



# ANALYST GUIDE

## First-half FY2015

April 2015



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 **NAGAI LEBEN**

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

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1

## Achieved the Highest Sales.

- 6th consecutive years of growth in sales
- Sales: ¥6,840 m (y/y +1.0%)
- Operating profit: ¥1,797 m (y/y -1.9%)

2

## The Change of Business Environment

- Market Condition: Stable
- Production Condition: Appreciation of the dollar against the yen.  
Escalating material prices, rising sewing costs.

3

## Unusual Event in this term

- Exchange-rate profit: First-half FY2013 ¥355m  
First-half FY2014 ¥56m  
First-half FY2015 ¥220m
- Share purchased in January 2015  
1 million shares, 1,500 million yen



## Outline

- I Financial Review First-half FY2015
- II Market Environment
- III Forecast for FY2015
- 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                      |
|------------------------------------|------------------------------------|-------------------------------------|
| 690,000 people                     | 1,540,000 people                   | 1,490,000 people                    |
| compare with 2010<br>+13,000people | compare with 2010<br>+67,000people | compare with 2010<br>+160,000people |

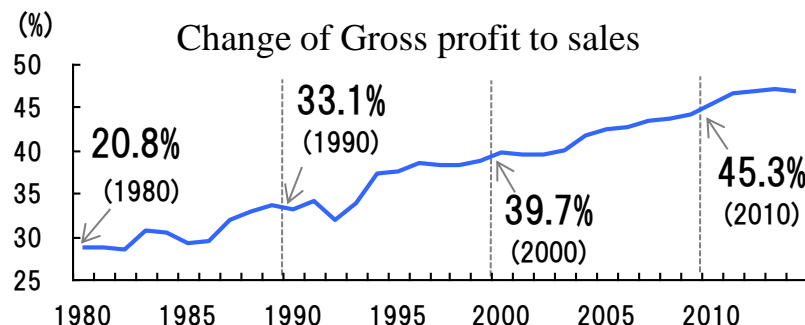
\*1 Annual Report on Health, Labour and Welfare 2012, MHLW

\*2 Survey of care service facilities and business 2012, MHLW

MHLW: Ministry of Health, Labour and Welfare of Japan

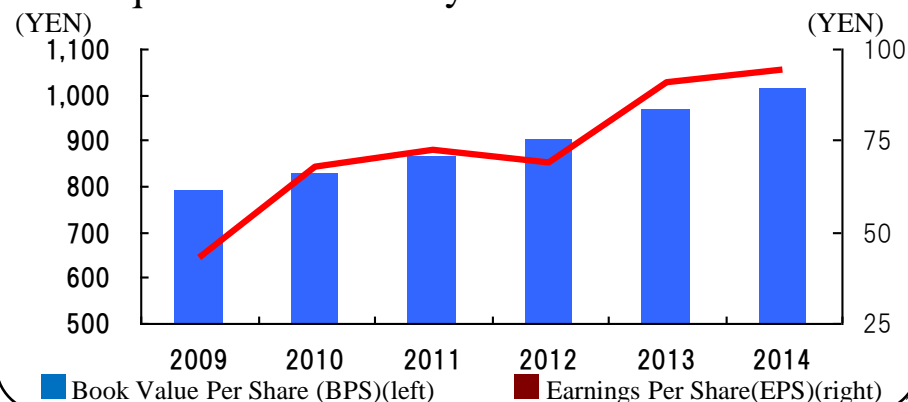
## Highly profitability and strong balance sheet

- Gross profit to sales 46.8% (as of FY2014)
- Capital-to-asset ratio 88.6%
- ROE 9.5%



## Rewarding shareholder-focused policies

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



# I Financial Review First-half FY2015

# Financial Highlights <Statements of Income>



| (millions of yen,%)                                | First-half FY2015 | % Change | To Forecast % | Composition % | Composition % Change |
|--|-------------------|----------|---------------|---------------|----------------------|
| <b>Net sales</b>                                   | 6,840             | +1.0     | -1.6          | 100.0         | -                    |
| <b>Gross profit</b>                                | 3,187             | +0.6     | -1.5          | 46.6          | -0.2                 |
| <b>Sales, general, and administrative expenses</b> | 1,390             | +3.9     | -2.6          | 20.3          | +0.6                 |
| <b>Operating income</b>                            | 1,797             | -1.9     | -0.6          | 26.3          | -0.8                 |
| <b>Recurring income</b>                            | 2,033             | +5.6     | +11.0         | 29.7          | +1.3                 |
| <b>Net income</b>                                  | 1,302             | +3.0     | +10.9         | 19.0          | +0.4                 |

## [Overview]

- Major business in products for healthcare and peripheral business in products for patients and surgery grew steadily. Sales of high functional products increased specifically. The highest ever sales continued for 6th consecutive years.

[Gross profit] y/y +¥18 m(Factor of increase of Net sales: +¥30m, Factor of increase of profit ratio: -¥12m)

Gross profit to sales FY2014 46.8 %

→ FY2015 46.6 %

Boost of material cost and sewing cost (-¥11m)

Foreign Exchange rate: FY2014 87.4 Yen/dollar

→ FY2015 91.5 Yen/dollar (-¥35m)

Overseas production ratio FY2014 42.7 %

→ FY2015 45.2 % (+¥43m)

## [Sales, general, and administrative expenses]

- Depreciation related with New HQ: ¥35m

## [Non-operating income]

- Exchange-rate profit: FY2014 ¥56m FY2015 ¥220m

## [Extraordinary profit]

-FY2014 Gain on sale of properties:¥114m

## [Capital Expenditure]

-Capital Expenditure: ¥48m (Software:¥12m, Manufacturing equipment:¥25m)

-Depreciation: ¥ 176m

# Financial Highlights <Balance Sheet>



## Major assets

(¥ million %)

| Title                         | Result | Change Result | Change % |
|-------------------------------|--------|---------------|----------|
| Cash on hand at banks         | 15,510 | -506          | -3.2     |
| Notes and accounts receivable | 4,710  | +604          | +14.7    |
| Securities                    | 1,517  | +1,300        | +600.1   |
| Inventories                   | 4,860  | +530          | +12.3    |
| Current assets                | 27,177 | +2,033        | +8.1     |
| Buildings and structures      | 2,502  | -145          | -5.5     |
| Land                          | 4,480  | 0             | 0.0      |
| Investments and other assets  | 1,757  | -1,193        | -40.4    |
| Fixed assets                  | 9,537  | -1,413        | -12.9    |
| Total assets                  | 36,715 | +620          | +1.7     |

## Major liabilities and shareholders' equity

(¥ million %)

| Title                            | Result | Change Result | Change% |
|----------------------------------|--------|---------------|---------|
| Notes and accounts payable       | 1,658  | +87           | +5.6    |
| Accrued income taxes             | 694    | +83           | +13.7   |
| Current liabilities              | 3,800  | +563          | +17.4   |
| Capital reserves                 | 33,117 | +1,507        | +4.8    |
| Treasury stock                   | ▲4,902 | -1,500        | +44.1   |
| Net assets                       | 32,915 | +57           | +0.2    |
| Total liabilities and net assets | 36,715 | +620          | +1.7    |

## [Major changes from the previous fiscal year]

### Cash and cash equivalents

down ¥506million

-Cash flows from operating activities

up ¥2,510million

-Acquisition tangible and intangible

down ¥156million

fixed assets

-Share buyback

down ¥1,500million

-Dividend payout

down ¥1,711million

### Fixed assets

down ¥1,413million

-Land, Buildings and structures

down ¥145million

-Investments and other assets

down ¥1,246million

(Cashing out financial assets changed to

the same amount of current assets 'securities', less risky bond fund.)

### Net assets

up ¥57million

-Net profit

up ¥3,261million

-Capital reserves

down ¥1,507million

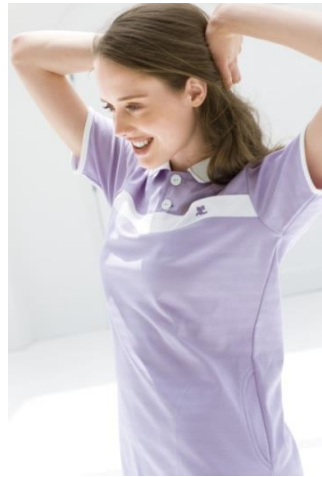
-Share buyback

down ¥1,500million

# Segments by item



## Healthcare wear



## Patient wear



## Shoes



## Doctors' wear



## Utility wear

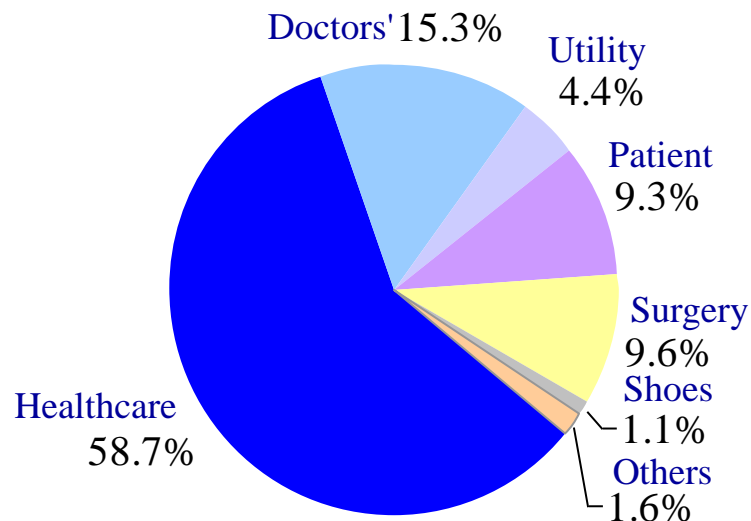


## Surgery wear





# Sales by Item



| Year-on-year change | First-half FY2014 | First-half FY2015 |
|---------------------|-------------------|-------------------|
| Overall             | +4.8%             | +1.0%             |
| Healthcare wear     | +5.1%             | +2.5%             |
| Doctors' wear       | +8.4%             | -1.7%             |
| Utility wear        | -4.9%             | -10.9%            |
| Patient wear        | +6.3%             | +2.9%             |
| Surgery wear        | +3.3%             | +2.7%             |
| Shoes               | -13.0%            | -10.6%            |
| Others              | +14.0%            | -3.5%             |

Major business in products for healthcare and peripheral business in products for patients and surgery grew steadily.

## [Healthcare wear]

-In 2Q, catching renewal contracts which were postponed of 1Q, and focusing on getting new contracts, the highest ever sales continued for 6th consecutive years.

## [Doctors' wear]

-As sales of previous year was high, growth of this term was little down. Steady sales condition continued.

## [Utility wear]

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

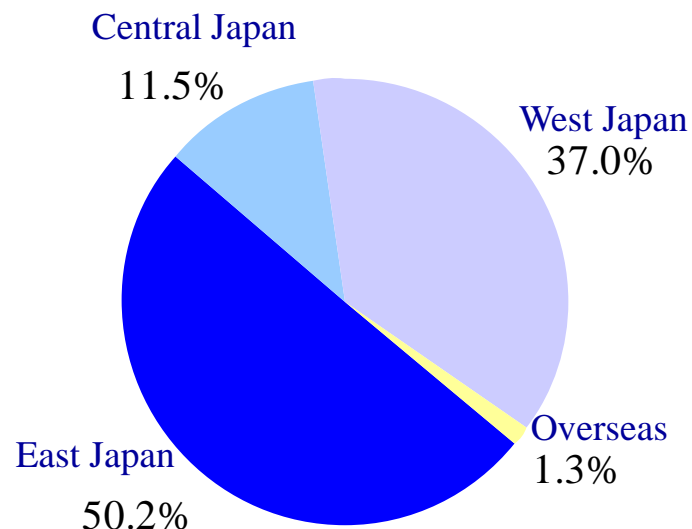
## [Patient wear]

-As the demand of market expanding, sales increased steadily.

## [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 FY2014 | First-half FY2015 |
|---------------------|-------------------|-------------------|
| Total sales         | +4.8%             | +1.0%             |
| East Japan          | 0.0%              | +0.3%             |
| Central Japan       | +25.1%            | +1.0%             |
| West Japan          | +6.1%             | +1.0%             |
| Overseas            | +21.6%            | +31.5%            |

In FY2014, sales in Central and West Japan exceeded the previous year and contributed to growth of sales. In FY2015, sales in all area recorded the highest past sales.

## [East Japan]

- Catching renewal contracts which were postponed of 1Q, sales kept previous year.

## [Central Japan]

-Market size was not large and there was the influence by the size of contracts. In this term, focusing on promotion, sales grew further.

## [West Japan]

-Though catching new contracts smoothly, postponement of renewal contracts occurred. Sales kept previous year. Sales is expected to increase in second-half of FY2015.

## [Overseas]

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

## II Market Environment



## Care Service treatment fees revised.(effective Apr. 2015)

The revise rate -2.27% ( Home-1.42%, Facilities -0.85%)

Improvement of care staffs conditions +1.65%, dementia heavy +0.56%, revenue adjustment -4.48%

## 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

## Escalating material prices, rising sewing costs

-The price of polyester increased.

-The cost of labor charge around China and Southeast Asia raised.

## 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 Aug.)

2010:¥85/dollar, 2011:¥77/dollar, 2012:¥77/dollar, 2013:¥98/dollar, 2014:¥102/dollar

Feb. 2015  
¥120/dollar

# Market Environment



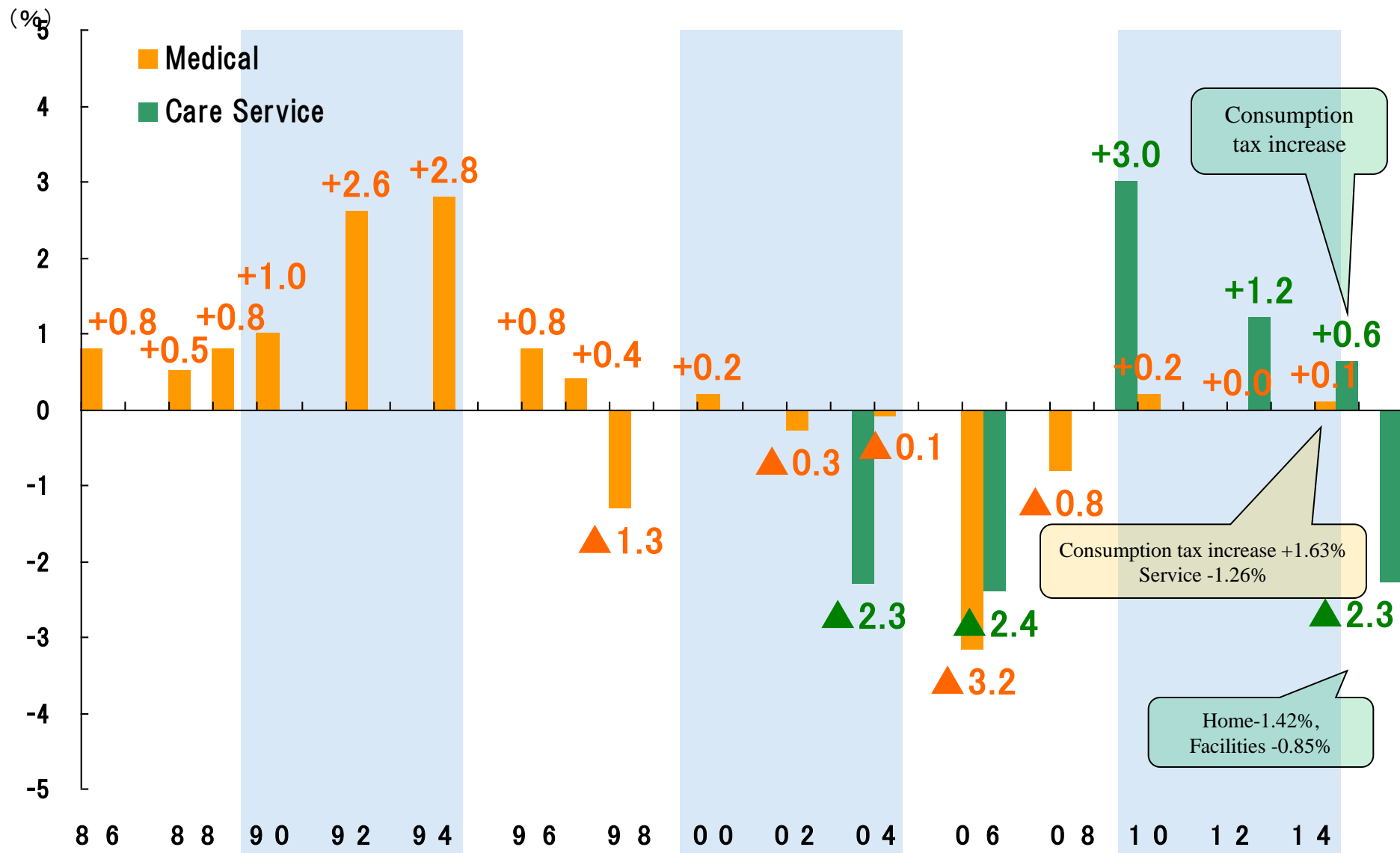
## Changes and prospects for medical and care service systems

|     | 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   |
| '05 | Enforcement of Amended Pharmaceutical Affairs Law<br>Release of the 6th prospect for supply and demand of nursing staff  |  |  |   |
| '06 | Proposed draft of reform of medical insurance system submitted.<br>Expansion of DPC to general hospitals.  | Total market: -3.16%<br>Service: -1.3%<br>Drug price: -1.8%    | Enforcement of Amended Nursing Care Insurance Law<br>3 <sup>rd</sup> plan of care insurance system (2006-2008)                                   | Total market: -2.4%<br>Home: -1.0%<br>Facilities: -4.0%   |
| '07 | New Health Frontier Strategy announced<br>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<br>“Metabolic” diagnosis and health guidance specified as mandatory   | Total market: -0.83%<br>Service: +0.38%<br>Drug price: -1.2%   | Nursing care type elderly health facilities instituted   |   |
| '09 | Enforcement of Amended Pharmaceutical Affairs Law<br>Local healthcare revival plan   |  | 4 <sup>th</sup> plan of care insurance system (2009-2011)  | Total market: +3.0%<br>Home: +1.7%<br>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%<br>Service: +1.55%<br>Drug price: -1.36%  |  |   |
| '11 | Postponed time limit of abolishing nursing care type medical facilities for 6 year.<br>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%<br>Service: +1.38%<br>Drug price: -1.38% | Enforcement of Amended Nursing Care Insurance Law<br>5 <sup>th</sup> plan of care insurance system (2012-2014)                                   | Total market: +1.2%<br>Home: +1.0%<br>Facilities: +0.2%   |
| '13 | 2nd plan of the medical expenses<br>Plan of strategic market creation  |  | Revising of measures against reduction of incidence for nursing care   |   |
| '14 | Medical Service Act<br>Enforcement of Amended Pharmaceutical Affairs Law   | Total market: +0.10%<br>Service: +0.73%<br>Drug price: -0.63%  | The law for Medical care synthesis total promotion   | +0.63%<br>Consumption tax increase                        |
| '15 | System for promotion of community medical corporation<br>Expansive financial support of national health insurance  |  | System for promotion of community medical corporation<br>6 <sup>th</sup> plan of care insurance system (2015-2017)                               | Total market: +2.27%<br>Home: 1.42%<br>Facilities: -0.85% |

# Market Environment



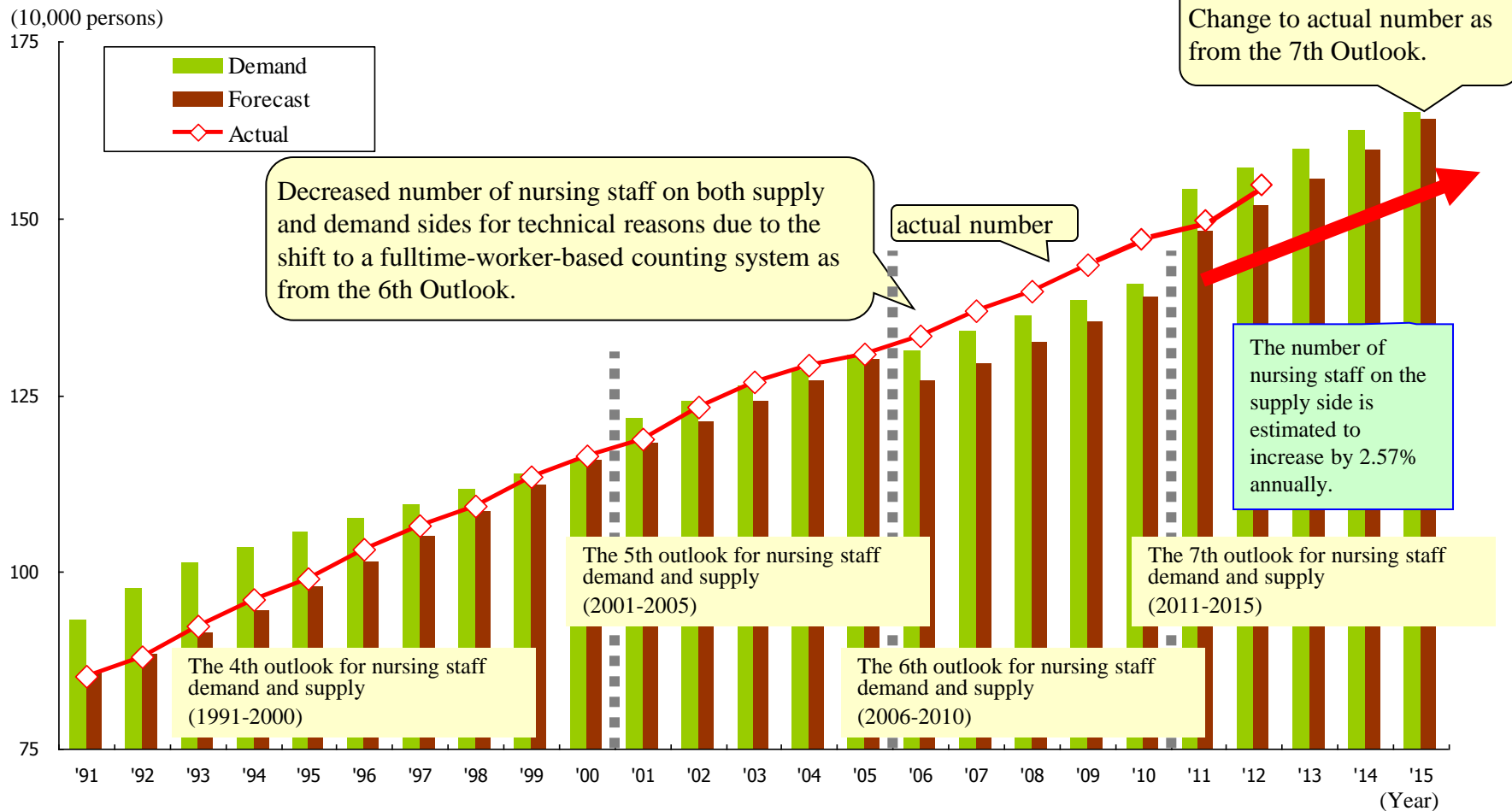
## Revisions to medical treatment and care Service fees





## Supply and Demand of Nursing Staff

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

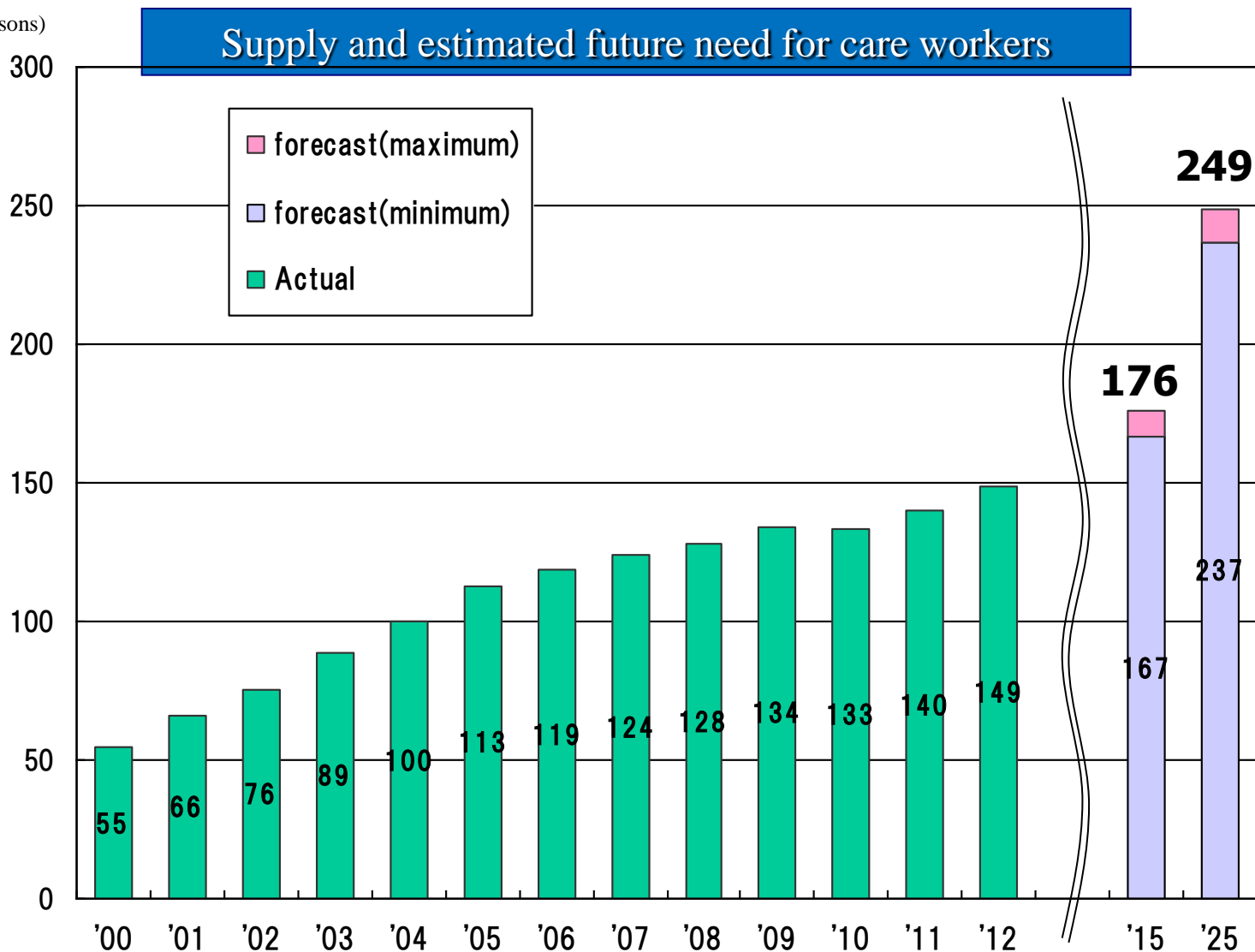


- The 7th outlook for nursing staff demand and supply (five-year plan from 2011 through 2015)
- Outlook for nursing staff supply and demand for all medical and nursing fields
- Next outlook for nursing staff supply and demand will be announced in 2015

# Market Environment



(10,000 persons)



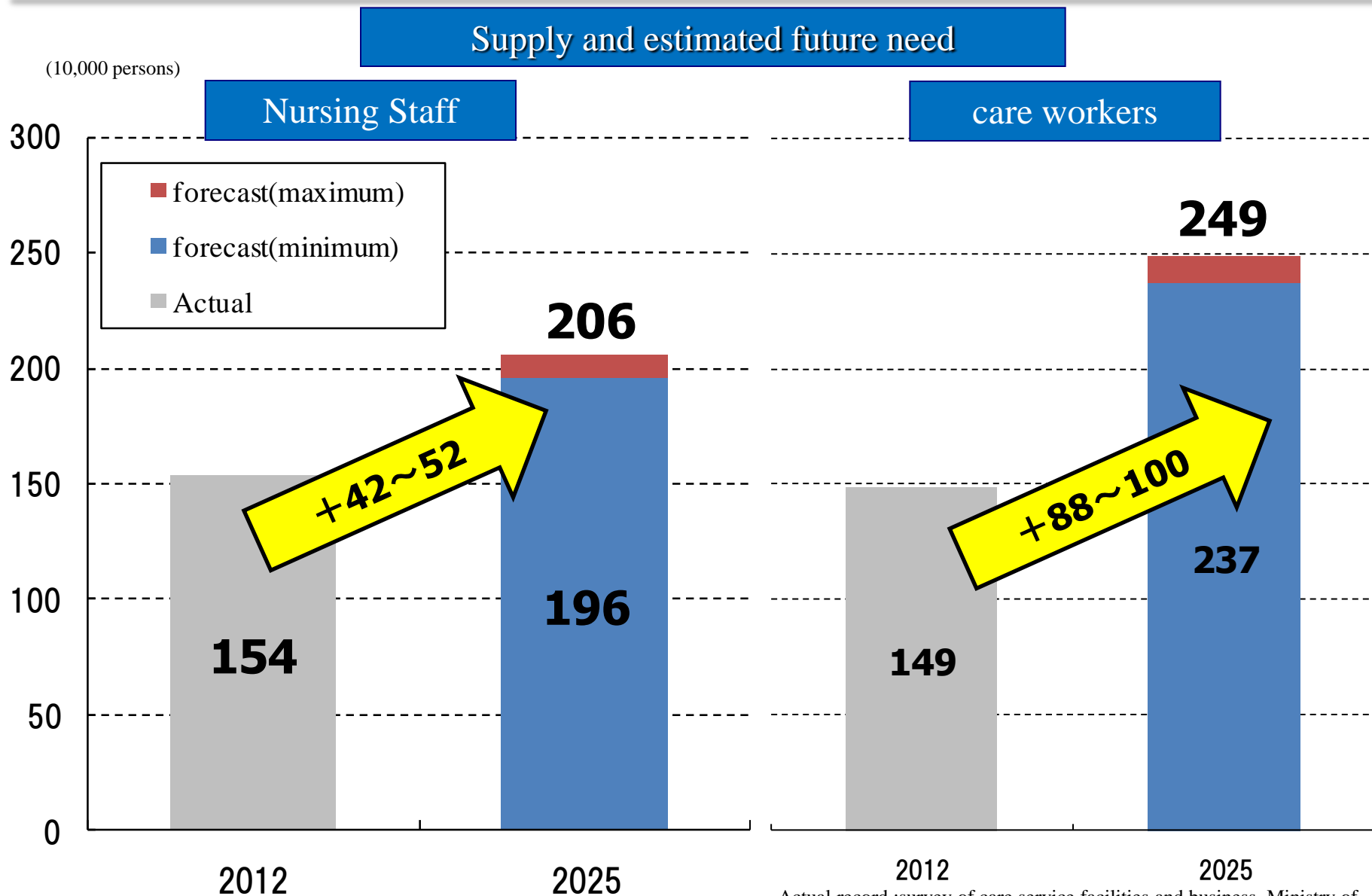
Since the number of track records are subject to the influence of change of an examination method, it cannot carry out annual comparison simply after 2010.

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

Forecast: general politics measurement for the aged society, cabinet



# Market Environment



The first meeting about supply and demand of nursing staff, Ministry of Health, Labor and Welfare

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 FY2015



## 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,%)                                | FY2015E | Change (Initial Forecast) | % Change (FY2014) | Composition % Change |
|--|---------|---------------------------|-------------------|----------------------|
| <b>Net sales</b>                                   | 16,700  | —                         | +3.0              | —                    |
| <b>Gross profit</b>                                | 7,682   | -75                       | +1.3              | -0.8                 |
| <b>Sales, general, and administrative expenses</b> | 2,751   | —                         | +3.3              | +0.1                 |
| <b>Operating income</b>                            | 4,931   | -75                       | +0.2              | -0.8                 |
| <b>Recurring income</b>                            | 5,088   | +30                       | -1.1              | -1.3                 |
| <b>Net income</b>                                  | 3,187   | -57                       | -1.1              | -0.8                 |

## [Overview]

-Net sales is expected 5th consecutive years of growth and best record. Operating income is expected 6th consecutive years of growth and best record. These will be achieved by putting high functional products in healthcare wear and doctor wear, expanding sales healthy in patient/surgery wear and gaining share in Central and West Japan. Increasing in revenue will overcome growing of cost and expense.

[Gross profit] y/y +¥ 96 m(Factor of increase of Net sales +¥223m, Factor of increase of profit ratio -¥ 127 m)

Gross profit to sales FY2014 46.8% → FY2015E 46.0%

Boost of material cost and sewing cost (-¥58m)

Foreign Exchange rate: FY2014 ¥88.1yen/dollar → FY2015E ¥93.3yen/dollar (-¥ 89m)

Overseas production ratio FY2014 43.1% → FY2015E 44.4 % (+¥ 53m)

## [Sales, general, and administrative expenses]

- Increase of Depreciation related with New HQ ¥35m, The cost of 100<sup>th</sup> anniversaries:¥30m

## [Non-operating income]

- FY2014 Exchange-rate profit:¥87m , Profit on securities sold;¥67m FY2015 Exchange-rate profit:¥105m

## [Extraordinary Profit and loss]

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

## [Other]

-Increase of income taxes-deferred, by the effect of tax reform in 2015, lower the corporate tax rate.

## [Capital Expenditure]

-Capital Expenditure: ¥185m (Software:¥65m, Buildings:¥72m, Manufacturing equipment:¥31m)

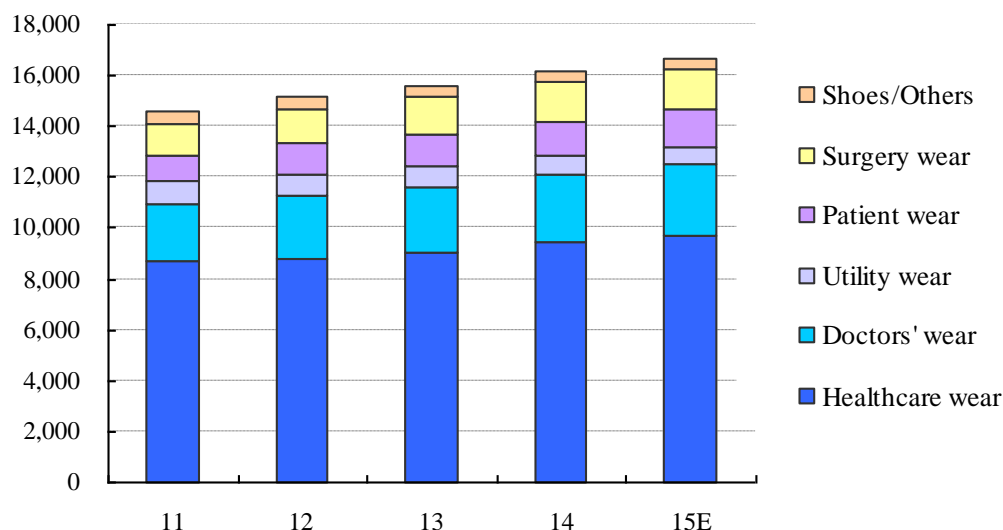
-Depreciation: ¥365m

# Forecast of Sales by Item



## Sales by Item

(¥ million)



| Year-on-year change | FY2014 | FY2015E |
|---------------------|--------|---------|
| Sales               | +3.8%  | +3.0%   |
| Healthcare wear     | +4.4%  | +3.8%   |
| Doctors' wear       | +4.2%  | +2.1%   |
| Utility wear        | -6.6%  | -8.6%   |
| Patient wear        | +6.3%  | +6.4%   |
| Surgery wear        | +3.2%  | +4.2%   |
| Shoes/Others        | +1.5%  | -3.4%   |

**[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.

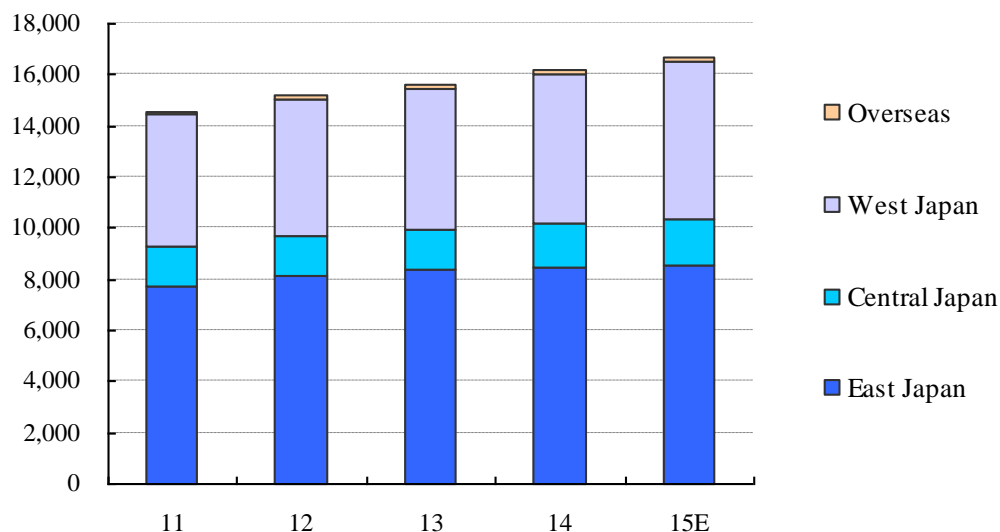
**[Surgery wear]** As COMPELPACK and surgical underwear(scrub) being steadily permeated, the increase in sales of surgery wear is expected to continue.

# Forecast of Sales by Region



## Sales by Region

(¥ million)



| Year-on-year change | FY2014 | FY2015E |
|---------------------|--------|---------|
| Total sales         | +3.8%  | +3.0%   |
| East Japan          | +0.8%  | +0.9%   |
| Central Japan       | +9.7%  | +3.1%   |
| West Japan          | +6.0%  | +5.3%   |
| Overseas            | +24.3% | +25.7%  |

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.

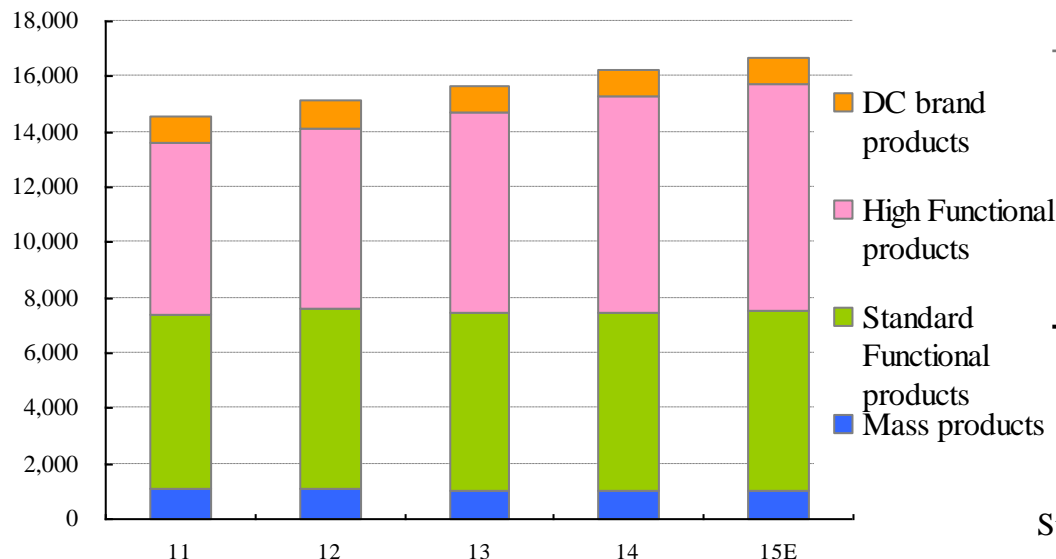
**[Central and West Japan]** As gaining share by sales promotion, the increase of sales is planned,

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

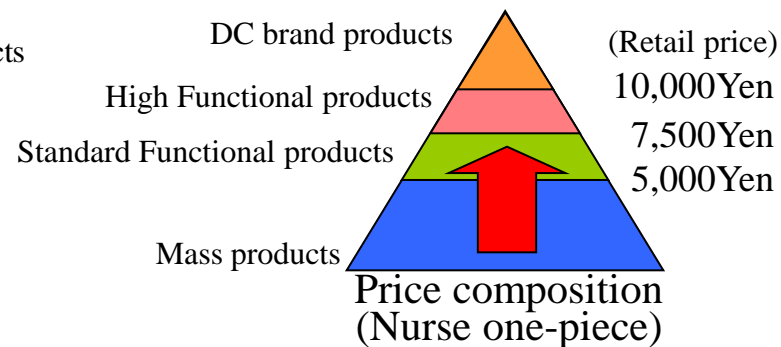


## Sales by Product

(¥ million)



| Year-on-year change          | FY2014 | FY2015E |
|------------------------------|--------|---------|
| Sales                        | +3.8%  | +3.0%   |
| DC brand products            | +0.6%  | +0.1%   |
| High Functional products     | +8.1%  | +5.3%   |
| Standard Functional products | +0.4%  | +1.4%   |
| Mass products                | -2.7%  | -1.7%   |



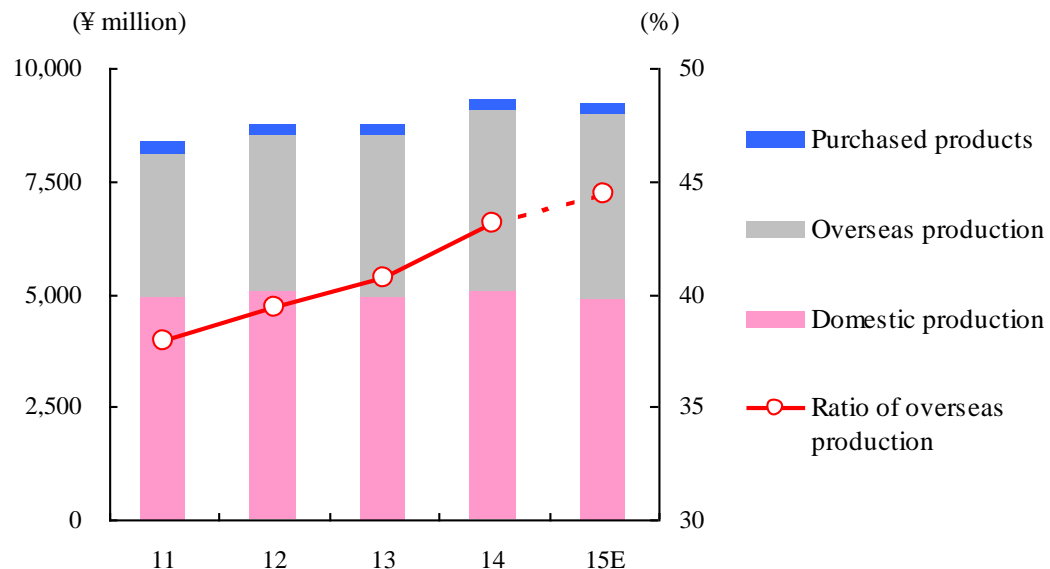
**[DC brands]** Sales of DC brands is expected to remain same as the previous year. Though existing DC brand products are on the decrease, New brand "Miffy" will contribute to the sale.

**[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         | FY2014 | FY2015E |
|---------------------|--------|---------|
| Domestic production | 54.3   | 53.0    |
| Overseas production | 43.1   | 44.4    |
| 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.
- The shift from Jakarta, where is the existing production place, is planned to finish until the end of 2015.



## IV Management Goals



## Sales Strategy

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

## Profit Strategy

- Driving the strategy of higher quality and value-added products.
- The shift to Overseas production.
- The minimization of exchange risk

Equalization of the fluctuations in foreign exchange rates by reservation of exchange contracts

Defense against depreciation of yen by dollar deposit

# Sales Strategy



FY2011

(3 terms ago)

FY2014

(Previous term)

FY2017E

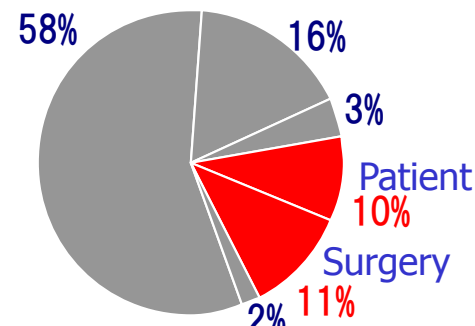
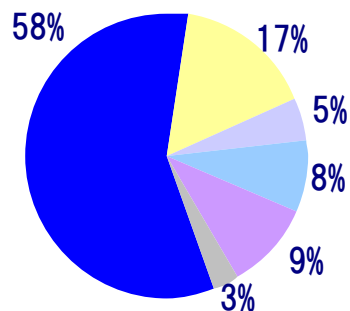
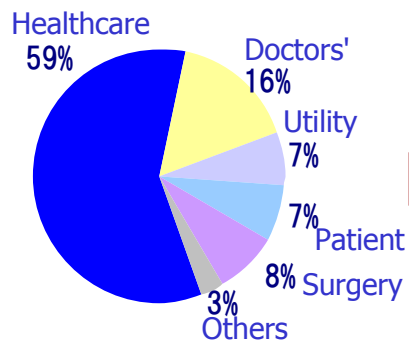
(3 terms later)

net sales ¥**14,578** million

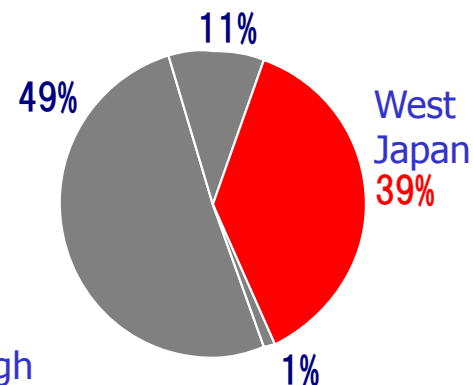
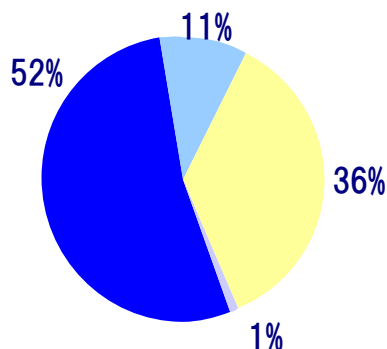
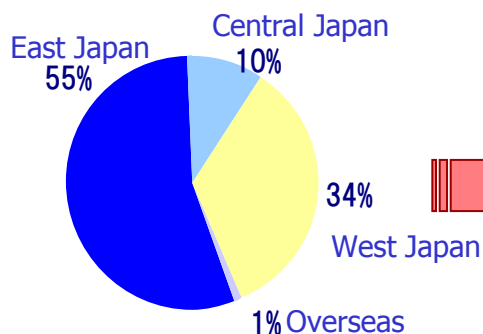
¥**16,214** million

¥**17,500** million

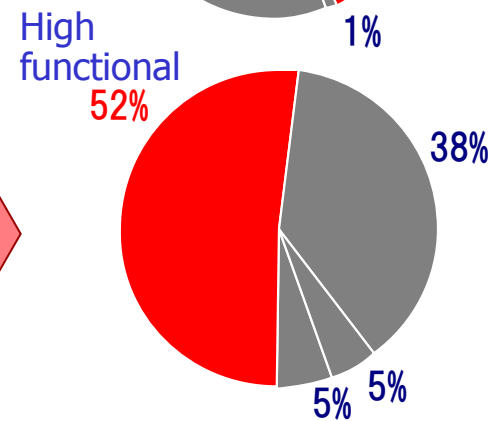
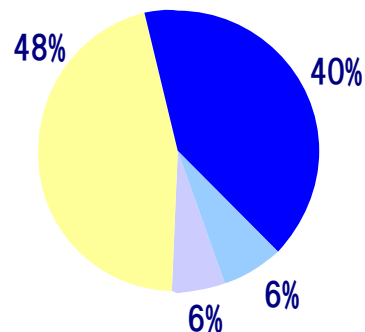
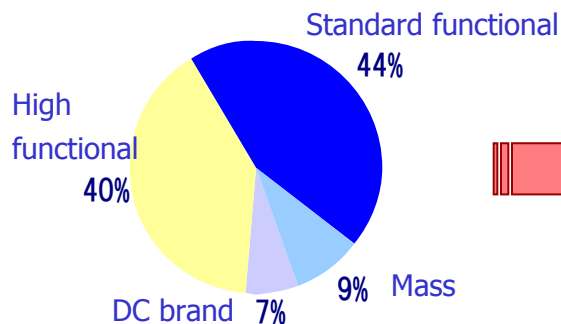
Sales by Item



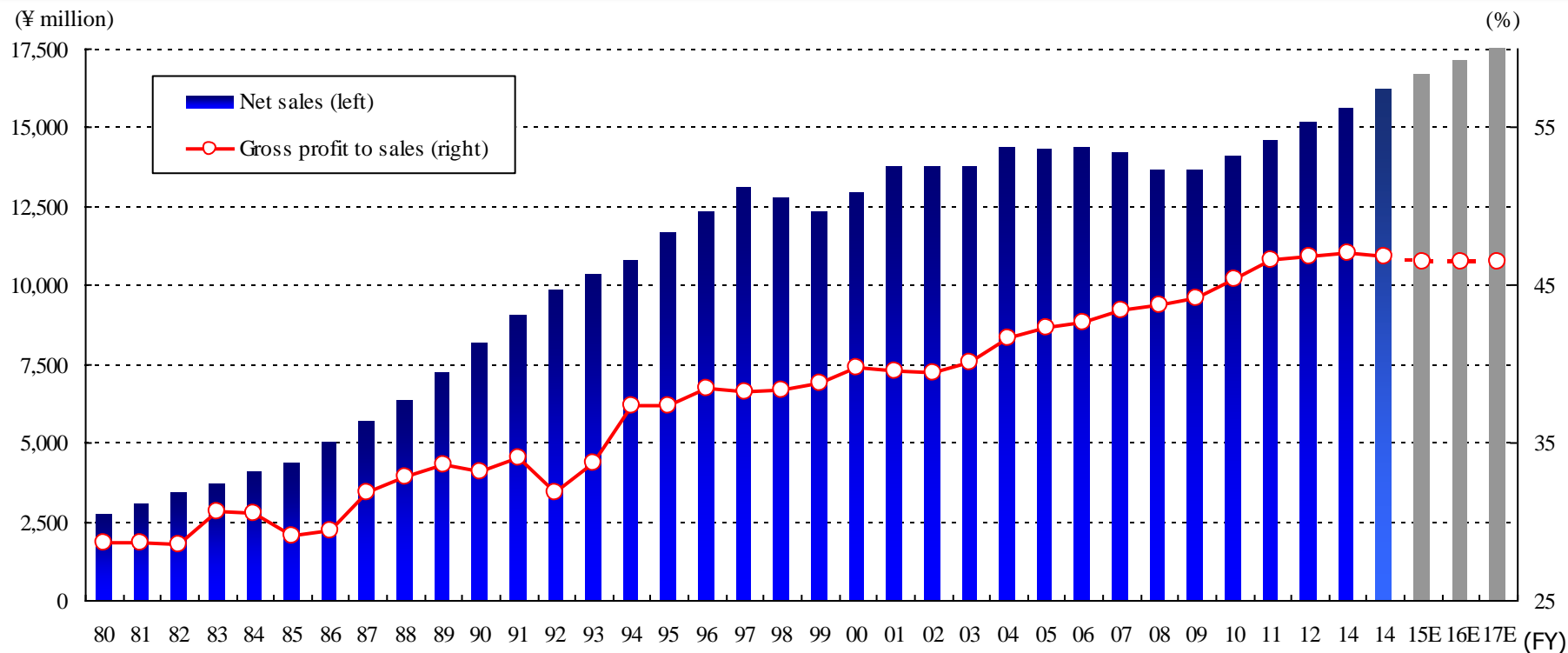
Sales by Region



Sales by Products



# Net Sales and Gross Profit to Sales Ratio



(¥ million)



**FY2017E**

Net Sales

17,500

Operating  
Income

5,300

# 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%

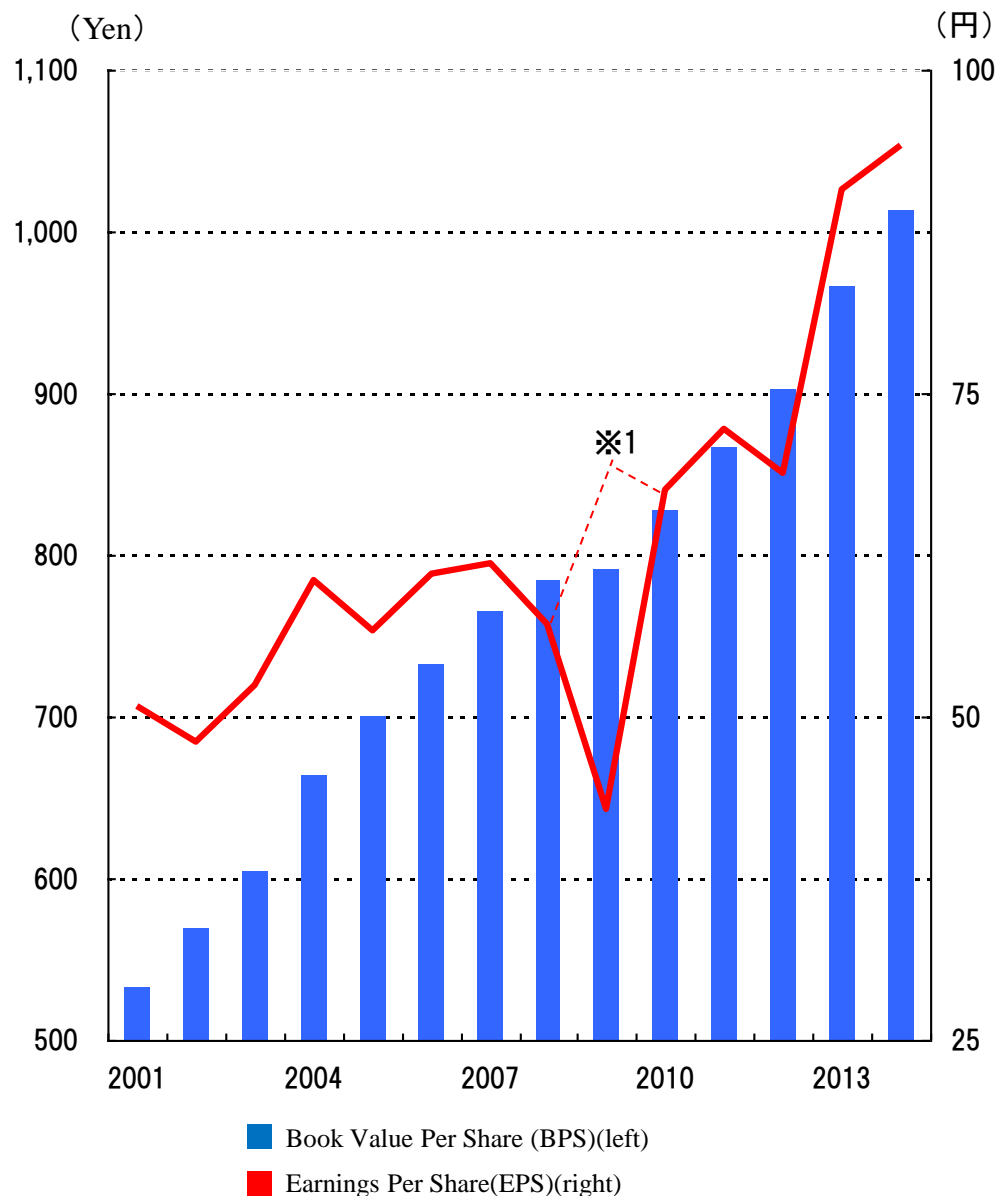
## Share buyback

- Acquire expeditiously when our share is undervalued
- Share purchased in January FY2015  
1 million shares, 1,500 million yen

# The History of Stock Value



|        | BPS<br>(yen) | EPS<br>(yen) |
|--------|--------------|--------------|
| FY2001 | 532.5        | 50.8         |
| FY2002 | 568.3        | 48.0         |
| FY2003 | 604.0        | 52.4         |
| FY2004 | 663.0        | 60.5         |
| FY2005 | 700.0        | 56.7         |
| FY2006 | 732.4        | 61.0         |
| FY2007 | 764.3        | 61.9         |
| FY2008 | 783.9        | 57.1         |
| FY2009 | 791.0        | 42.9         |
| FY2010 | 827.0        | 67.6         |
| FY2011 | 866.1        | 72.3         |
| FY2012 | 902.3        | 68.9         |
| FY2013 | 966.2        | 90.8         |
| FY2014 | 1,012.7      | 94.1         |



※1 FY2009: Accrued pension fund withdrawal payment loss ¥1.04b  
A dotted line is when there was not outbreak.

# Actual Dividends Paid



|         | Total dividend<br>(Million yen) | Share buyback<br>(Million yen) | Payout ratio<br>(non-c, %) | Total return ratio<br>(non-c, %) |
|---------|---------------------------------|--------------------------------|----------------------------|----------------------------------|
| FY2001  | 475                             | 0                              | 27.6                       | 27.6                             |
| FY2002  | 475                             | 0                              | 29.3                       | 29.3                             |
| FY2003  | 530                             | 1,697                          | 29.7                       | 124.6                            |
| FY2004  | 744                             | 0                              | 36.5                       | 36.5                             |
| FY2005  | 1,117                           | 0                              | 56.9                       | 56.9                             |
| FY2006  | 1,117                           | 0                              | 53.4                       | 53.4                             |
| FY2007  | 1,117                           | 0                              | 53.1                       | 53.1                             |
| FY2008  | 1,083                           | 1,077                          | 56.6                       | 111.2                            |
| FY2009  | 1,040                           | 1,220                          | 57.3                       | 122.2                            |
| FY2010  | 1,127                           | 0                              | 51.4                       | 51.4                             |
| FY2011  | 1,205                           | 226                            | 52.0                       | 61.7                             |
| FY2012  | 1,205                           | 0                              | 55.1                       | 55.1                             |
| FY2013  | 1,541                           | 229                            | 51.3                       | 58.7                             |
| FY2014  | 1,712                           | 0                              | 54.4                       | E54.4                            |
| FY2015E | -                               | 1,500                          | -                          | -                                |



## **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.

# Data File

## First-half FY2015



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

<Contact for information on this material: Mr. Ohno, Administration Headquarters (03-5289-8200)>

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## 1. Sales by Item

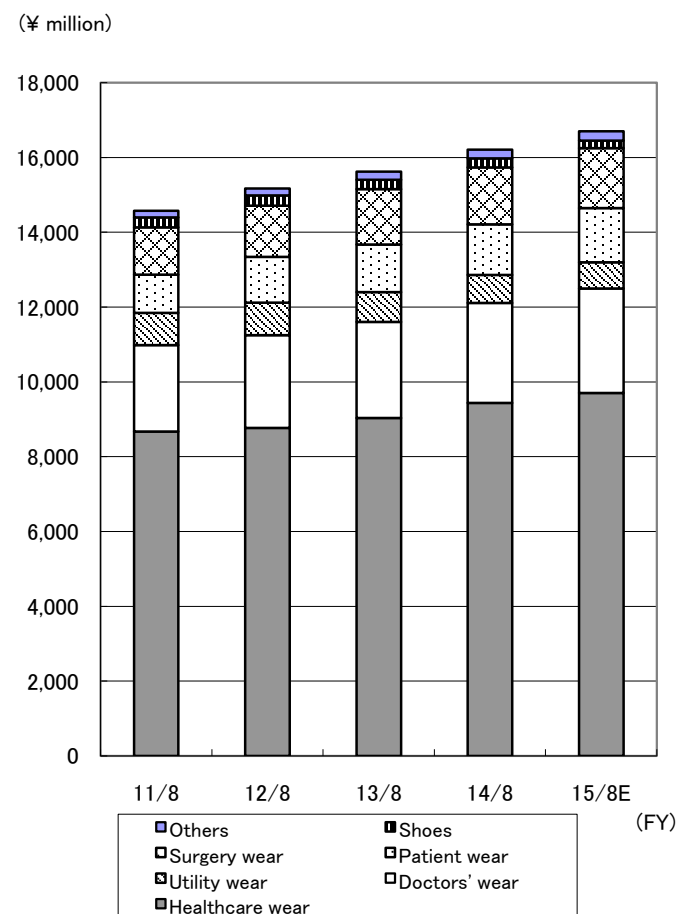
| FY              | 11/8   | 12/8   | 13/8   | 14/8   | 15/8E  | (¥ million)        |                    |
|-----------------|--------|--------|--------|--------|--------|--------------------|--------------------|
|                 |        |        |        |        |        | First-half<br>14/8 | First-half<br>15/8 |
| Sales           | 14,578 | 15,175 | 15,625 | 16,214 | 16,700 | 6,775              | 6,840              |
| Healthcare wear | 8,675  | 8,769  | 9,039  | 9,440  | 9,700  | 3,914              | 4,011              |
| Doctors' wear   | 2,306  | 2,483  | 2,566  | 2,674  | 2,800  | 1,064              | 1,046              |
| Utility wear    | 865    | 864    | 796    | 743    | 700    | 334                | 298                |
| Patient wear    | 1,025  | 1,223  | 1,273  | 1,353  | 1,450  | 617                | 635                |
| Surgery wear    | 1,258  | 1,374  | 1,479  | 1,525  | 1,600  | 641                | 659                |
| Shoes           | 271    | 268    | 249    | 237    | 200    | 87                 | 77                 |
| Others          | 176    | 191    | 219    | 239    | 250    | 114                | 110                |

### Change over previous year

| Sales           | 3.6  | 4.1  | 3.0  | 3.8  | 3.0   | (%)   |       |
|-----------------|------|------|------|------|-------|-------|-------|
|                 |      |      |      |      |       | 4.8   | 1.0   |
| Healthcare wear | 4.2  | 1.1  | 3.1  | 4.4  | 2.8   | 5.1   | 2.5   |
| Doctors' wear   | 3.6  | 7.7  | 3.3  | 4.2  | 4.7   | 8.4   | -1.7  |
| Utility wear    | -7.5 | -0.1 | -7.9 | -6.6 | -5.9  | -4.9  | -10.9 |
| Patient wear    | 6.6  | 19.3 | 4.1  | 6.3  | 7.1   | 6.3   | 2.9   |
| Surgery wear    | 7.4  | 9.2  | 7.7  | 3.2  | 4.9   | 3.3   | 2.7   |
| Shoes           | -5.4 | -1.0 | -7.0 | -5.1 | -15.6 | -13.0 | -10.6 |
| Others          | 6.3  | 8.3  | 14.5 | 9.0  | 4.5   | 14.0  | -3.5  |

### Composition

| Sales           | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | (%)   |       |
|-----------------|-------|-------|-------|-------|-------|-------|-------|
|                 |       |       |       |       |       | 100.0 | 100.0 |
| Healthcare wear | 59.5  | 57.8  | 57.9  | 58.2  | 58.1  | 57.8  | 58.7  |
| Doctors' wear   | 15.8  | 16.4  | 16.4  | 16.5  | 16.8  | 15.7  | 15.3  |
| Utility wear    | 5.9   | 5.7   | 5.1   | 4.6   | 4.2   | 4.9   | 4.4   |
| Patient wear    | 7.0   | 8.1   | 8.2   | 8.3   | 8.7   | 9.1   | 9.3   |
| Surgery wear    | 8.6   | 9.0   | 9.5   | 9.4   | 9.6   | 9.5   | 9.6   |
| Shoes           | 1.9   | 1.8   | 1.6   | 1.5   | 1.2   | 1.3   | 1.1   |
| Others          | 1.2   | 1.2   | 1.4   | 1.5   | 1.5   | 1.7   | 1.6   |



## 2. Sales by Product

| FY                           | 11/8   | 12/8   | 13/8   | 14/8   | 15/8E  |
|------------------------------|--------|--------|--------|--------|--------|
| Sales                        | 14,578 | 15,175 | 15,625 | 16,214 | 16,700 |
| DC brand products            | 998    | 1,024  | 933    | 938    | 940    |
| High Functional products     | 6,216  | 6,547  | 7,212  | 7,795  | 8,210  |
| Standard Functional products | 6,232  | 6,501  | 6,433  | 6,462  | 6,550  |
| Mass products                | 1,130  | 1,100  | 1,045  | 1,017  | 1,000  |

(¥ million)

| First-half<br>14/8 | First-half<br>15/8 |
|--------------------|--------------------|
| 6,775              | 6,840              |
| 394                | 366                |
| 3,267              | 3,457              |
| 2,712              | 2,617              |
| 400                | 398                |

### Change over previous year

|                              | 3.6  | 4.1  | 3.0  | 3.8  | 3.0  |
|------------------------------|------|------|------|------|------|
| Sales                        |      |      |      |      |      |
| DC brand products            | 2.5  | 2.6  | -8.9 | 0.6  | 0.1  |
| High Functional products     | 10.8 | 5.3  | 10.1 | 8.1  | 5.3  |
| Standard Functional products | -0.4 | 4.3  | -1.0 | 0.4  | 1.4  |
| Mass products                | -8.0 | -2.6 | -5.1 | -2.7 | -1.7 |

(%)

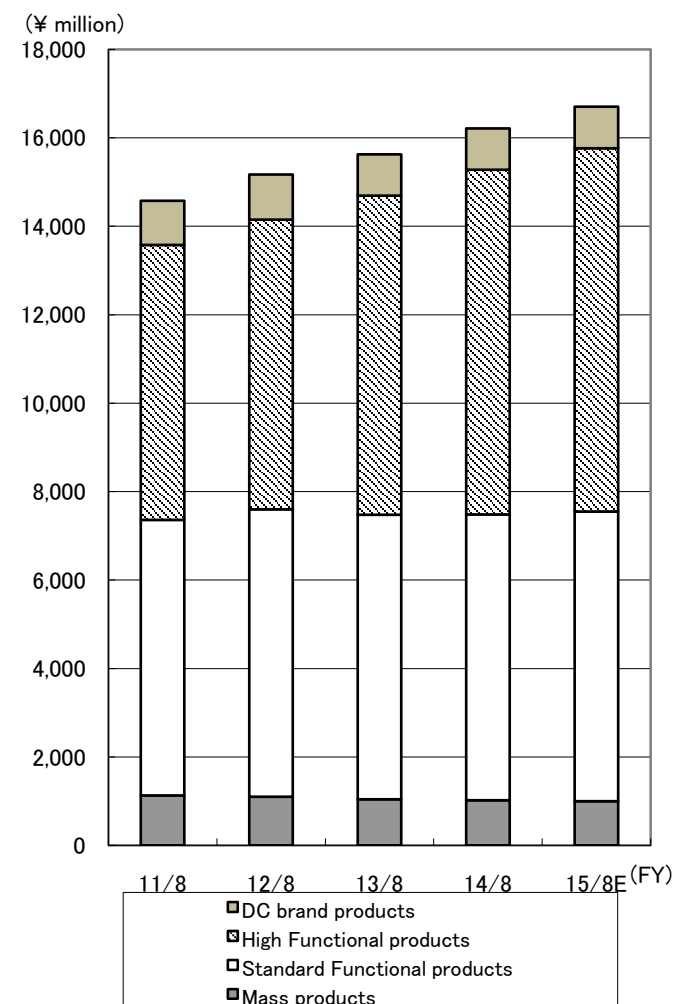
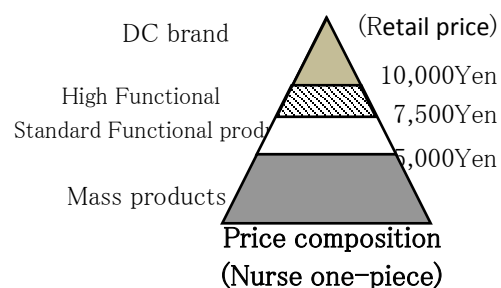
|      |      |
|------|------|
| 4.8  | 1.0  |
| -2.9 | -7.2 |
| 8.6  | 5.8  |
| 3.4  | -3.5 |
| -5.5 | -0.6 |

### Composition

|                              | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
|------------------------------|-------|-------|-------|-------|-------|
| Sales                        |       |       |       |       |       |
| DC brand products            | 6.8   | 6.8   | 6.0   | 5.8   | 5.6   |
| High Functional products     | 42.6  | 43.1  | 46.2  | 48.1  | 49.2  |
| Standard Functional products | 42.7  | 42.8  | 41.2  | 39.9  | 39.2  |
| Mass products                | 7.8   | 7.3   | 6.7   | 6.3   | 6.0   |

(%)

|       |       |
|-------|-------|
| 100.0 | 100.0 |
| 5.8   | 5.4   |
| 48.2  | 50.5  |
| 40.1  | 38.3  |
| 5.9   | 5.8   |



### 3. Sales by Region

| FY            | 11/8   | 12/8   | 13/8   | 14/8   | 15/8E  |
|---------------|--------|--------|--------|--------|--------|
| Sales         | 14,578 | 15,175 | 15,625 | 16,214 | 16,700 |
| East Japan    | 7,739  | 8,106  | 8,390  | 8,461  | 8,520  |
| Central Japan | 1,550  | 1,564  | 1,591  | 1,745  | 1,800  |
| West Japan    | 5,168  | 5,386  | 5,508  | 5,839  | 6,200  |
| Overseas      | 119    | 118    | 134    | 167    | 180    |

(¥ million)

| First-half<br>14/8 | First-half<br>15/8 |
|--------------------|--------------------|
| 6,775              | 6,840              |
| 3,422              | 3,430              |
| 779                | 787                |
| 2,503              | 2,529              |
| 70                 | 92                 |

#### Change over previous year

| Sales         | 3.6  | 4.1  | 3.0  | 3.8  | 3.0 |
|---------------|------|------|------|------|-----|
| East Japan    | -0.5 | 4.7  | 3.5  | 0.8  | 0.7 |
| Central Japan | 7.1  | 0.9  | 1.7  | 9.7  | 3.1 |
| West Japan    | 9.2  | 4.2  | 2.3  | 6.0  | 6.2 |
| Overseas      | 1.7  | -1.3 | 13.6 | 24.3 | 7.7 |

(%)

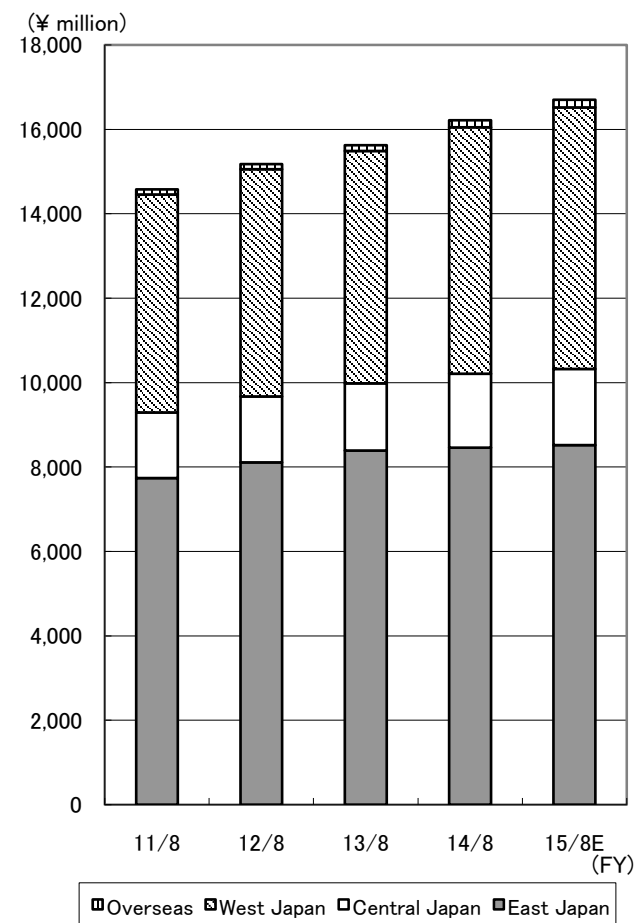
| 4.8  | 1.0  |
|------|------|
| 0.0  | 0.3  |
| 25.1 | 1.0  |
| 6.1  | 1.0  |
| 21.6 | 31.5 |

#### Composition

| Sales         | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
|---------------|-------|-------|-------|-------|-------|
| East Japan    | 53.1  | 53.4  | 53.7  | 52.2  | 51.0  |
| Central Japan | 10.6  | 10.3  | 10.2  | 10.8  | 10.8  |
| West Japan    | 35.5  | 35.5  | 35.3  | 36.0  | 37.1  |
| Overseas      | 0.8   | 0.8   | 0.9   | 1.0   | 1.1   |

(%)

| 100.0 | 100.0 |
|-------|-------|
| 50.5  | 50.2  |
| 11.5  | 11.5  |
| 37.0  | 37.0  |
| 1.0   | 1.3   |



## 4. Rationalization of the Production System and Our Purchasing Strategy(Non-Consolidated)

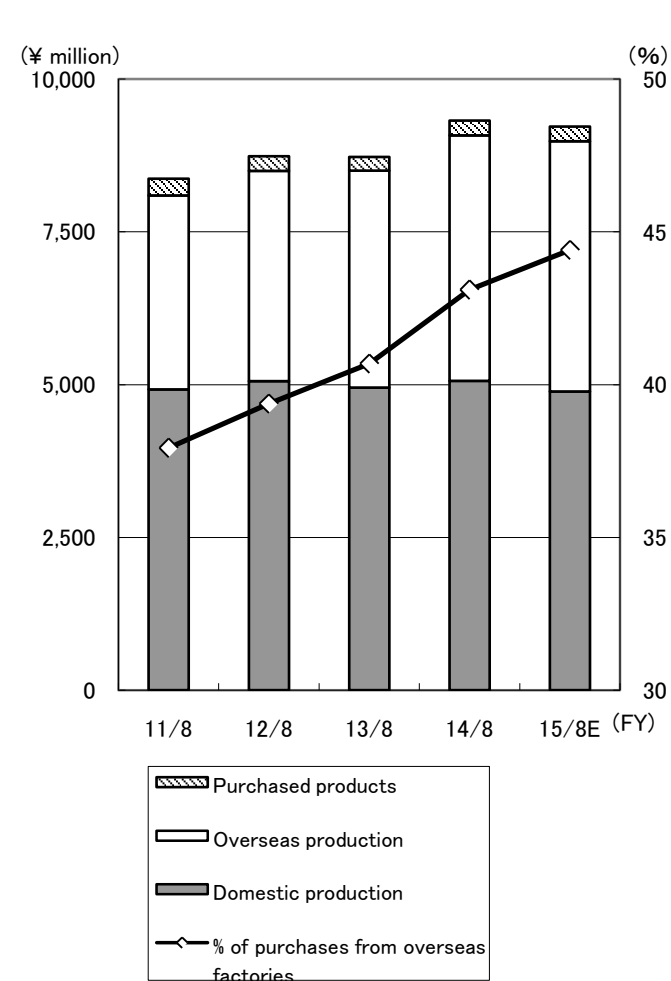
| FY                  | 11/8  | 12/8  | 13/8  | 14/8  | 15/8E | (¥ million)        |                    |
|---------------------|-------|-------|-------|-------|-------|--------------------|--------------------|
|                     |       |       |       |       |       | First-half<br>14/8 | First-half<br>15/8 |
| Domestic production | 4,921 | 5,056 | 4,951 | 5,061 | 4,887 | 2,454              | 2,495              |
| Overseas production | 3,174 | 3,441 | 3,550 | 4,017 | 4,095 | 1,880              | 2,112              |
| Purchased products  | 274   | 240   | 224   | 242   | 240   | 71                 | 66                 |
| Total               | 8,369 | 8,737 | 8,725 | 9,320 | 9,222 | 4,405              | 4,673              |

### Change over previous year

|                     | 11/8 | 12/8  | 13/8 | 14/8 | 15/8E | 15/8E |      |
|---------------------|------|-------|------|------|-------|-------|------|
|                     |      |       |      |      |       | 14/8  | 15/8 |
| Domestic production | 7.9  | 2.8   | -2.1 | 2.2  | -3.4  | -1.6  | 1.7  |
| Overseas production | 17.6 | 8.4   | 3.2  | 13.2 | 1.9   | 4.2   | 12.3 |
| Purchased products  | -2.8 | -12.6 | -6.5 | 8.0  | -0.8  | -20.2 | -7.0 |
| Total               | 11.0 | 4.4   | -0.1 | 6.8  | -1.1  | 0.4   | 6.1  |

### Composition

|                     | 11/8  | 12/8  | 13/8  | 14/8  | 15/8E | 15/8E |       |
|---------------------|-------|-------|-------|-------|-------|-------|-------|
|                     |       |       |       |       |       | 14/8  | 15/8  |
| Domestic production | 58.8  | 57.9  | 56.7  | 54.3  | 53.0  | 55.7  | 53.4  |
| Overseas production | 37.9  | 39.4  | 40.7  | 43.1  | 44.4  | 42.7  | 45.2  |
| Purchased products  | 3.3   | 2.7   | 2.6   | 2.6   | 2.6   | 1.6   | 1.4   |
| Total               | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |





## 5. Statements of Income (Consolidated)

|  |        |        |        |        |        | (¥ million)        |                    |
|--|--------|--------|--------|--------|--------|--------------------|--------------------|
| FY   | 11/8   | 12/8   | 13/8   | 14/8   | 15/8E  | First-half<br>14/8 | First-half<br>15/8 |
| Net Sales                                  | 14,578 | 15,175 | 15,625 | 16,214 | 16,700 | 6,775              | 6,840              |
| Gross profit                               | 6,793  | 7,103  | 7,346  | 7,585  | 7,682  | 3,169              | 3,187              |
| Sales, general, and administrative expense | 2,434  | 2,461  | 2,473  | 2,662  | 2,751  | 1,337              | 1,390              |
| Operating income                           | 4,358  | 4,642  | 4,873  | 4,923  | 4,931  | 1,831              | 1,797              |
| Recurring income                           | 4,277  | 4,787  | 5,418  | 5,142  | 5,088  | 1,925              | 2,033              |
| Net income                                 | 2,493  | 2,371  | 3,119  | 3,224  | 3,187  | 1,264              | 1,302              |

| Change over previous year                  |     |      |      |      |      | (%)   |      |
|--|-----|------|------|------|------|-------|------|
| Net Sales                                  | 3.6 | 4.1  | 3.0  | 3.8  | 3.0  | 4.8   | 1.0  |
| Gross profit                               | 6.3 | 4.6  | 3.4  | 3.3  | 1.3  | 4.5   | 0.6  |
| Sales, general, and administrative expense | 2.2 | 1.1  | 0.5  | 7.7  | 3.3  | 6.0   | 3.9  |
| Operating income                           | 8.8 | 6.5  | 5.0  | 1.0  | 0.2  | 3.3   | -1.9 |
| Recurring income                           | 7.4 | 11.9 | 13.2 | -5.1 | -1.1 | -10.7 | 5.6  |
| Net income                                 | 6.4 | -4.9 | 31.5 | 3.4  | -1.1 | -4.3  | 3.0  |

| Composition                                |       |       |       |       |       | (%)   |       |
|--|-------|-------|-------|-------|-------|-------|-------|
| Net Sales                                  | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Gross profit                               | 46.6  | 46.8  | 47.0  | 46.8  | 46.0  | 46.8  | 46.6  |
| Sales, general, and administrative expense | 16.7  | 16.2  | 15.8  | 16.4  | 16.5  | 19.8  | 20.3  |
| Operating income                           | 29.9  | 30.6  | 31.2  | 30.4  | 29.5  | 27.0  | 26.3  |
| Recurring income                           | 29.3  | 31.5  | 34.7  | 31.7  | 30.5  | 28.4  | 29.7  |
| Net income                                 | 17.1  | 15.6  | 20.0  | 19.9  | 19.1  | 18.7  | 19.0  |

## 6. Statements of Income (Non-Consolidated)

(¥ million)

| FY  | 11/8   | 12/8   | 13/8   | 14/8   | 15/8E  |
|---|--------|--------|--------|--------|--------|
| Net Sales                                   | 14,574 | 15,166 | 15,616 | 16,199 | 16,700 |
| Gross profit                                | 6,464  | 6,794  | 7,031  | 7,270  | 7,363  |
| Sales, general, and administrative expenses | 2,413  | 2,493  | 2,482  | 2,662  | 2,748  |
| Operating income                            | 4,051  | 4,301  | 4,549  | 4,608  | 4,615  |
| Recurring income                            | 3,987  | 4,458  | 5,177  | 4,938  | 4,874  |
| Net income                                  | 2,322  | 2,189  | 3,014  | 3,145  | 3,082  |

| First-half<br>14/8 | First-half<br>15/8 |
|--------------------|--------------------|
| 6,767              | 6,831              |
| 3,032              | 3,053              |
| 1,330              | 1,383              |
| 1,701              | 1,669              |
| 1,902              | 2,005              |
| 1,290              | 1,318              |

### Change over previous year

| Net Sales                                   | 3.6 | 4.1  | 3.0  | 3.7  | 3.1  |
|---|-----|------|------|------|------|
| Gross profit                                | 5.4 | 5.1  | 3.5  | 3.4  | 1.3  |
| Sales, general, and administrative expenses | 1.8 | 3.3  | -0.4 | 7.2  | 3.2  |
| Operating income                            | 7.6 | 6.2  | 5.8  | 1.3  | 0.1  |
| Recurring income                            | 7.2 | 11.8 | 16.1 | -4.6 | -1.3 |
| Net income                                  | 5.9 | -5.7 | 37.7 | 4.4  | -2.0 |

| (%)   | (%)  |
|-------|------|
| 4.8   | 0.9  |
| 4.6   | 0.7  |
| 6.0   | 4.0  |
| 3.5   | -1.9 |
| -10.7 | 5.4  |
| -4.1  | 2.2  |

### Composition

| Net Sales                                   | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
|---|-------|-------|-------|-------|-------|
| Gross profit                                | 44.4  | 44.8  | 45.0  | 44.9  | 44.1  |
| Sales, general, and administrative expenses | 16.6  | 16.4  | 15.9  | 16.4  | 16.5  |
| Operating income                            | 27.8  | 28.4  | 29.1  | 28.5  | 27.6  |
| Recurring income                            | 27.4  | 29.4  | 33.2  | 30.5  | 29.2  |
| Net income                                  | 15.9  | 14.4  | 19.3  | 19.4  | 18.5  |

| (%)   | (%)   |
|-------|-------|
| 100.0 | 100.0 |
| 44.8  | 44.7  |
| 19.7  | 20.3  |
| 25.1  | 24.4  |
| 28.1  | 29.4  |
| 19.1  | 19.3  |

## 7. Indices (Consolidated)

|                            |   | (Unit)      | 10/8    | 11/8    | 12/8                | 13/8  | 14/8    | First-half<br>14/8 | First-half<br>15/8 |
|----------------------------|---|-------------|---------|---------|---------------------|-------|---------|--------------------|--------------------|
| Profitability              | ROE   | (%)         | 8.4     | 8.5     | 7.8                 | 9.7   | 9.5     | -                  | -                  |
|                            | ROA   | (%)         | 12.5    | 13.0    | 14.3                | 15.0  | 13.5    | -                  | -                  |
| ROE resolution             | Return on sales Net income  | (%)         | 16.7    | 17.1    | 15.6                | 20.0  | 19.9    | -                  | -                  |
|                            | Total Assets Turnover   | (Times)     | 0.4     | 0.4     | 0.4                 | 0.4   | 0.4     | -                  | -                  |
|                            | Leverage  | (Times)     | 1.1     | 1.1     | 1.1                 | 1.1   | 1.1     | -                  | -                  |
| Financial stability        | Current Ratio   | (%)         | 743.3   | 799.9   | 749.1               | 768.1 | 802.1   | -                  | -                  |
|                            | Fixed Assets Ratio  | (%)         | 27.1    | 30.4    | 32.8                | 32.1  | 30.1    | -                  | -                  |
|                            | Fixed Assets Ratio to Total of Shareholders' Equity and Long-term Liabilities | (%)         | 26.6    | 29.8    | 32.2                | 31.5  | 29.4    | -                  | -                  |
|                            | Account Receivable Turnover   | (Times)     | 3.3     | 3.4     | 3.6                 | 3.5   | 3.5     | -                  | -                  |
|                            | Inventory Turnover  | (Times)     | 4.7     | 5.0     | 4.7                 | 4.5   | 4.4     | -                  | -                  |
| Per share data             | BPS   | (¥)         | 1,653.9 | 1,732.2 | 902.3               | 966.2 | 1,012.7 | 959.5              | 990.0              |
|                            | EPS   | (¥)         | 135.2   | 144.6   | 68.9                | 90.8  | 94.1    | 36.9               | 38.1               |
|                            | DPS   | (¥)         | -       | -       | -                   | -     | -       | -                  | -                  |
|                            | Payout ratio  | (%)         | 48.1    | 48.4    | 50.8                | 49.5  | 53.1    | -                  | -                  |
| Adjusted<br>Per share data | Free issue/Stock split  |             |         |         | 2011/9/1<br>2-for-1 |       |         | -                  | -                  |
|                            | Adjusted BPS  | (¥)         | 827.0   | 866.1   | -                   | -     | -       | -                  | -                  |
|                            | Adjusted EPS  | (¥)         | 67.6    | 72.3    | -                   | -     | -       | -                  | -                  |
|                            | Adjusted DPS  | (¥)         | -       | -       | -                   | -     | -       | -                  | -                  |
| Others                     | Capital expenditure   | (¥ million) | 209     | 2,949   | 285                 | 925   | 801     | 697                | 48                 |
|                            | Depreciation  | (¥ million) | 278     | 280     | 270                 | 256   | 335     | 147                | 176                |
|                            | Number of employees   | (Persons)   | 488     | 490     | 501                 | 499   | 501     | 502                | 497                |
|                            | Personnel expense   | (¥ million) | 2,147   | 2,190   | 2,235               | 2,245 | 2,305   | 1,149              | 1,158              |

(Note1) Ratio of Fixed Assets to Total of Shareholders' Equity and Long-term Liabilities = Fixed Assets/ (Total shareholders' equity + Long-term Liabilities)

(Note2) Each of the balance sheet items used in the turnover figures is the average of the balances at the beginning and the end of the financial year.

## 8. Indices (Non-Consolidated)

|                            |   | (Unit)      | 10/8    | 11/8    | 12/8                | 13/8  | 14/8  | First-half<br>14/8 | First-half<br>15/8 |
|----------------------------|---|-------------|---------|---------|---------------------|-------|-------|--------------------|--------------------|
| Profitability              | ROE   | (%)         | 8.4     | 8.6     | 7.8                 | 10.3  | 10.1  | -                  | -                  |
|                            | ROA   | (%)         | 12.7    | 13.1    | 14.1                | 15.7  | 14.2  | -                  | -                  |
| ROE resolution             | Return on sales Net income  | (%)         | 15.6    | 15.9    | 14.4                | 19.3  | 19.4  | -                  | -                  |
|                            | Total AssetsTurnover  | (Times)     | 0.5     | 0.5     | 0.5                 | 0.5   | 0.5   | -                  | -                  |
|                            | Leverage  | (Times)     | 1.1     | 1.1     | 1.1                 | 1.1   | 1.1   | -                  | -                  |
| Financial stability        | Current Ratio   | (%)         | 743.5   | 716.3   | 671.0               | 706.1 | 735.8 | -                  | -                  |
|                            | Fixed Assets Ratio  | (%)         | 28.7    | 32.4    | 35.2                | 34.4  | 31.9  | -                  | -                  |
|                            | Fixed Assets Ratio to Total of Shareholders' Equity and Long-term Liabilities | (%)         | 28.3    | 31.9    | 34.8                | 34.0  | 31.5  | -                  | -                  |
|                            | Account Receivable Turnover   | (Times)     | 3.3     | 3.4     | 3.6                 | 3.5   | 3.5   | -                  | -                  |
|                            | Inventory Turnover  | (Times)     | 5.6     | 6.1     | 5.8                 | 5.6   | 5.4   | -                  | -                  |
| Per share data             | BPS   | (¥)         | 1,528.7 | 1,597.0 | 828.6               | 883.7 | 931.9 | 877.7              | 904.9              |
|                            | EPS   | (¥)         | 126.5   | 134.6   | 63.6                | 87.8  | 91.9  | 37.7               | 38.5               |
|                            | DPS   | (¥)         | 65.0    | 70.0    | 35.0                | 45.0  | 50.0  | -                  | -                  |
|                            | Payout ratio  | (%)         | 51.4    | 52.0    | 55.1                | 51.3  | 54.4  | -                  | -                  |
| Adjusted<br>Per share data | Free issue/Stock split  |             |         |         | 2011/9/1<br>2-for-1 |       |       | -                  | -                  |
|                            | Adjusted BPS  | (¥)         | 764.3   | 798.5   | -                   | -     | -     | -                  | -                  |
|                            | Adjusted EPS  | (¥)         | 63.2    | 67.3    | -                   | -     | -     | -                  | -                  |
|                            | Adjusted DPS  | (¥)         | 32.5    | 35.0    | -                   | -     | -     | -                  | -                  |
| Others                     | Capital expenditure   | (¥ million) | 175     | 2,913   | 261                 | 846   | 772   | 671                | 38                 |
|                            | Depreciation  | (¥ million) | 234     | 233     | 233                 | 214   | 295   | 126                | 160                |
|                            | Number of employees   | (Persons)   | 109     | 108     | 106                 | 110   | 112   | 111                | 111                |
|                            | Personnel expense   | (¥ million) | 980     | 996     | 999                 | 1,007 | 1,051 | 528                | 555                |

(Note1) Ratio of Fixed Assets to Total of Shareholders' Equity and Long-term Liabilities = Fixed Assets/ (Total shareholders' equity + Long-term Liabilities)

(Note2) Each of the balance sheet items used in the turnover figures is the average of the balances at the beginning and the end of the financial year.

## 9. Statements of Income (Consolidated)

(¥ million,%)

| FY  | 13/8   |             | 14/8   |             | Change(the previous year) |          |
|---|--------|-------------|--------|-------------|---------------------------|----------|
|   | Result | Composition | Result | Composition | Result                    | Change % |
| Net Sales                                   | 15,625 | 100.0       | 16,214 | 100.0       | 589                       | 3.8      |
| Cost of sales                               | 8,278  | 53.0        | 8,628  | 53.2        | 349                       | 4.2      |
| Gross profit                                | 7,346  | 47.0        | 7,585  | 46.8        | 239                       | 3.3      |
| Sales, general, and administrative expenses | 2,473  | 15.8        | 2,662  | 16.4        | 189                       | 7.7      |
| Packing and freight expenses                | 222    |             | 227    |             |                           |          |
| Advertising expenses                        | 235    |             | 263    |             |                           |          |
| Personnel expenses                          | 1,178  |             | 1,225  |             |                           |          |
| Management commission expense               | 128    |             | 123    |             |                           |          |
| Depreciation expenses                       | 156    |             | 237    |             |                           |          |
| Operating income                            | 4,873  | 31.2        | 4,923  | 30.4        | 49                        | 1.0      |
| Non-operating income                        | 621    | 4.0         | 261    | 1.6         | -359                      | -57.9    |
| Interest income                             | 19     |             | 16     |             |                           |          |
| Rent income                                 | 59     |             | 58     |             |                           |          |
| Others                                      | 542    |             | 187    |             |                           |          |
| Non-operating expense                       | 76     | 0.5         | 42     | 0.3         | -34                       | -45.0    |
| Fixed assets rent expense                   | 40     |             | 39     |             |                           |          |
| Others                                      | 36     |             | 2      |             |                           |          |
| Recurring income                            | 5,418  | 34.7        | 5,142  | 31.7        | -275                      | -5.1     |
| Extraordinary profit                        | -      | 0.0         | 115    | 0.7         | 115                       | -        |
| Extraordinary loss                          | 344    | 2.2         | 26     | 0.2         | -318                      | -92.3    |
| Income before income taxes                  | 5,073  | 32.5        | 5,231  | 32.3        | 158                       | 3.1      |
| Income, inhabitant and enterprise taxes     | 2,074  |             | 1,902  |             |                           |          |
| Tax adjustments                             | -120   |             | 104    |             |                           |          |
| Net income                                  | 3,119  | 20.0        | 3,224  | 19.9        | 104                       | 3.4      |

(¥ million,%)

| First-half 14/8 |             | First-half 15/8 |             | Change(the previous year) |          |
|-----------------|-------------|-----------------|-------------|---------------------------|----------|
| Result          | Composition | Result          | Composition | Result                    | Change % |
| 6,775           | 100.0       | 6,840           | 100.0       | 64                        | 1.0      |
| 3,606           | 53.2        | 3,652           | 53.4        | 46                        | 1.3      |
| 3,169           | 46.8        | 3,187           | 46.6        | 18                        | 0.6      |
| 1,337           | 19.8        | 1,390           | 20.3        | 52                        | 3.9      |
| 101             |             | 101             |             |                           |          |
| 181             |             | 202             |             |                           |          |
| 613             |             | 644             |             |                           |          |
| 60              |             | 64              |             |                           |          |
| 98              |             | 133             |             |                           |          |
| 1,831           | 27.0        | 1,797           | 26.3        | -33                       | -1.9     |
| 115             | 1.7         | 273             | 4.0         | 157                       | 136.4    |
| 8               |             | 8               |             |                           |          |
| 29              |             | 28              |             |                           |          |
| 77              |             | 236             |             |                           |          |
| 21              | 0.3         | 38              | 0.6         | 16                        | 74.3     |
| 19              |             | 18              |             |                           |          |
| 2               |             | 19              |             |                           |          |
| 1,925           | 28.4        | 2,033           | 29.7        | 107                       | 5.6      |
| 115             | 1.7         | 0               | 0.0         | -114                      | -99.8    |
| 0               | 0.0         | 1               | 0.0         | 0                         | 94.2     |
| 2,039           | 30.1        | 2,031           | 29.7        | -8                        | -0.4     |
| 622             |             | 703             |             |                           |          |
| 152             |             | 25              |             |                           |          |
| 1,264           | 18.7        | 1,302           | 19.0        | 37                        | 3.0      |

## 10. Statements of Income (Non-Consolidated)

(¥ million,%)

| FY  | 13/8   |             | 14/8   |             | Change(the previous year) |          |
|---|--------|-------------|--------|-------------|---------------------------|----------|
|   | Result | Composition | Result | Composition | Result                    | Change % |
| Net Sales                                   | 15,616 | 100.0       | 16,199 | 100.0       | 582                       | 3.7      |
| Cost of sales                               | 8,584  | 55.0        | 8,928  | 55.1        | 343                       | 4.0      |
| Gross profit                                | 7,031  | 45.0        | 7,270  | 44.9        | 238                       | 3.4      |
| Sales, general, and administrative expenses | 2,482  | 15.9        | 2,662  | 16.4        | 179                       | 7.2      |
| Packing and freight expenses                | 433    |             | 435    |             |                           |          |
| Advertising expenses                        | 234    |             | 262    |             |                           |          |
| Personnel expenses                          | 1,007  |             | 1,051  |             |                           |          |
| Management commission expenses              | 130    |             | 126    |             |                           |          |
| Depreciation expenses                       | 153    |             | 235    |             |                           |          |
| Operating income                            | 4,549  | 29.1        | 4,608  | 28.5        | 58                        | 1.3      |
| Non-operating income                        | 747    | 4.8         | 415    | 2.5         | -332                      | -44.4    |
| Interest income                             | 17     |             | 15     |             |                           |          |
| Dividend income                             | 99     |             | 107    |             |                           |          |
| Rent income                                 | 128    |             | 126    |             |                           |          |
| Others                                      | 502    |             | 166    |             |                           |          |
| Non-operating expense                       | 119    | 0.7         | 86     | 0.5         | -33                       | -28.3    |
| Fixed assets rent expense                   | 77     |             | 77     |             |                           |          |
| Others                                      | 42     |             | 8      |             |                           |          |
| Recurring income                            | 5,177  | 33.2        | 4,938  | 30.5        | -239                      | -4.6     |
| Extraordinary profit                        | -      | 0.0         | 115    | 0.7         | 115                       | -        |
| Extraordinary loss                          | 343    | 2.2         | 26     | 0.2         | -316                      | -92.3    |
| Income before income taxes                  | 4,834  | 31.0        | 5,027  | 31.0        | 192                       | 4.0      |
| Income, inhabitant and enterprise taxes     | 1,951  |             | 1,763  |             |                           |          |
| Tax adjustments                             | -131   |             | 117    |             |                           |          |
| Net income                                  | 3,014  | 19.3        | 3,145  | 19.4        | 131                       | 4.4      |

(¥ million,%)

| First-half 14/8 |             | First-half 15/8 |             | Change(the previous year) |          |
|-----------------|-------------|-----------------|-------------|---------------------------|----------|
| Result          | Composition | Result          | Composition | Result                    | Change % |
| 6,767           | 100.0       | 6,831           | 100.0       | 64                        | 0.9      |
| 3,734           | 55.2        | 3,778           | 55.3        | 43                        | 1.2      |
| 3,032           | 44.8        | 3,053           | 44.7        | 20                        | 0.7      |
| 1,330           | 19.7        | 1,383           | 20.3        | 52                        | 4.0      |
| 197             |             | 200             |             |                           |          |
| 181             |             | 202             |             |                           |          |
| 528             |             | 555             |             |                           |          |
| 61              |             | 66              |             |                           |          |
| 97              |             | 132             |             |                           |          |
| 1,701           | 25.1        | 1,669           | 24.4        | -32                       | -1.9     |
| 241             | 3.6         | 392             | 5.8         | 151                       | 62.9     |
| 7               |             | 6               |             |                           |          |
| 102             |             | 94              |             |                           |          |
| 63              |             | 62              |             |                           |          |
| 66              |             | 229             |             |                           |          |
| 40              | 0.6         | 57              | 0.8         | 16                        | 40.4     |
| 38              |             | 36              |             |                           |          |
| 2               |             | 20              |             |                           |          |
| 1,902           | 28.1        | 2,005           | 29.4        | 103                       | 5.4      |
| 115             | 1.7         | 0               | 0.0         | -114                      | -99.8    |
| 0               | 0.0         | 1               | 0.1         | 1                         | 116.3    |
| 2,016           | 29.8        | 2,003           | 29.3        | -12                       | -0.6     |
| 562             |             | 647             |             |                           |          |
| 163             |             | 37              |             |                           |          |
| 1,290           | 19.1        | 1,318           | 19.3        | 27                        | 2.2      |

## 11. Balance Sheet (Consolidated)

| FY                                  | 13/8          |              | 14/8          |              | Change(the previous year) |            |
|-------------------------------------|---------------|--------------|---------------|--------------|---------------------------|------------|
|                                     | Result        | Composition  | Result        | Composition  | Result                    | Change %   |
| Current assets                      | 26,247        | 70.8         | 29,589        | 75.6         | 3,342                     | 12.7       |
| Cash on hand and at banks           | 17,456        |              | 19,054        |              |                           |            |
| Trade notes and accounts receivable | 4,622         |              | 4,696         |              |                           |            |
| Securities                          | 216           |              | 1,516         |              |                           |            |
| Inventories                         | 3,524         |              | 3,835         |              |                           |            |
| Others                              | 428           |              | 488           |              |                           |            |
| Reserve bad debt                    | 0             |              | -1            |              |                           |            |
| Fixed assets                        | 10,807        | 29.2         | 9,560         | 24.4         | -1,246                    | -11.5      |
| Tangible fixed assets               | 7,639         | 20.6         | 7,837         | 20.0         | 197                       | 2.6        |
| Buildings and structures            | 1,645         |              | 2,570         |              |                           |            |
| Machinery and equipment             | 476           |              | 594           |              |                           |            |
| Land                                | 4,692         |              | 4,480         |              |                           |            |
| Construction in progress            | 768           |              | -             |              |                           |            |
| Others                              | 57            |              | 192           |              |                           |            |
| Intangible fixed asset              | 88            | 0.3          | 71            | 0.2          | -16                       | -18.5      |
| Investments and other assets        | 3,079         | 8.3          | 1,651         | 4.2          | -1,428                    | -46.4      |
| Investment securities               | 1,753         |              | 537           |              |                           |            |
| Others                              | 1,327         |              | 1,116         |              |                           |            |
| Reserve bad debt                    | -1            |              | -3            |              |                           |            |
| <b>Total assets</b>                 | <b>37,054</b> | <b>100.0</b> | <b>39,150</b> | <b>100.0</b> | <b>2,095</b>              | <b>5.7</b> |

|   |               |              |               |              |              |             |
|---|---------------|--------------|---------------|--------------|--------------|-------------|
| Current liabilities                           | 3,356         | 9.1          | 3,605         | 9.2          | 248          | 7.4         |
| Trade notes and accounts payable              | 1,385         |              | 1,517         |              |              |             |
| Accrued income taxes                          | 1,344         |              | 1,333         |              |              |             |
| Accrued bonus                                 | 82            |              | 81            |              |              |             |
| Others  | 544           |              | 671           |              |              |             |
| Long-term liabilities                         | 610           | 1.6          | 863           | 2.2          | 253          | 41.5        |
| Accrued pension and severance costs           | 343           |              | 580           |              |              |             |
| Directors' retirement allowances              | 168           |              | 180           |              |              |             |
| Others  | 98            |              | 101           |              |              |             |
| <b>Total liabilities</b>                      | <b>3,966</b>  | <b>10.7</b>  | <b>4,468</b>  | <b>11.4</b>  | <b>502</b>   | <b>12.7</b> |
| Total shareholders' equity                    | 32,768        | 88.4         | 34,450        | 88.0         | 1,682        | 5.1         |
| Capital stock                                 | 1,925         |              | 1,925         |              |              |             |
| Capital reserves                              | 2,358         |              | 2,358         |              |              |             |
| Retained earnings                             | 31,886        |              | 33,569        |              |              |             |
| Treasury stock                                | -3,401        |              | -3,402        |              |              |             |
| Valuation and translation adjustments         | 320           | 0.9          | 231           | 0.6          | -89          | -27.9       |
| Net unrealized gains on investment securities | 78            |              | 137           |              |              |             |
| Deferred hedging gains and losses             | 241           |              | 208           |              |              |             |
| Accumulated pension and severance costs       | -             |              | -114          |              |              |             |
| <b>Total net assets</b>                       | <b>33,088</b> | <b>89.3</b>  | <b>34,681</b> | <b>88.6</b>  | <b>1,593</b> | <b>4.8</b>  |
| <b>Total liabilities and total net assets</b> | <b>37,054</b> | <b>100.0</b> | <b>39,150</b> | <b>100.0</b> | <b>2,095</b> | <b>5.7</b>  |

| (¥ million,%)   |             |                 |             |                           |          |
|-----------------|-------------|-----------------|-------------|---------------------------|----------|
| First-half 14/8 |             | First-half 15/8 |             | Change(the previous year) |          |
| Result          | Composition | Result          | Composition | Result                    | Change % |
| 25,144          | 69.7        | 27,177          | 74.0        | 2,033                     | 8.1      |
| 16,016          |             | 15,510          |             |                           |          |
| 4,106           |             | 4,710           |             |                           |          |
| 216             |             | 1,517           |             |                           |          |
| 4,330           |             | 4,860           |             |                           |          |
| 474             |             | 579             |             |                           |          |
| 0               |             | -1              |             |                           |          |
| 10,951          | 30.3        | 9,537           | 26.0        | -1,413                    | -12.9    |
| 7,914           | 21.9        | 7,709           | 21.0        | -205                      | -2.6     |
| 2,647           |             | 2,502           |             |                           |          |
| 577             |             | 543             |             |                           |          |
| 4,480           |             | 4,480           |             |                           |          |
| -               |             | 6               |             |                           |          |
| 208             |             | 176             |             |                           |          |
| 85              | 0.2         | 70              | 0.2         | -14                       | -17.1    |
| 2,951           | 8.2         | 1,757           | 4.8         | -1,193                    | -40.4    |
| 1,820           |             | 573             |             |                           |          |
| 1,132           |             | 1,187           |             |                           |          |
| -1              |             | -3              |             |                           |          |
| 36,095          | 100.0       | 36,715          | 100.0       | 620                       | 1.7      |

|        |       |        |       |     |      |
|--------|-------|--------|-------|-----|------|
| 2,585  | 7.2   | 2,875  | 7.9   | 289 | 11.2 |
| 1,570  |       | 1,658  |       |     |      |
| 610    |       | 694    |       |     |      |
| 77     |       | 76     |       |     |      |
| 327    |       | 446    |       |     |      |
| 650    | 1.8   | 924    | 2.5   | 273 | 42.0 |
| 376    |       | 631    |       |     |      |
| 174    |       | 189    |       |     |      |
| 99     |       | 102    |       |     |      |
| 3,236  | 9.0   | 3,800  | 10.4  | 563 | 17.4 |
| 32,491 | 90.0  | 32,498 | 88.5  | 7   | 0.0  |
| 1,925  |       | 1,925  |       |     |      |
| 2,358  |       | 2,358  |       |     |      |
| 31,609 |       | 33,117 |       |     |      |
| -3,401 |       | -4,902 |       |     |      |
| 367    | 1.0   | 416    | 1.1   | 49  | 13.6 |
| 121    |       | 160    |       |     |      |
| 245    |       | 363    |       |     |      |
|        |       | -106   |       |     |      |
| 32,858 | 91.0  | 32,915 | 89.6  | 57  | 0.2  |
| 36,095 | 100.0 | 36,715 | 100.0 | 620 | 1.7  |

## 12. Balance Sheet(Non-Consolidated)

(¥ million,%)

| FY                           | 13/8          |              | 14/8          |              | Change(the previous year) |            |
|------------------------------|---------------|--------------|---------------|--------------|---------------------------|------------|
|                              | Result        | Composition  | Result        | Composition  | Result                    | Change %   |
| Current assets               | 23,325        | 68.8         | 26,568        | 74.1         | 3,242                     | 13.9       |
| Cash on hand and at banks    | 15,347        |              | 16,888        |              |                           |            |
| Trade notes                  | 3,051         |              | 2,984         |              |                           |            |
| Accounts receivable          | 1,570         |              | 1,710         |              |                           |            |
| Securities                   | 216           |              | 1,516         |              |                           |            |
| Inventories                  | 2,812         |              | 3,122         |              |                           |            |
| Others                       | 327           |              | 347           |              |                           |            |
| Reserve bad debt             | 0             |              | -1            |              |                           |            |
| Fixed assets                 | 10,559        | 31.2         | 9,286         | 25.9         | -1,273                    | -12.1      |
| Tangible fixed assets        | 7,532         | 22.2         | 7,740         | 21.6         | 207                       | 2.8        |
| Buildings and structures     | 1,603         |              | 2,522         |              |                           |            |
| Machinery and equipment      | 362           |              | 483           |              |                           |            |
| Land                         | 4,692         |              | 4,480         |              |                           |            |
| Construction in progress     | 768           |              | -             |              |                           |            |
| Others                       | 105           |              | 253           |              |                           |            |
| Intangible fixed asset       | 82            | 0.3          | 67            | 0.2          | -15                       | -18.5      |
| Investments and other assets | 2,945         | 8.7          | 1,479         | 4.1          | -1,466                    | -49.8      |
| Investment securities        | 1,753         |              | 537           |              |                           |            |
| Others                       | 1,193         |              | 944           |              |                           |            |
| Reserve bad debt             | -1            |              | -3            |              |                           |            |
| <b>Total assets</b>          | <b>33,885</b> | <b>100.0</b> | <b>35,855</b> | <b>100.0</b> | <b>1,969</b>              | <b>5.8</b> |

|   |               |              |               |              |              |            |
|---|---------------|--------------|---------------|--------------|--------------|------------|
| Current liabilities                           | 3,245         | 9.6          | 3,535         | 9.9          | 290          | 9.0        |
| Trade notes                                   | 822           |              | 899           |              |              |            |
| Accounts payable                              | 717           |              | 843           |              |              |            |
| Accrued income taxes                          | 1,273         |              | 1,251         |              |              |            |
| Others  | 432           |              | 541           |              |              |            |
| Long-term liabilities                         | 377           | 1.1          | 404           | 1.1          | 27           | 7.2        |
| Accrued pension and severance costs           | 134           |              | 148           |              |              |            |
| Directors' retirement allowances              | 144           |              | 154           |              |              |            |
| Others  | 98            |              | 101           |              |              |            |
| <b>Total liabilities</b>                      | <b>3,622</b>  | <b>10.7</b>  | <b>3,940</b>  | <b>11.0</b>  | <b>317</b>   | <b>8.8</b> |
| Total shareholders' equity                    | 30,120        | 88.9         | 31,725        | 88.5         | 1,604        | 5.3        |
| Capital stock                                 | 1,925         |              | 1,925         |              |              |            |
| Capital reserves                              | 2,637         |              | 2,637         |              |              |            |
| Retained earnings                             | 28,959        |              | 30,564        |              |              |            |
| Treasury stock                                | -3,401        |              | -3,402        |              |              |            |
| Valuation and translation adjustments         | 142           | 0.4          | 190           | 0.5          | 47           | 33.0       |
| Net unrealized gains on investment securities | 78            |              | 137           |              |              |            |
| Deferred hedging gains and losses             | 64            |              | 52            |              |              |            |
| <b>Total net assets</b>                       | <b>30,263</b> | <b>89.3</b>  | <b>31,915</b> | <b>89.0</b>  | <b>1,651</b> | <b>5.5</b> |
| <b>Total liabilities and total net assets</b> | <b>33,885</b> | <b>100.0</b> | <b>35,855</b> | <b>100.0</b> | <b>1,969</b> | <b>5.8</b> |

(¥ million,%)

| First-half 14/8 |              | First-half 15/8 |              | Change(the previous year) |            |
|-----------------|--------------|-----------------|--------------|---------------------------|------------|
| Result          | Composition  | Result          | Composition  | Result                    | Change %   |
| 22,212          | 67.5         | 24,115          | 72.4         | 1,902                     | 8.6        |
| 14,085          |              | 13,550          |              |                           |            |
| 1,836           |              | 1,928           |              |                           |            |
| 2,268           |              | 2,781           |              |                           |            |
| 216             |              | 1,517           |              |                           |            |
| 3,449           |              | 3,978           |              |                           |            |
| 356             |              | 360             |              |                           |            |
| 0               |              | -1              |              |                           |            |
| 10,703          | 32.5         | 9,184           | 27.6         | -1,519                    | -14.2      |
| 7,800           | 23.7         | 7,618           | 22.9         | -182                      | -2.3       |
| 2,596           |              | 2,452           |              |                           |            |
| 455             |              | 439             |              |                           |            |
| 4,480           |              | 4,480           |              |                           |            |
| -               |              | 6               |              |                           |            |
| 268             |              | 240             |              |                           |            |
| 80              | 0.2          | 66              | 0.2          | -13                       | -16.9      |
| 2,822           | 8.6          | 1,499           | 4.5          | -1,323                    | -46.9      |
| 1,820           |              | 573             |              |                           |            |
| 1,003           |              | 928             |              |                           |            |
| -1              |              | -3              |              |                           |            |
| <b>32,916</b>   | <b>100.0</b> | <b>33,299</b>   | <b>100.0</b> | <b>383</b>                | <b>1.2</b> |

|               |              |               |              |            |             |
|---------------|--------------|---------------|--------------|------------|-------------|
| 2,468         | 7.5          | 2,809         | 8.4          | 341        | 13.8        |
| 919           |              | 1,014         |              |            |             |
| 755           |              | 864           |              |            |             |
| 550           |              | 637           |              |            |             |
| 243           |              | 293           |              |            |             |
| 390           | 1.2          | 403           | 1.2          | 13         | 3.4         |
| 141           |              | 139           |              |            |             |
| 149           |              | 161           |              |            |             |
| 99            |              | 102           |              |            |             |
| <b>2,859</b>  | <b>8.7</b>   | <b>3,213</b>  | <b>9.6</b>   | <b>354</b> | <b>12.4</b> |
| <b>29,870</b> | <b>90.7</b>  | <b>29,835</b> | <b>89.6</b>  | <b>-34</b> | <b>-0.1</b> |
| 1,925         |              | 1,925         |              |            |             |
| 2,637         |              | 2,637         |              |            |             |
| 28,709        |              | 30,174        |              |            |             |
| -3,401        |              | -4,902        |              |            |             |
| 186           | 0.6          | 251           | 0.8          | 64         | 34.5        |
| 121           |              | 160           |              |            |             |
| 65            |              | 90            |              |            |             |
| <b>30,056</b> | <b>91.3</b>  | <b>30,086</b> | <b>90.4</b>  | <b>29</b>  | <b>0.1</b>  |
| <b>32,916</b> | <b>100.0</b> | <b>33,299</b> | <b>100.0</b> | <b>383</b> | <b>1.2</b>  |