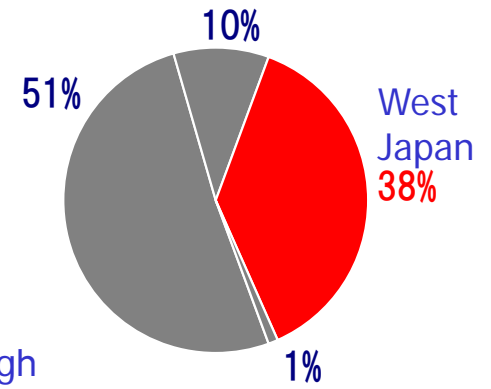
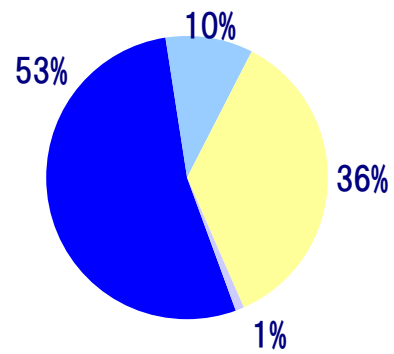
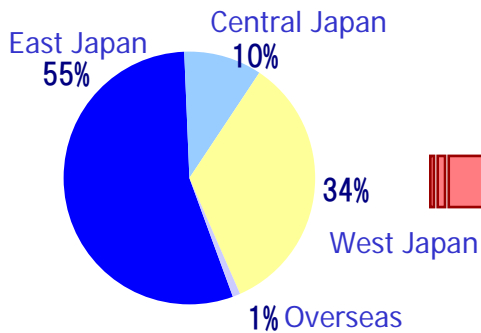
¥15,625 million

¥16,800 million

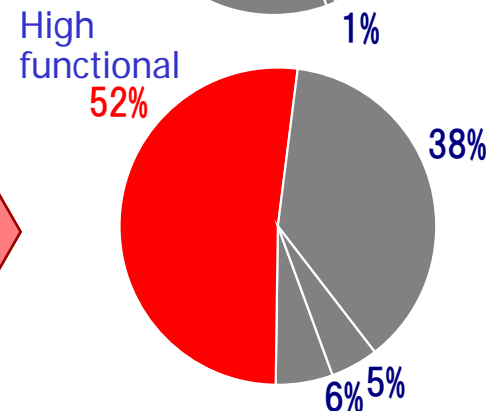
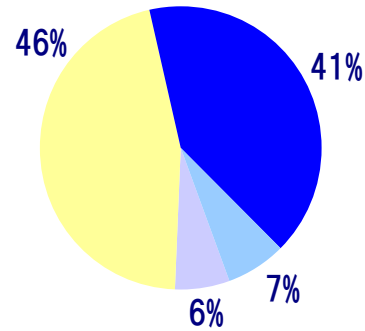
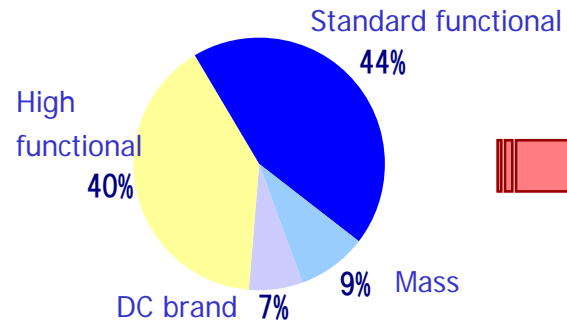
Sales by Item



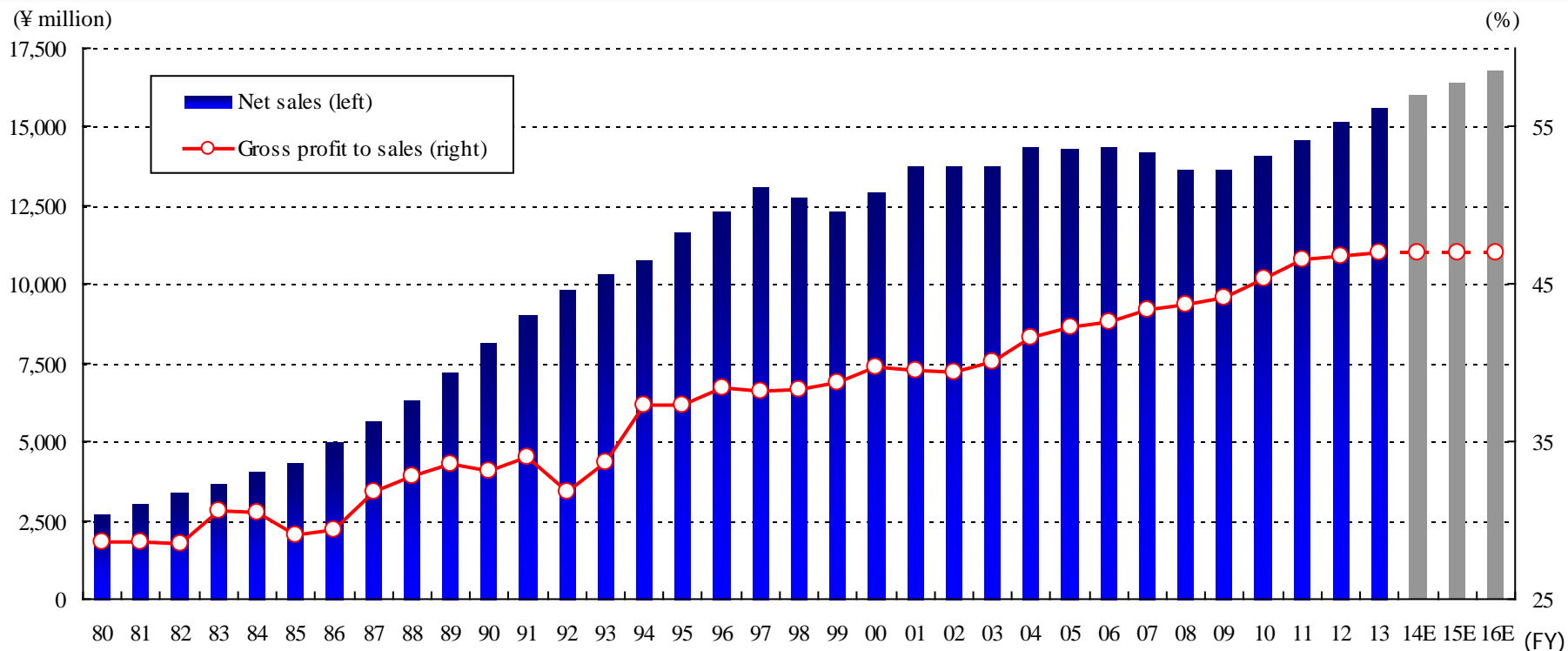
Sales by Region



Sales by Products



Net Sales and Gross Profit to Sales Ratio



Note: Consolidated data since FY1994 are shown. Preceding years represent non-consolidated data.

(¥ million)



FY2016E	
Net Sales	16,800
Operating Income	5,100

V Rewarding shareholder-focused policies



Shareholder-focused policies

- Improvement of transparency by proactive disclosure
- Interactive communication with investors
- Profit reimbursement by high dividends



Dividend policy

- Basic policy is to continue stable dividend payment with payout ratio of 50%

Share buyback

- Acquire expeditiously when our share is undervalued

Actual Dividends Paid



	DPS (yen)	Adjusted DPS (yen)*	Total dividend (Million yen)	Share buyback (Million yen)	Payout ratio (non-c, %)	Total return ratio (non-c, %)
FY2001	25	12.5	475	0	27.6	27.6
FY2002	25	12.5	475	0	29.3	29.3
FY2003	30	15.0	530	1,697	29.7	124.6
FY2004	40	20.0	744	0	36.5	36.5
FY2005	60	30.0	1,117	0	56.9	56.9
FY2006	60	30.0	1,117	0	53.4	53.4
FY2007	60	30.0	1,117	0	53.1	53.1
FY2008	60	30.0	1,083	1,077	56.6	111.2
FY2009	60	30.0	1,040	1,220	57.3	122.2
FY2010	65 (commemorative 5)	32.5	1,127	0	51.4	51.4
FY2011	70	35.0	1,205	226	51.9	61.7
FY2012	35	35.0	1,205	0	55.1	55.1
FY2013	45	45.0	1,541	229	51.1	58.7
FY2014E	E45	E45.0	-	-	-	-

*Two-for-one share split on September 1th, 2011.

*FY2013 is expected.

Management Philosophy

We will provide medical products and services of the highest quality, as the leading company to link "medical services" and "clothing."

- Consistently challenging spirit to lead the industry
- Achievement of contribution to society
- "Respect for Harmony among People" people are our asset



Notes on this material

This material includes forecasts for the future.

These forecasts are based on the judgment of the Company's management concerning currently available information.

These future projections include assumptions or views based on assumptions, and therefore may be different from the actual outcome, depending upon future circumstances.

The expectations for future results stated by the Company or its management in this material do not represent any warranty that these expectations or particular results will be realized.

The Company is not liable to update any of its forecasts, or projections, unless otherwise provided for by law or under the relevant regulations.