



Presentation Material: Announcement of FY 2014 Interim Results

November 19, 2014

I . Interim Results Outline

1. Outline of Consolidated Results for Interim Period Ended September 2014



(Units: millions of yen)

	2014/9 (Actual Results)	2013/9 (Actual Results)	<i>Change From Prev. Period</i>	2014/9 (Previous Forecast)	<i>Compared To Revised Plan</i>
Net Sales	60,377	59,876	0.8%	63,000	△4.2%
Operating Income	2,517	3,764	△33.1%	3,400	△26.0%
Ordinary Income	2,316	3,563	△35.0%	3,200	△27.6%
Interim Net Income	725	2,119	△65.8%	1,900	△61.8%
Interim Net Income Per Share	16.78yen	45.49yen	△63.1%	40.78yen	△58.9%

* Previous Forecast: Announced May 8, 2014



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キッチンから、笑顔をつくろう

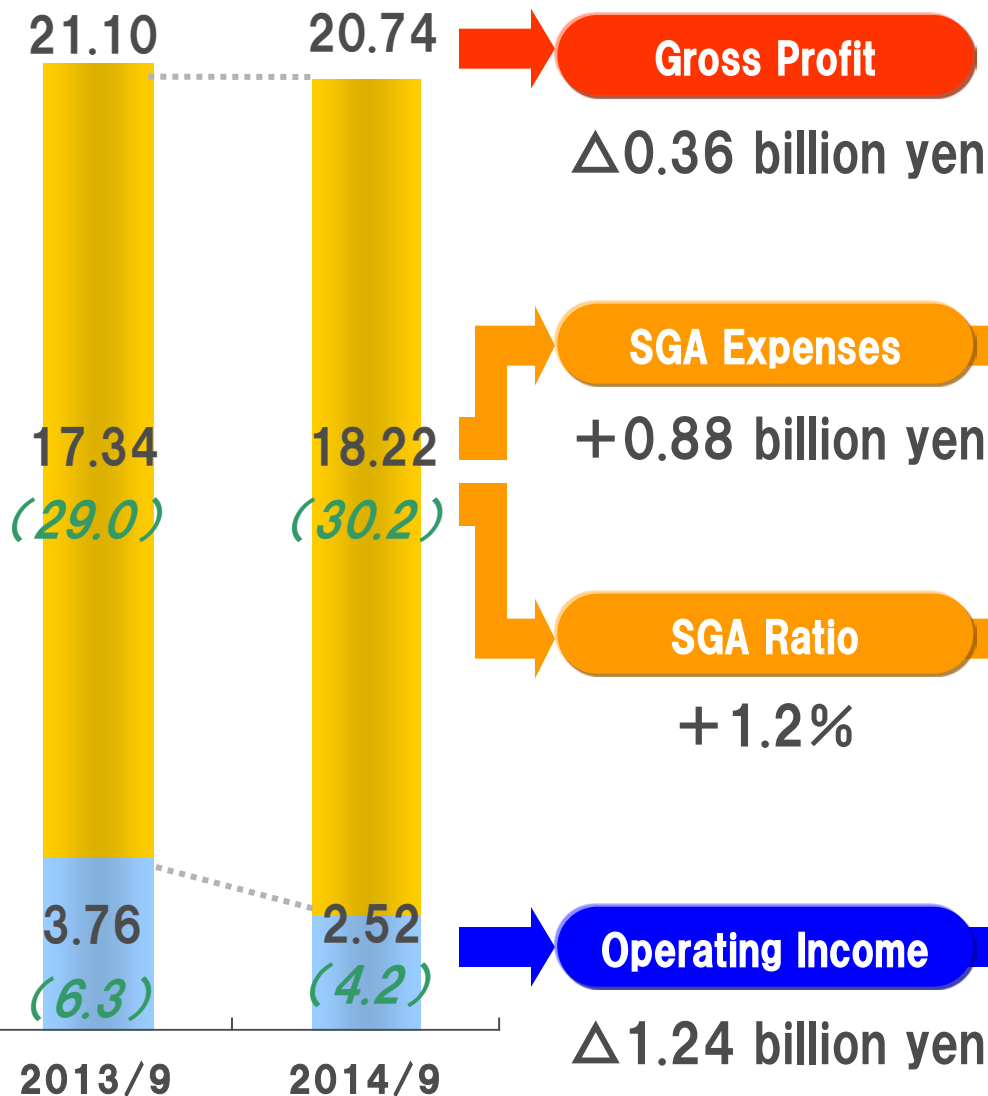
【Main Increase/Decrease Factors】



2. Consolidated Profits ② SGA Expenses, Operating Income

(Units: billions of yen)

【Increased/Decreased Values (Rates)】



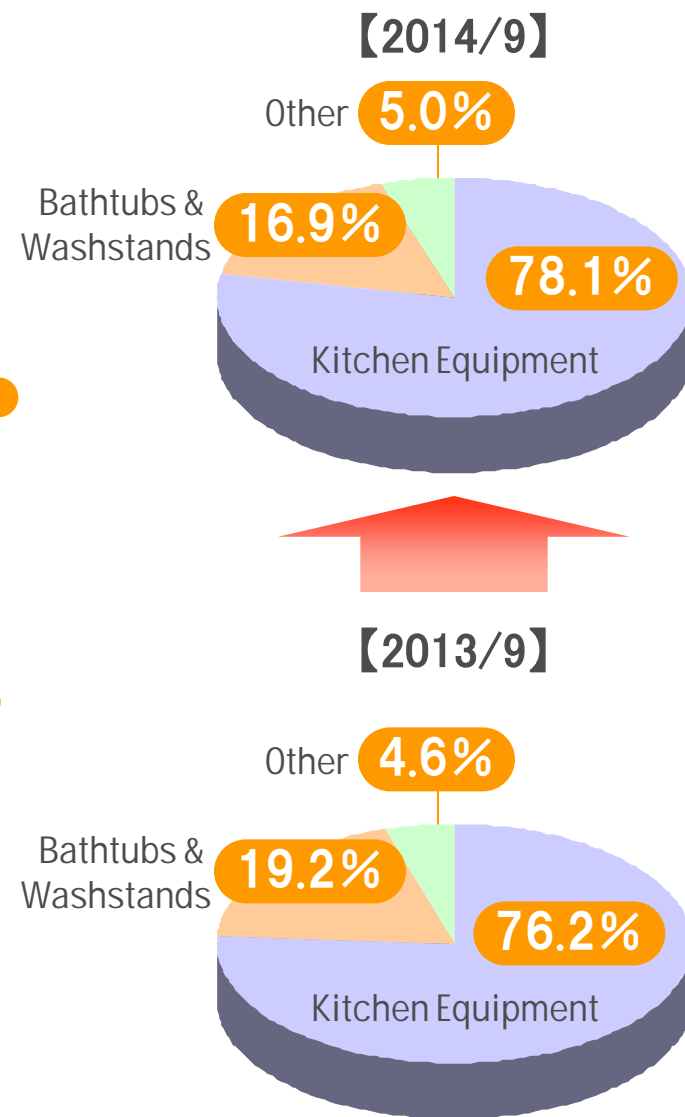
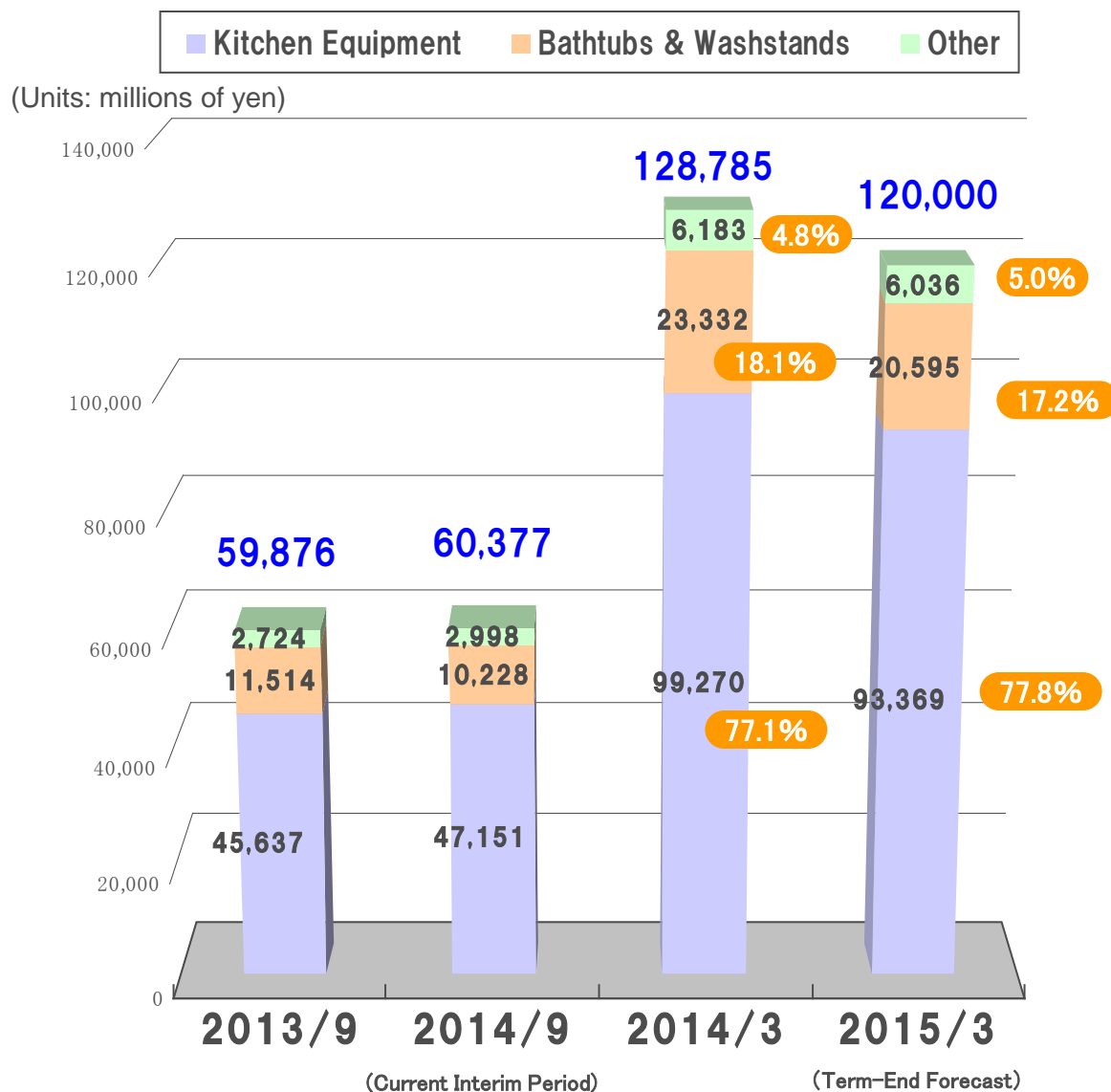
【 Main Increase/Decrease Factors 】

● Sales Expenses	+ 140 million yen
● Distribution Expenses	+ 330 million yen
● Personnel Expenses	+ 270 million yen
● Administrative Expenses	+ 140 million yen

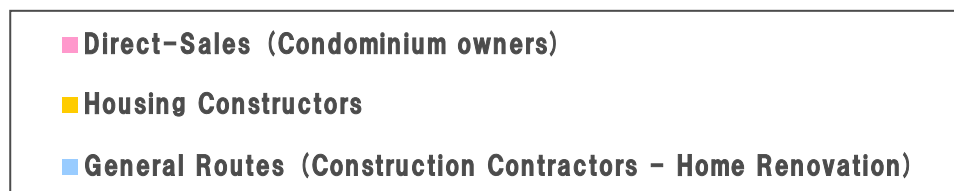
● Sales Expenses	+ 0.2 points
● Distribution Expenses	+ 0.5 points
● Personnel Expenses	+ 0.3 points
● Administrative Expenses	+ 0.2 points

● Decrease in Gross profit	Δ 360 million yen
● Change in SGA Expenses	Δ 880 million yen

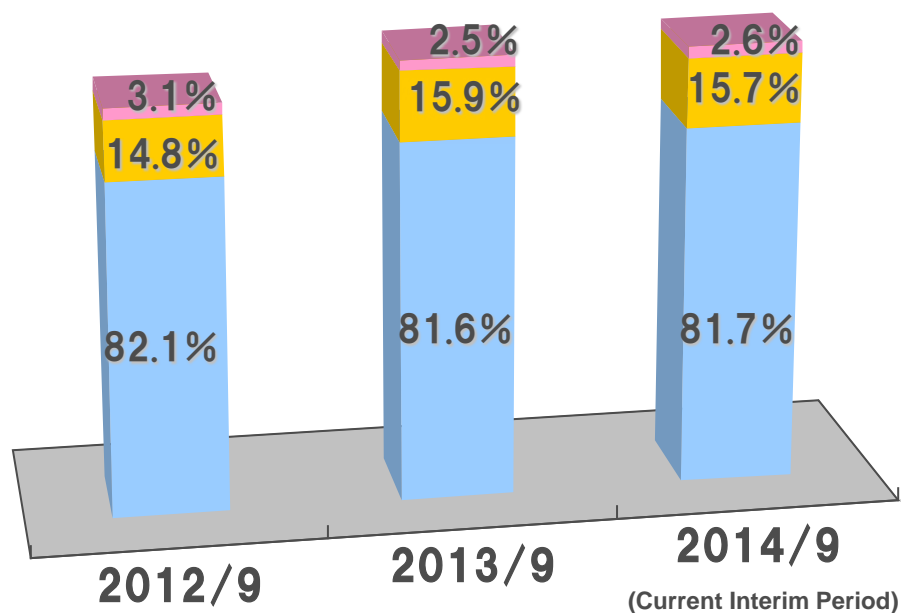
3. Sales Composition ① By Segment (Consolidated)



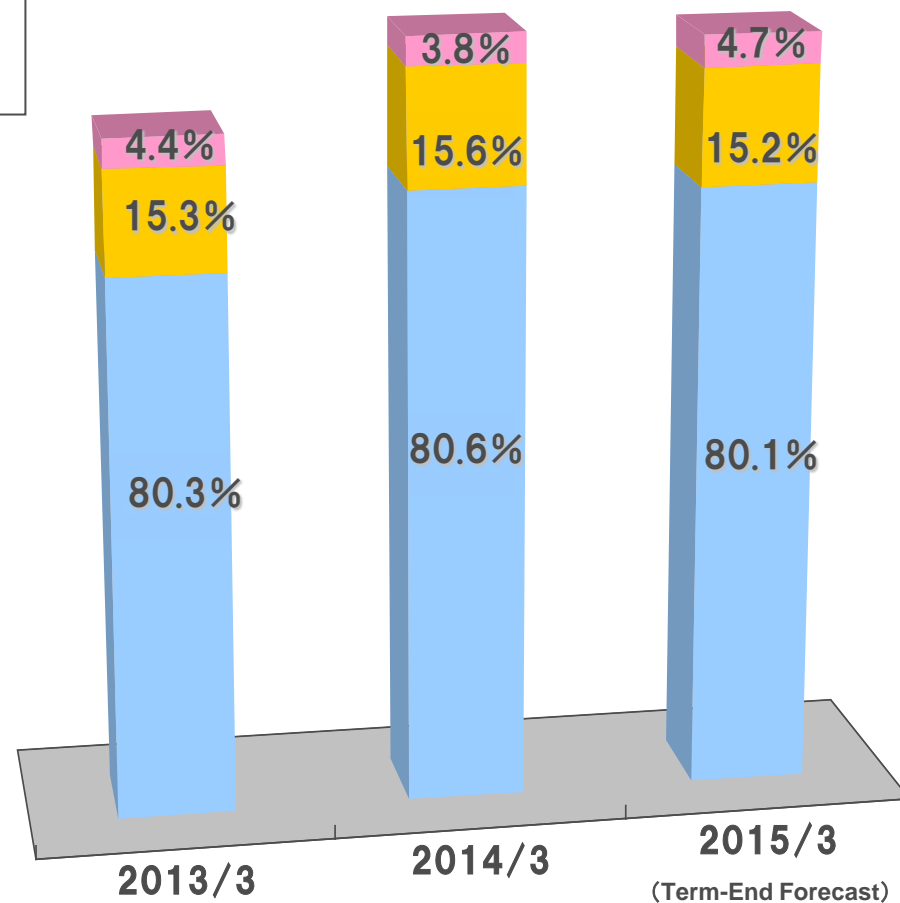
3. Sales Composition ② By Sales Route (Non-Consolidated)



【First-Half Base】



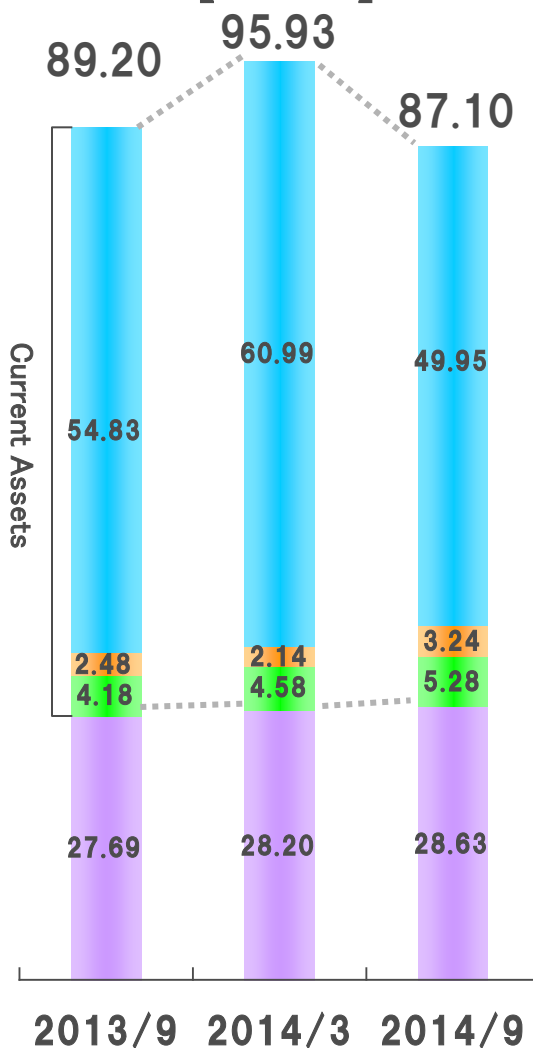
【Full-Term Base】



4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

【Assets】



【Increased/Decreased Values】

Total Assets

△8.82 billion yen

Cash and Deposits Notes and Accounts Electronically Recorded Monetary Claims

△11.04 billion yen

Inventory

+ 1.10 billion yen

Other Current Assets

+ 0.69 billion yen

Fixed Assets

+ 0.43 billion yen

【 Main Increase/Decrease Factors 】

- Current Assets △ 9,250 million yen
- Fixed Assets + 430 million yen

- Cash and Deposits △ 6,640 million yen
- Notes and Accounts Receivable △ 7,520 million yen
- Electronically Recorded Monetary Claims + 3,120 million yen

- Increase in Direct-Sales Inventory

- Increase in Securities + 700 million yen

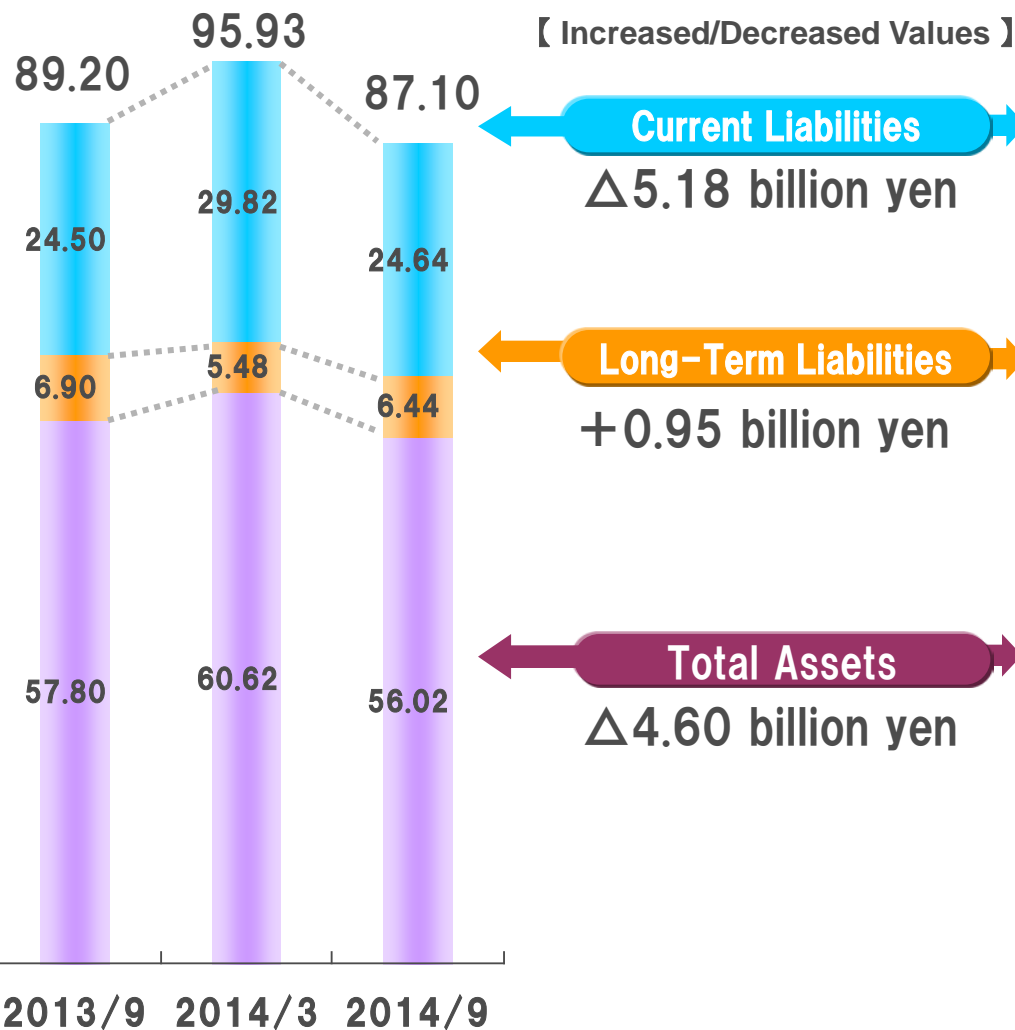
- Tangible Fixed Assets + 2,60 million yen
- Intangible Fixed Assets △ 30 million yen
- Securities Investments + 200 million yen

4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

【Liabilities・Minority Interests・Assets】

【 Increased/Decreased Values 】



【Primary Reasons for Increase/Decrease】

Short-term Borrowing	+ 300 million yen
Accounts Payable-Trade	Δ 1,390million yen
Accounts Payable-Other	Δ 1,740 million yen
Income Taxes Payable	Δ 2,590 million yen

Long-term Borrowing	Δ 800 million yen
Provision of allowance for Loss on Dissolved Welfare Pension Fund	+ 890 million yen
Net Defined Benefit Liability	+ 840 million yen

Interim Net Income	+ 720 million yen
Dividends	Δ 690 million yen
Purchase of Treasury Shares	Δ 4,080 million yen
Decrease in Retained Earnings at Beginning of Period	Δ 600 million yen

5. Consolidated Cash Flow Statement Summary

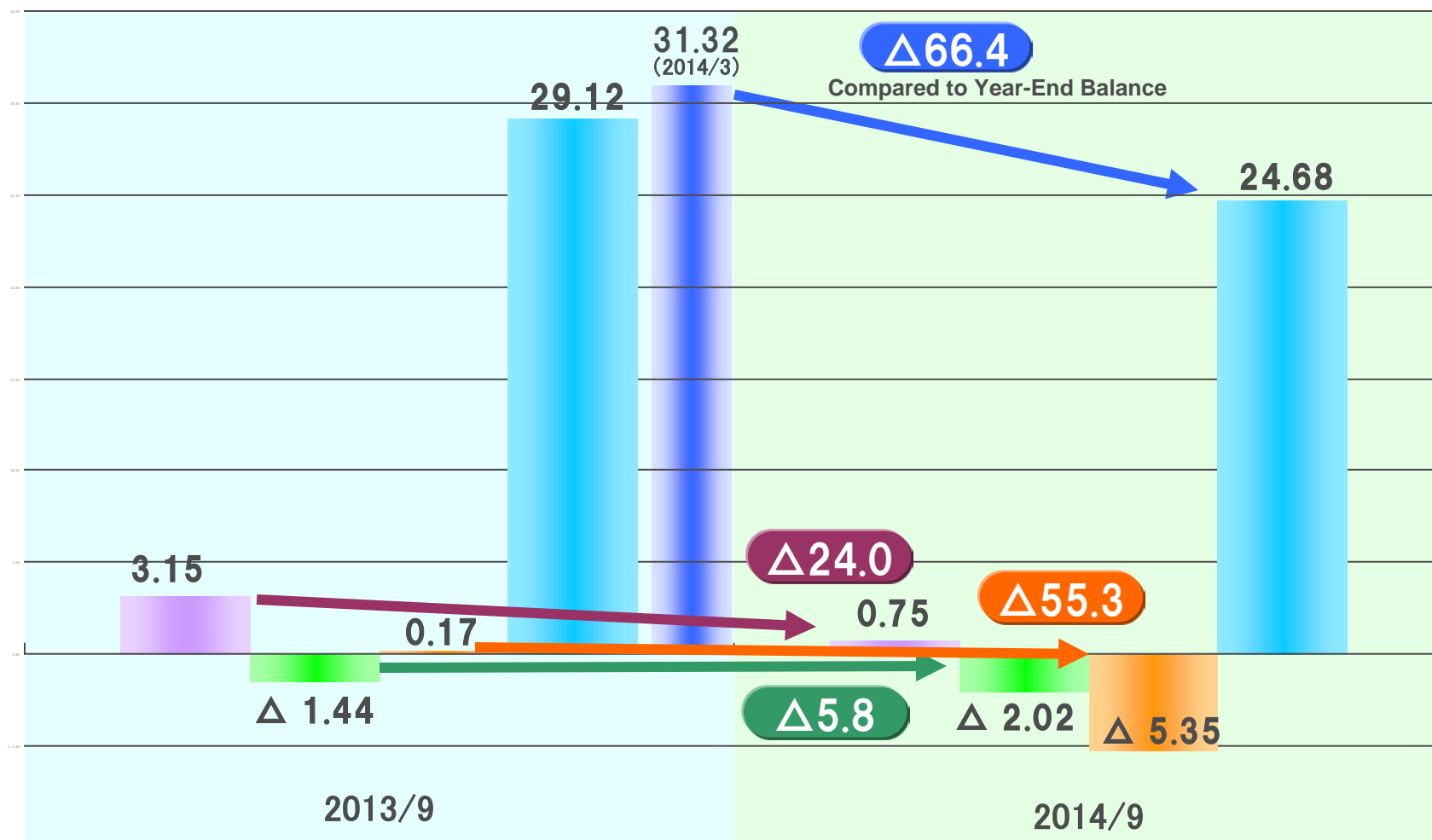
(Units: billions of yen)

■ Cash Flow from Operating Activities

■ Cash Flow from Investing Activities

■ Cash Flow from Financing Activities

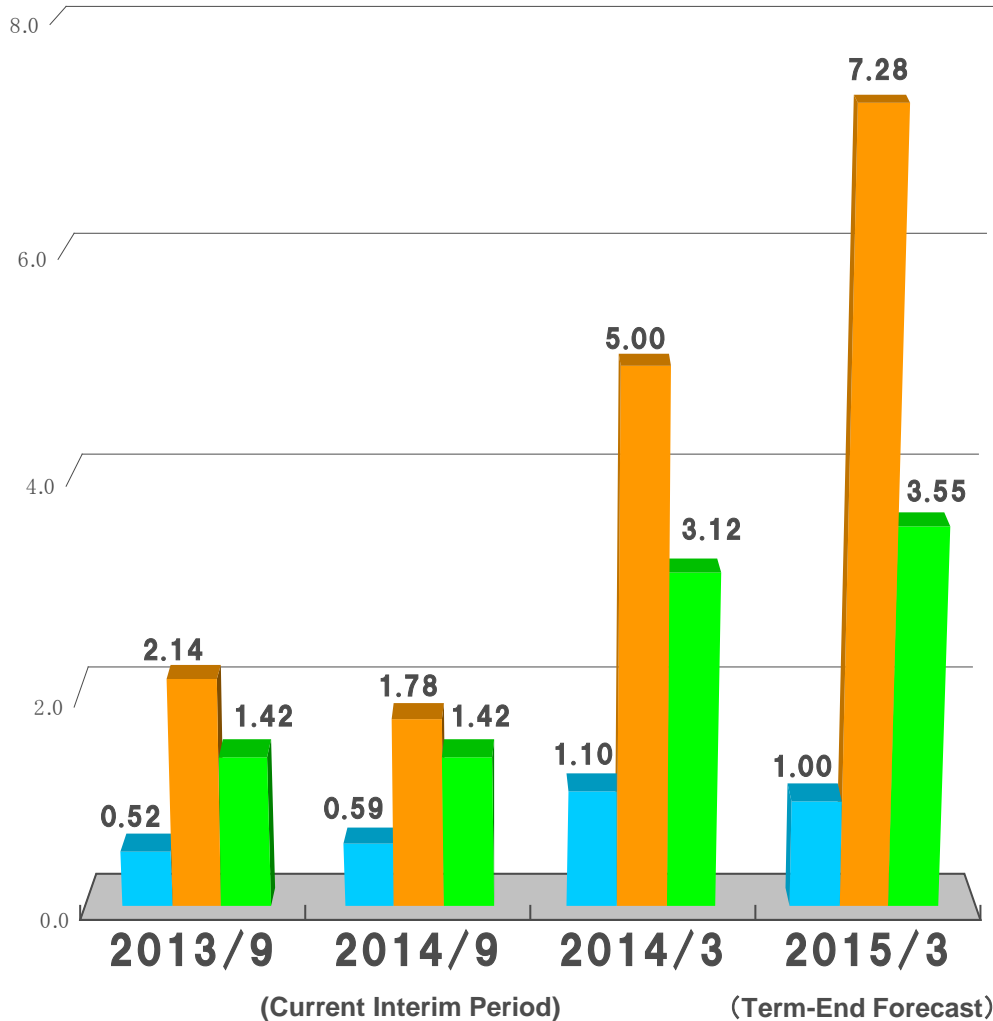
■ Interim (Year-End) Cash & Cash Equivalents Balance



6. Capital Investments (Consolidated)

(Units: billions of yen)

■ R&D Costs ■ Capital Investment ■ Depreciation Costs



【FY2014 Major Capital Investment Details】

First-Half Results

① Production Equipment	870 million yen
② Showroom Renovation	440 million yen
③ Information Investment	290 million yen
④ Others	180 million yen

Second-Half Plans

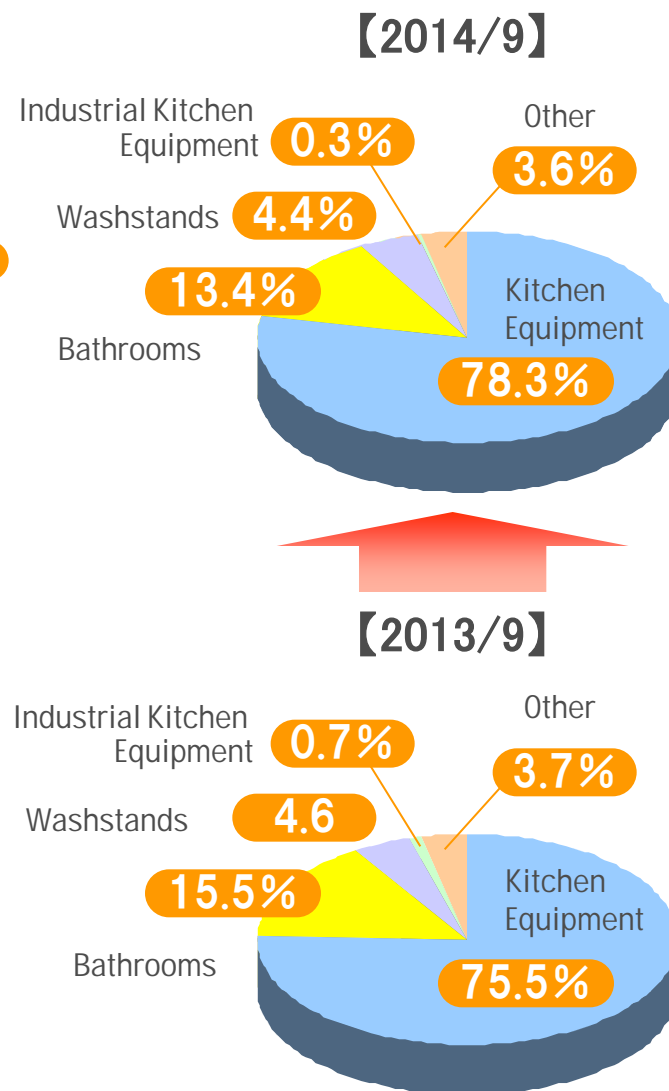
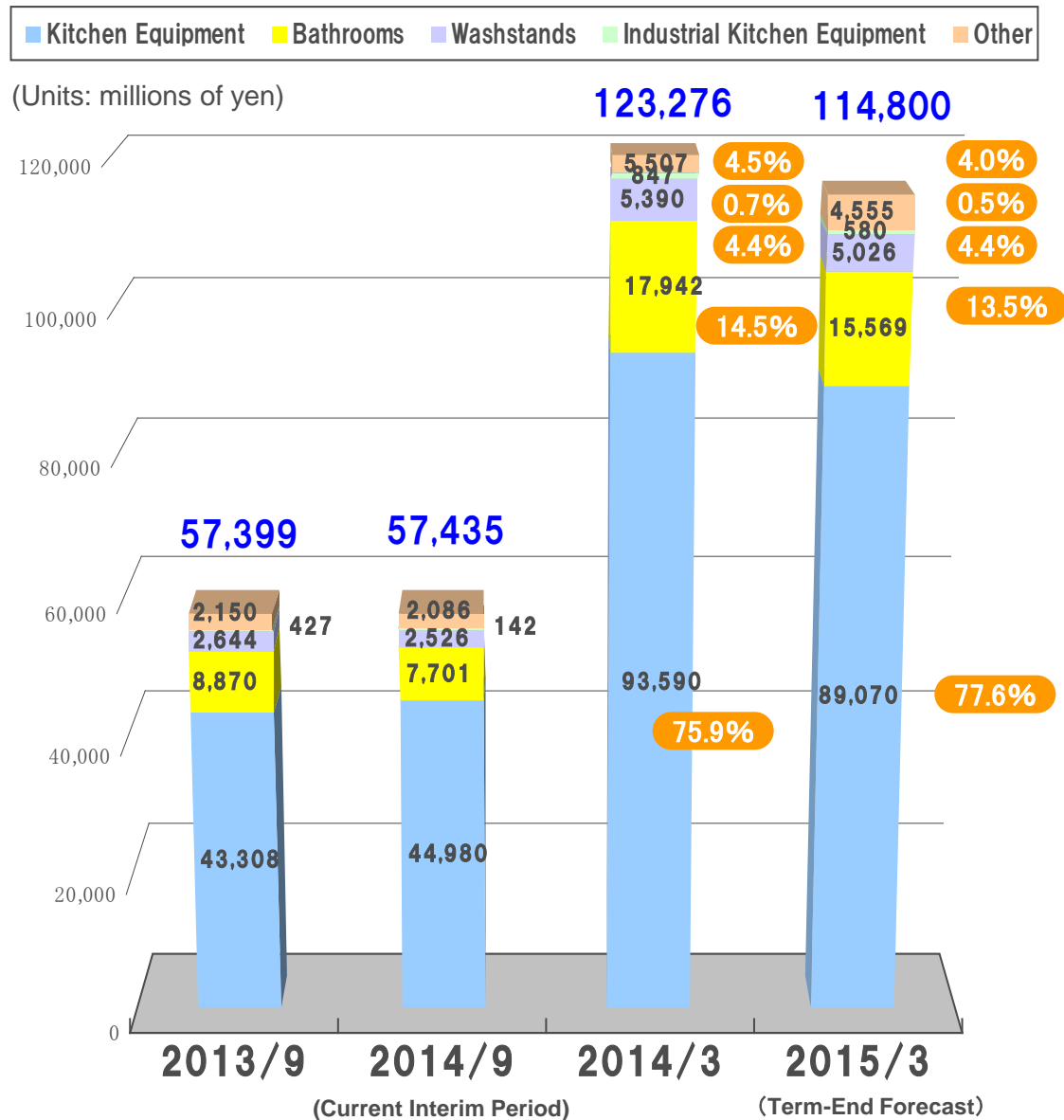
① Production-Related	2,950 million yen
② Operations-Related	1,300 million yen
③ Information-Related	1,090 million yen
④ Others	160 million yen

7. Outline of Non-Consolidated Results for Interim Period Ended September 2014

(Units: millions of yen)

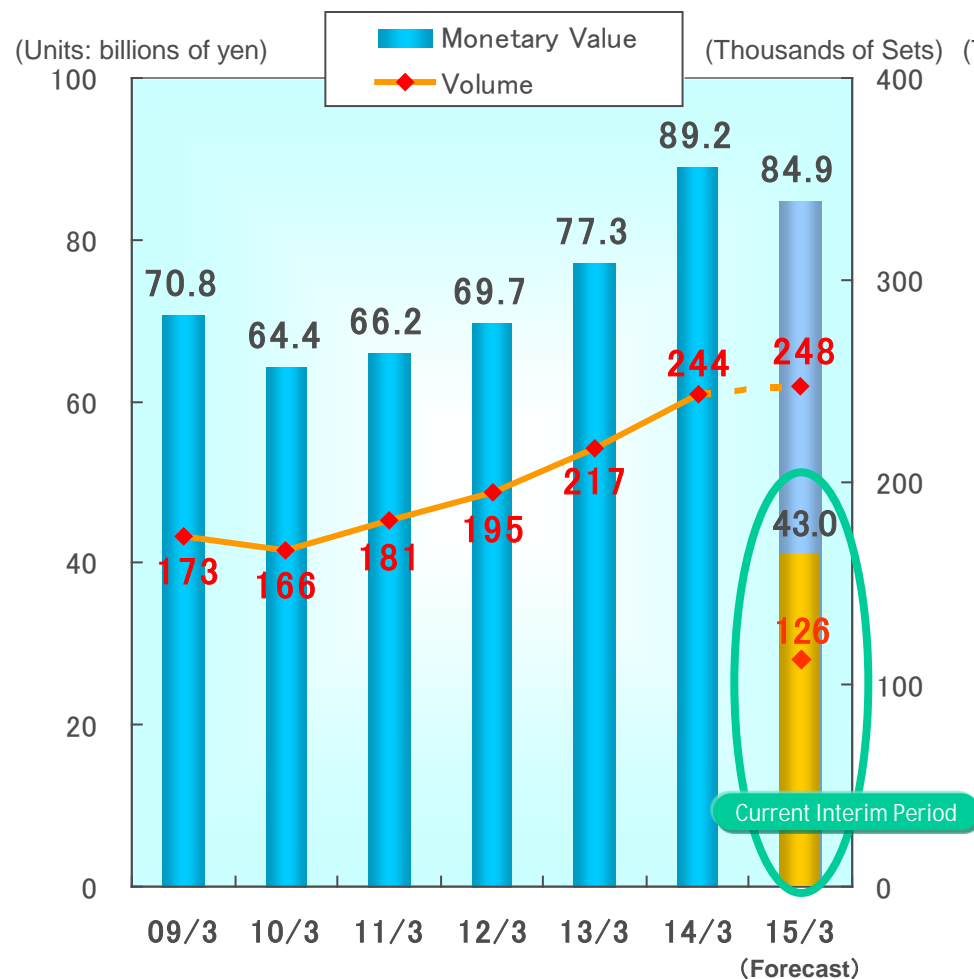
	2014/9 (Actual Results)	2013/9 (Actual Results)	<i>Change From Prev. Period</i>
Net Sales	57,435	57,399	0.1%
Operating Income	2,416	3,365	△28.2%
Ordinary Income	2,519	3,510	△28.2%
Interim Net Income	1,151	2,211	△47.9%
Interim Net Income Per Share	26.61yen	47.46yen	△43.9%

8. Non-Consolidated Sales Composition By Segment

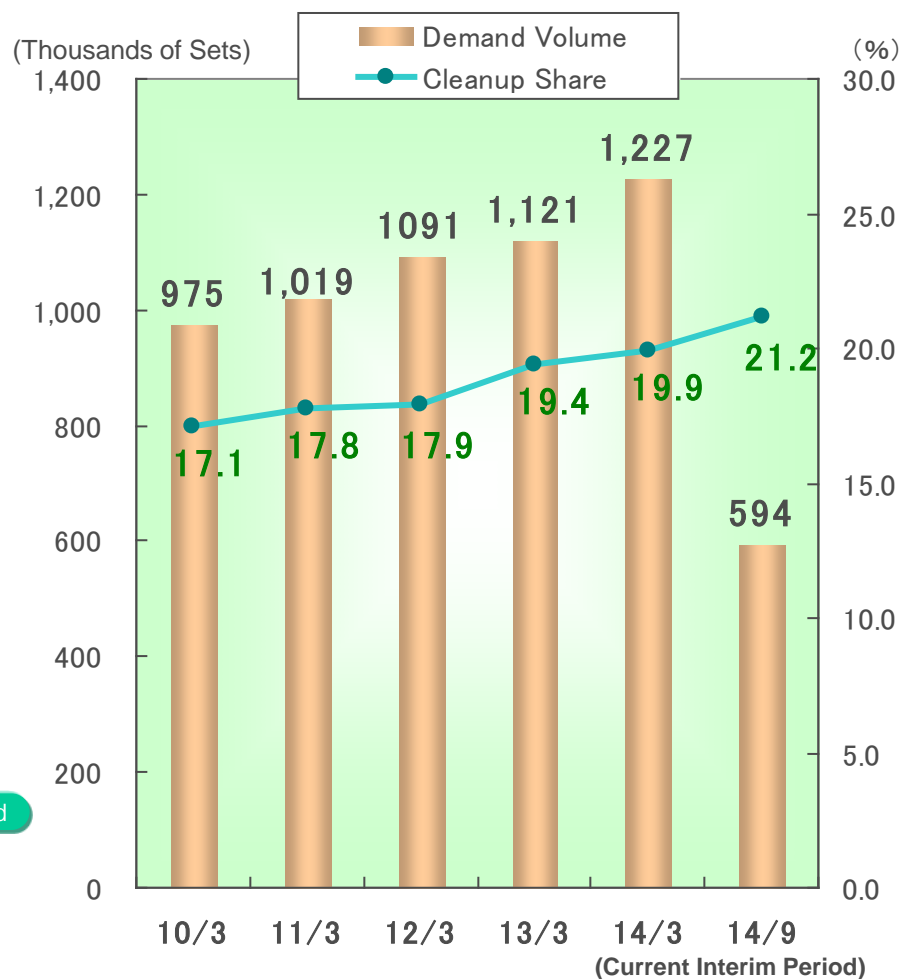


9. Sales Results For Major Products and Cleanup Market Share - 1/4

Complete System Kitchen Sales Results

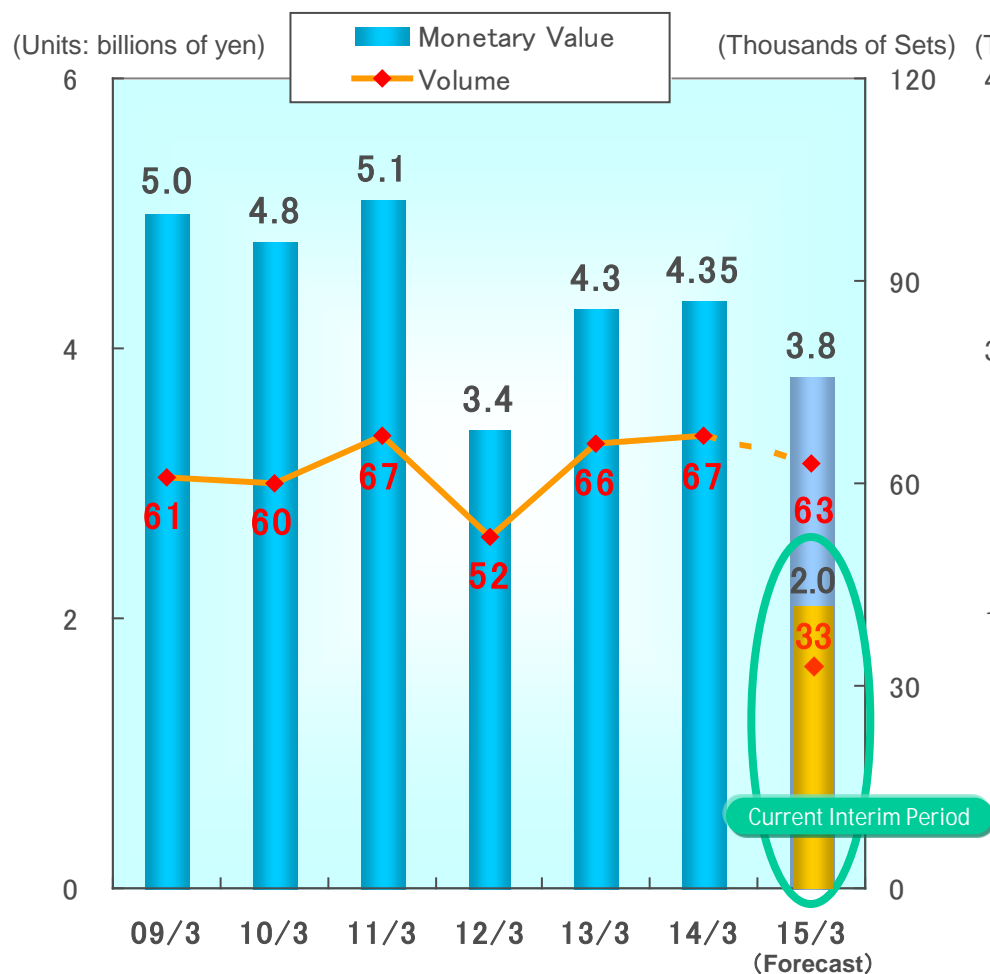


Demand Trends and Market Share

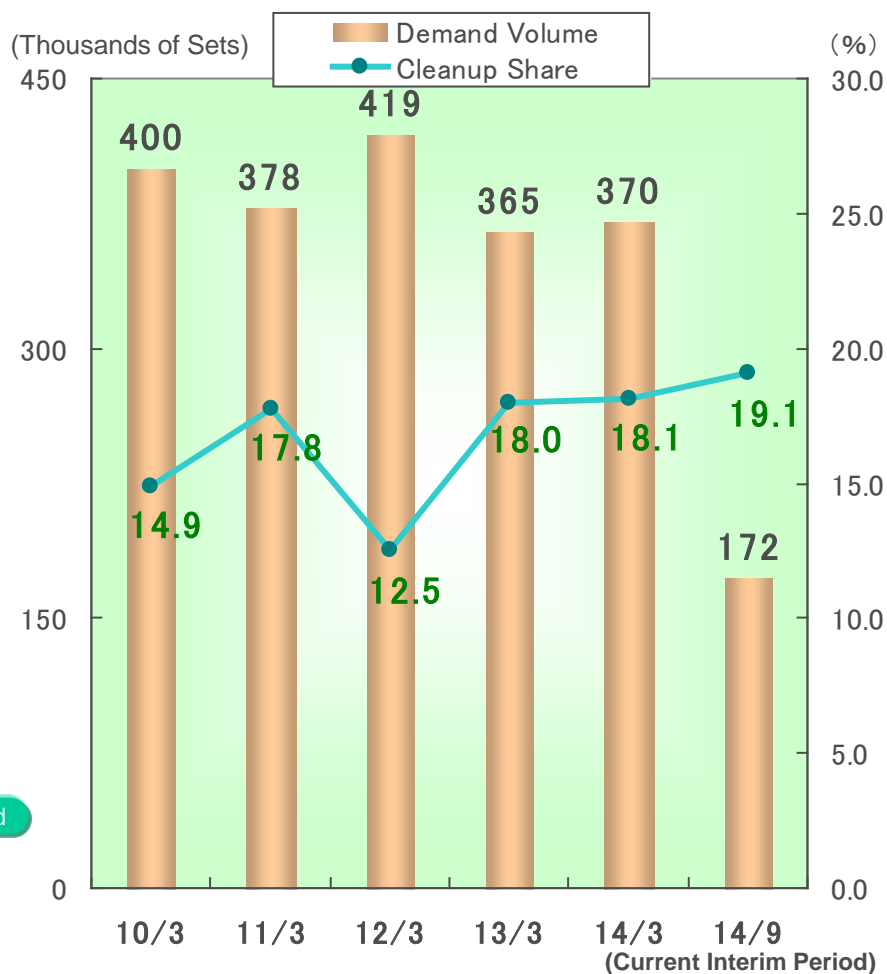


9. Sales Results For Major Products and Cleanup Market Share - 2/4

Sectional System Kitchen Sales Results

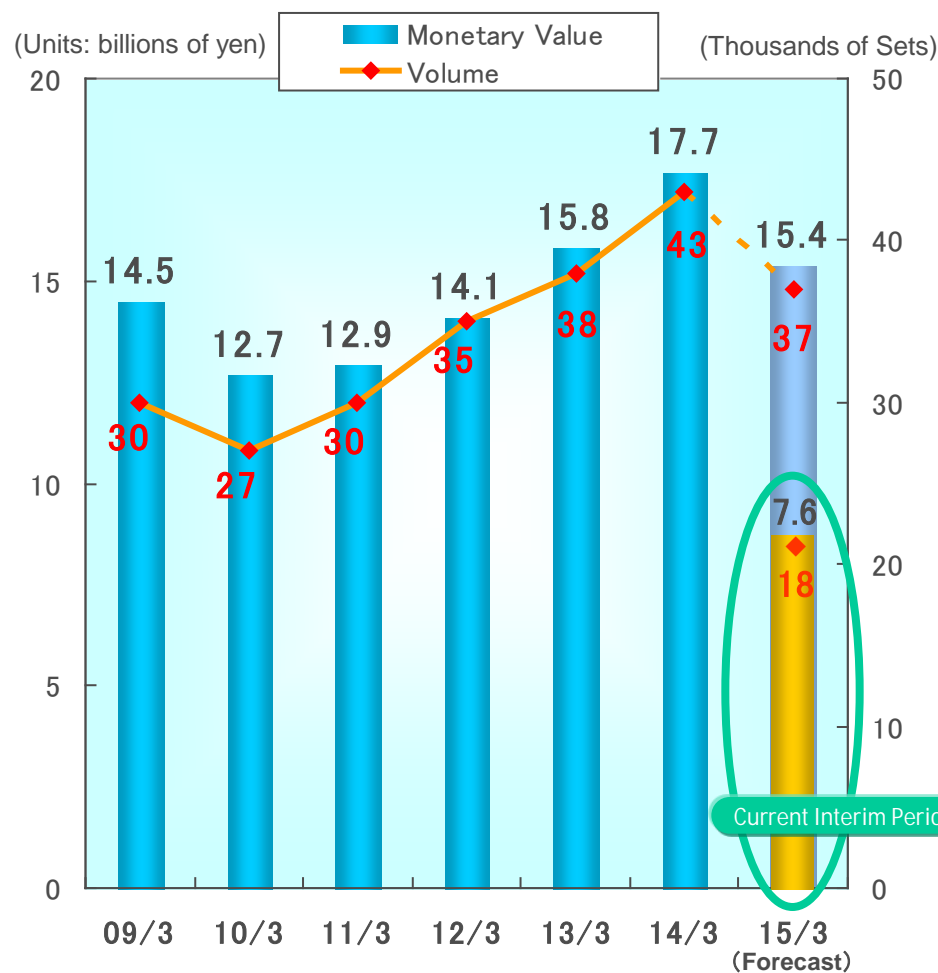


Demand Trends and Market Share

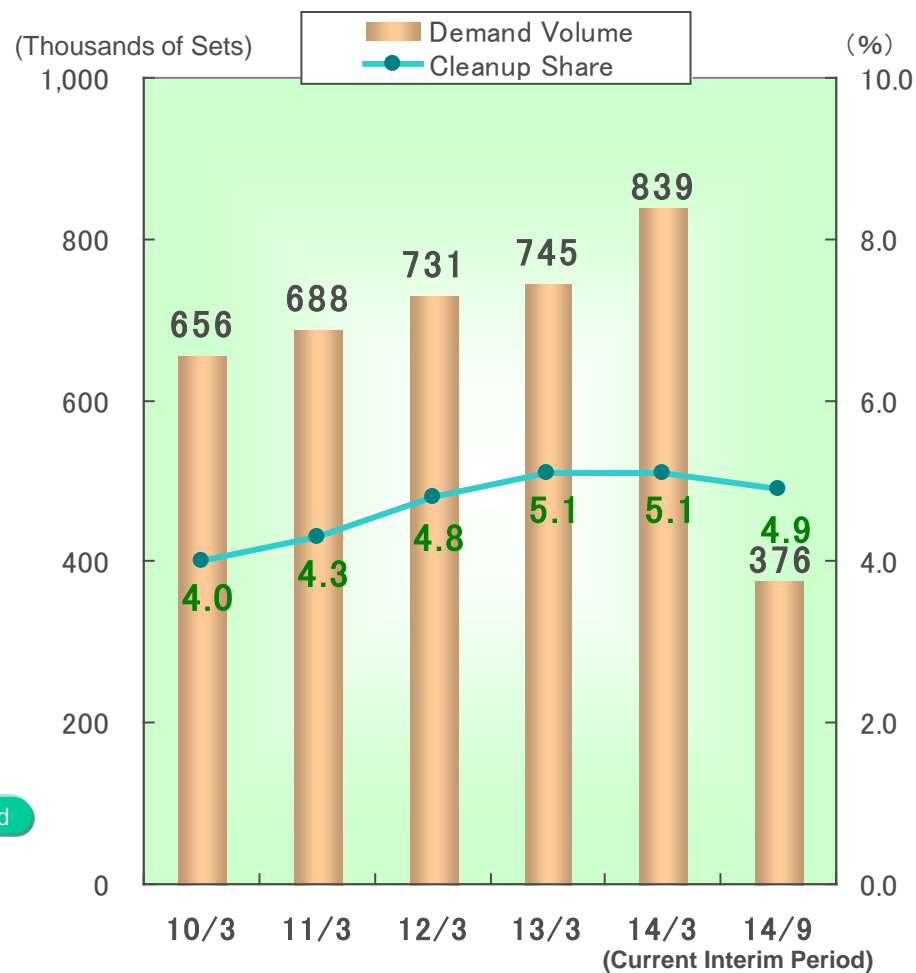


9. Sales Results For Major Products and Cleanup Market Share - 3/4

Modular System Bathroom Sales Results

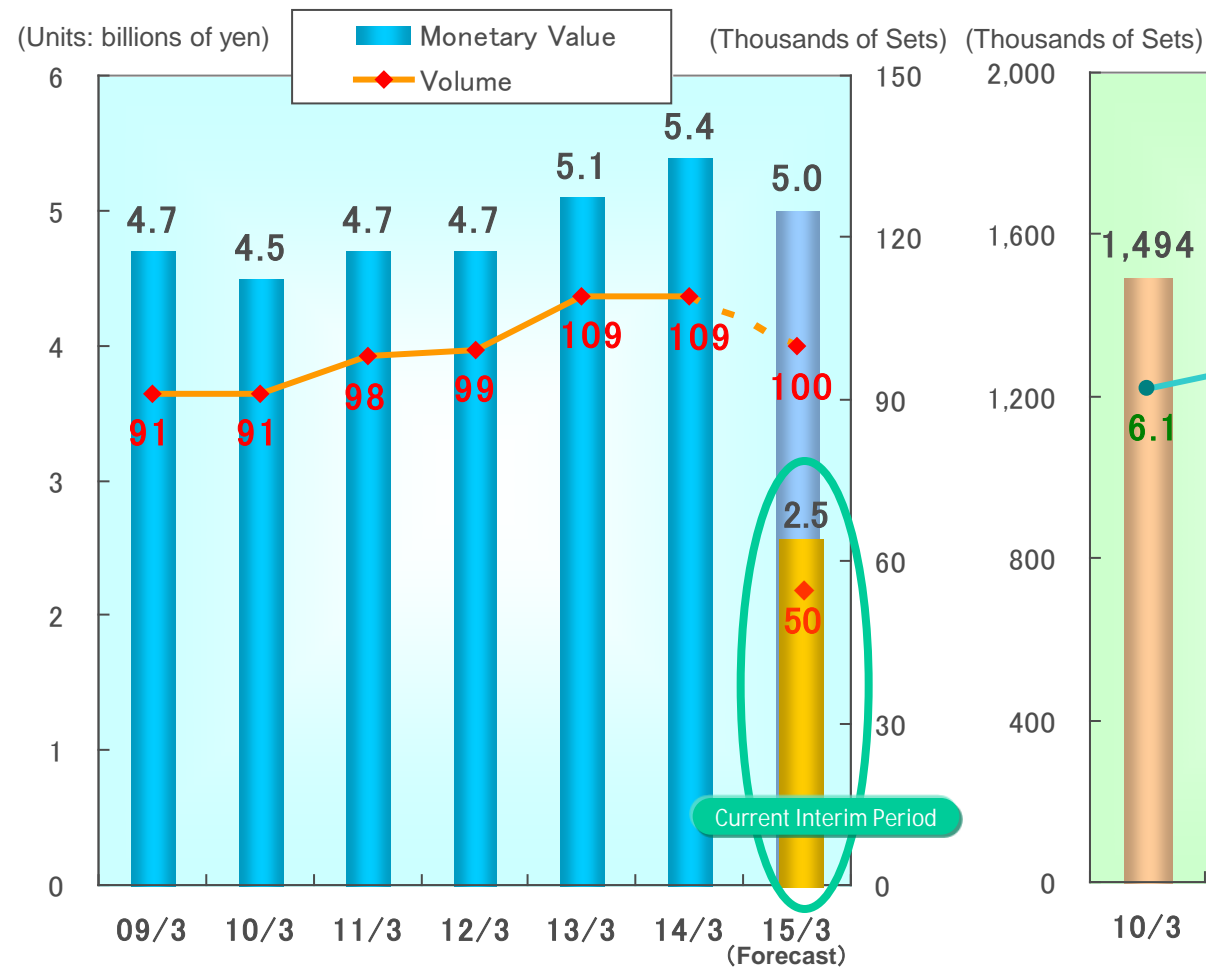


Demand Trends and Market Share

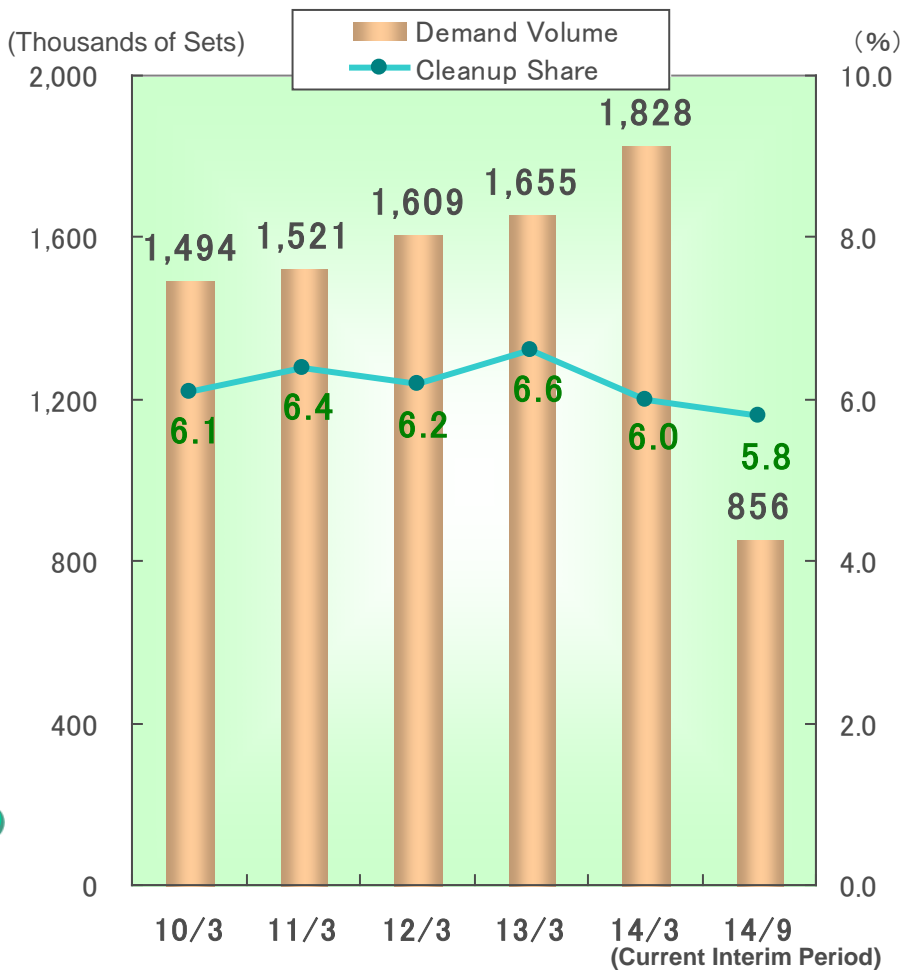


9. Sales Results For Major Products and Cleanup Market Share - 4/4

Washstands/Vanities



Demand Trends and Market Share



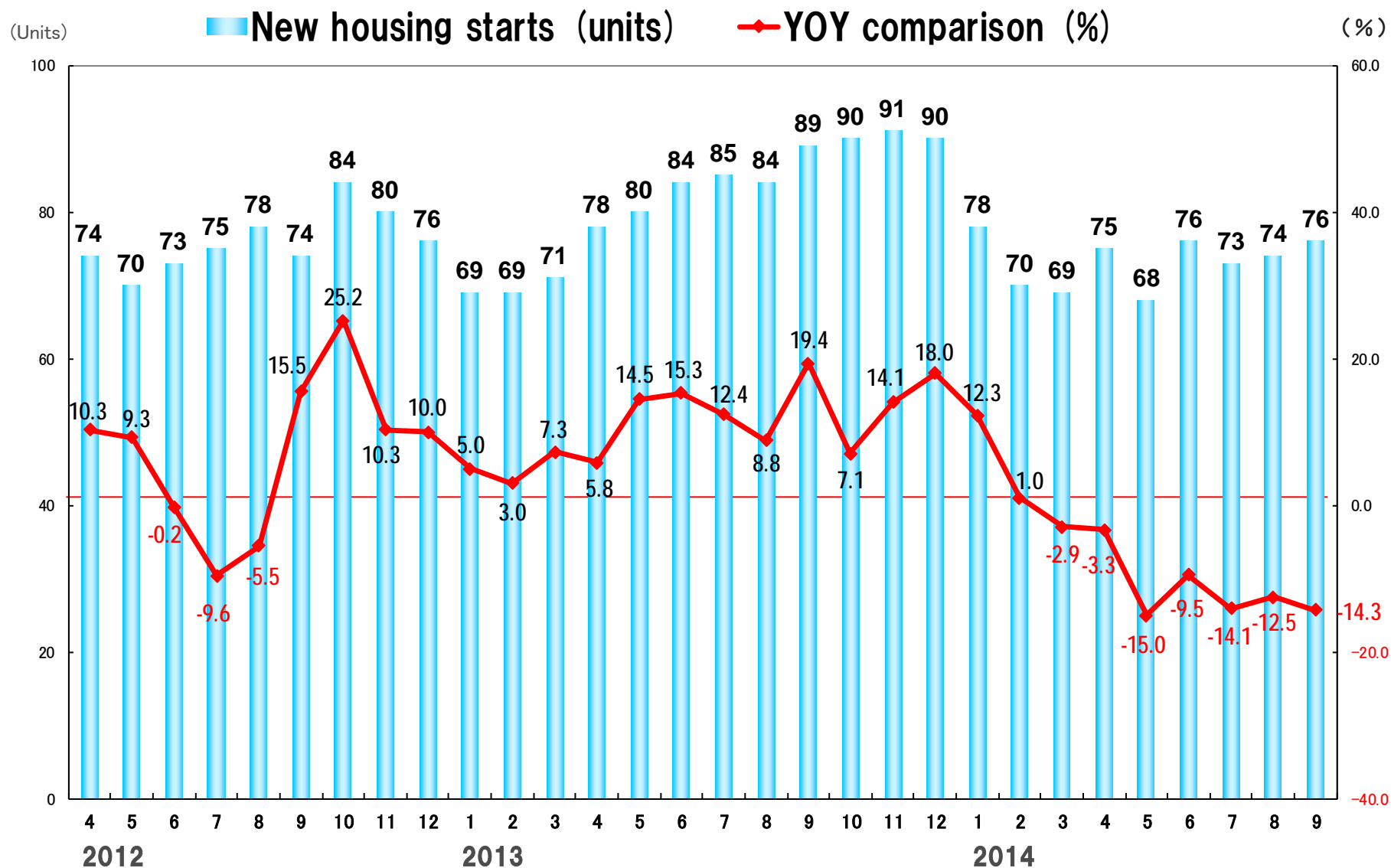
10. Forecasted Consolidated Results For The Period Ending March 2015

(Units: millions of yen)

	2014/3 (Actual Results)	2015/3 (Forecast)	Change From Prev. Period
Net Sales	128,785	120,000	△6.8%
Operating Income	8,873	3,600	△59.4%
Operating Margin	6.9%	3.0%	—
Ordinary Income	8,470	3,200	△62.2%
Ordinary Income Margin	6.6%	2.7%	—
Net Income	4,970	1,300	△73.8%
Net Income Margin	3.9%	1.1%	—

II . Future Strategy

1. Management Environment



Period Ending March 2015 Management Policies

Firmly establish “The Kitchen Company”

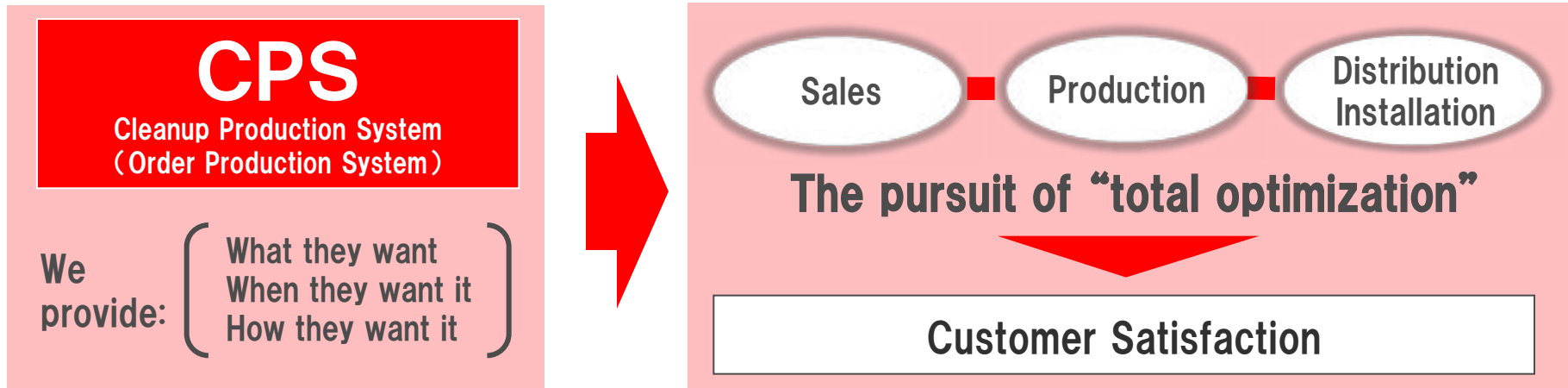
- ① Increase the speed of renovation measures
- ② Improve overall showroom competitiveness
- ③ Increase the market share of medium and high class system kitchens and enhance our products in the popular class
- ④ Improve operational efficiency through corporation-wide implementation of CPS activities
- ⑤ Improve total product quality and decrease total costs
- ⑥ Establish and improve the operational system that backs up our 20 years of support
- ⑦ Strategically promote overseas business
- ⑧ Create a personnel environment and the nurturing of personnel in anticipation of our 70th anniversary

Firmly establish "The Kitchen Company"



Realization of "The Kitchen Company"

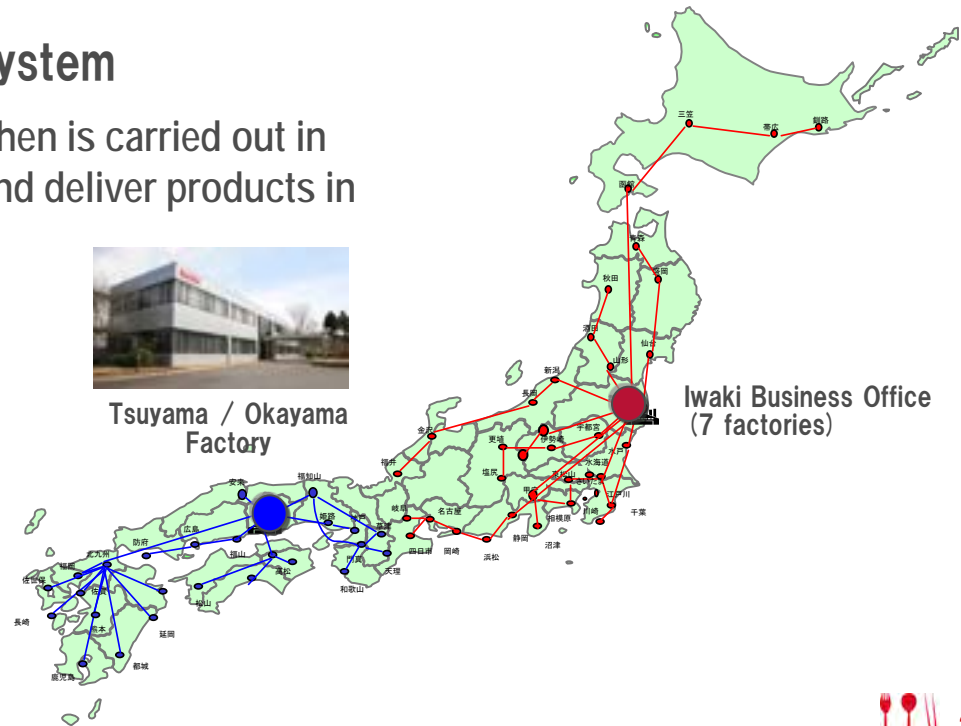
● The deepening and evolution of craftsmanship



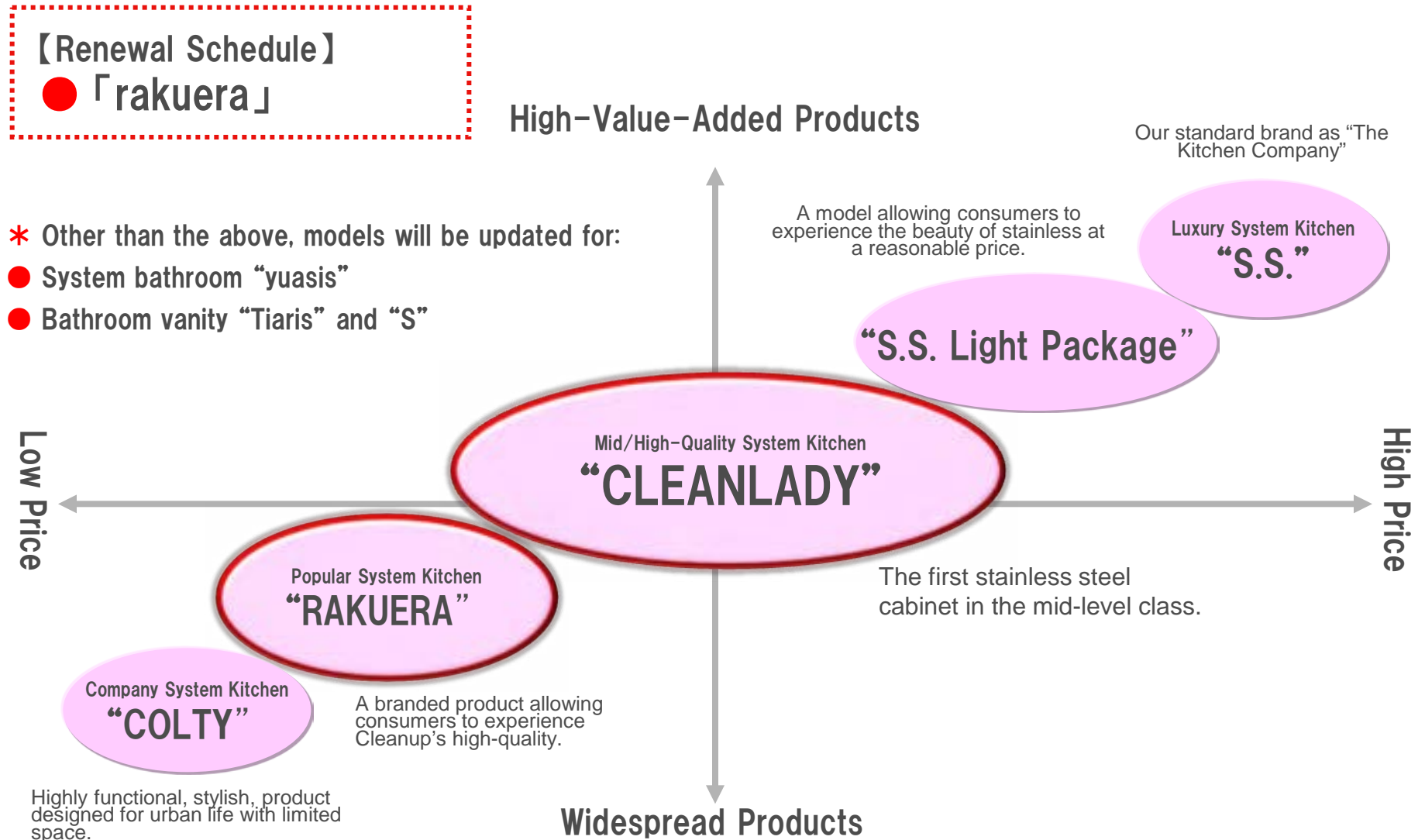
● Improve western Japan's production system

The self-completing production of a system kitchen is carried out in the western Japan district in order to produce and deliver products in an efficient and timely manner.

Tsuyama Factory	Expand
Expanded production line-up of kitchen counters	
Okayama Factory	Improve production capabilities
Increase production of kitchen cabinets	



Craftsmanship Leveraging the Strengths of a Specialist Manufacturer



System Kitchen Components with Sustained Popularity Since 2008 Product Launch

Renewal of "rakuera" Product Series

(1) Improved design ability

- "New Trends Implemented".
New addition of door patterns with marble and wood grain designs incorporated as motifs.
- "Individuality Pursued".
Increased variations made to our unique crystal UV coated mirror doors.
(We are the only provider of products for kitchens in a popular price range.)



Nordic (Scandinavian)

Attractive presentation of a marble style stone grain pattern with UV coating.
Tasteful interior decor in modern Nordic style.

(2) Improved responsive capacity to meet the needs of condominium renovations

- Increased variation of available items.
 - Wall mounted cabinets can be adjusted on site to suit existing beams.
 - Low set cupboards (installed height of 216cm) accommodate low ceilings.



Cafe Wood Series (vintage finish)

Vintage texture of "polishing powder daubed finish", incorporated by daubing polishing powder onto timber and wiping it off, producing a rustic style.

6 refurbished showrooms opened throughout the country (April to October, 2014)

Our concept is "Able to Support Events" and "Interactive Display Spaces"



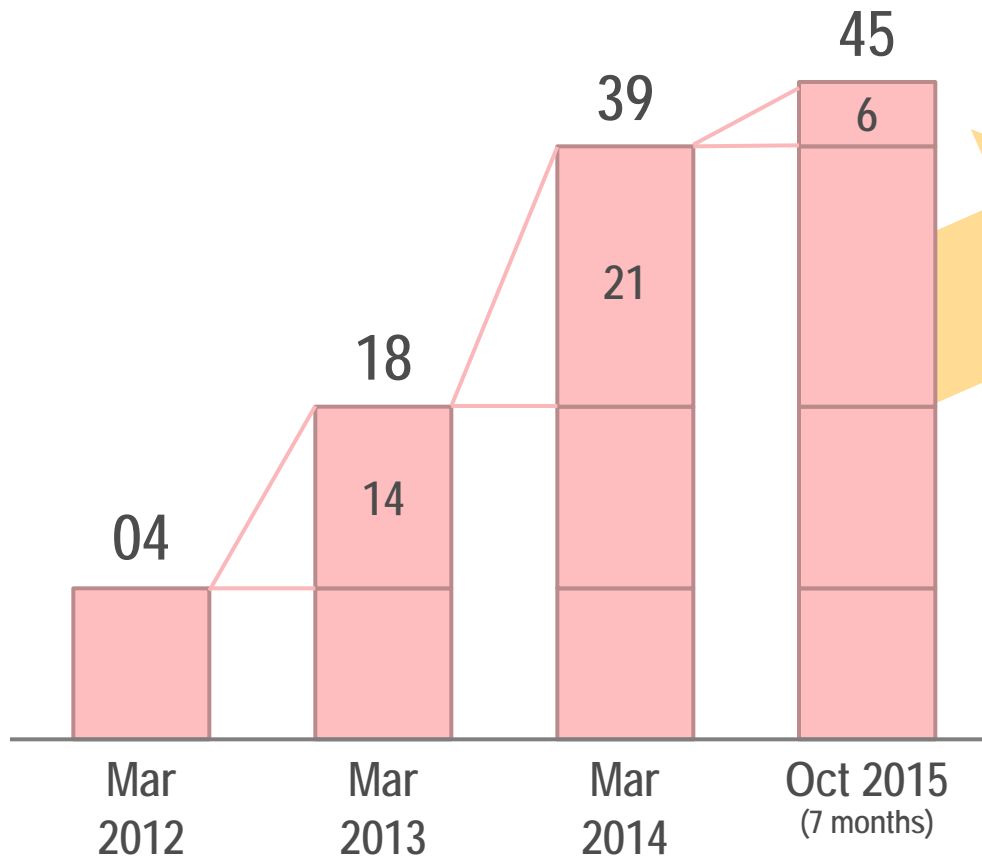
【Refurbished Point】

- "Space Display" recreates living spaces, including the dining room
- Improved event-holding capacity
⇒ Installation of "Test Kitchen Areas"



Thus far & henceforth

Refurbishing completed at 45 sites in about four years



Proactive refurbishing will continue in the second half of the fiscal term to ensure that proposals with highly added value can be provided at all 101 sites across Japan.

6. Measures to Enhance Sales Capabilities (3)

Enhancement of the Personnel Capabilities of Showroom Advisors

**Total of 380
showroom
advisors**

Aiming to **maximize the ability to offer proposals** in showrooms by promoting the **general abilities of personnel**



**Third Class Shokuiku Food
Education Instructors**

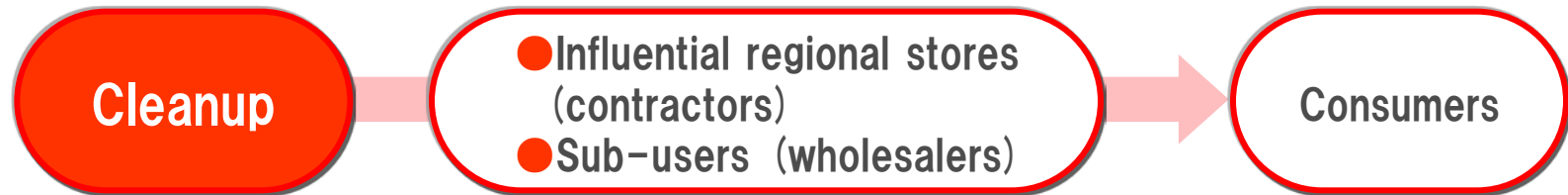
Certifications already
acquired during
previous fiscal term

Sorting and storing advisors

Kitchen specialist

**Acquisition of certifications
promoted from the current
term to the next term**

Building and strengthening a comprehensive system to meet the demands of renovators



Strengthen renovation strategy

- Enhance "Water Section Workshops" organized with building contractors and renovators.

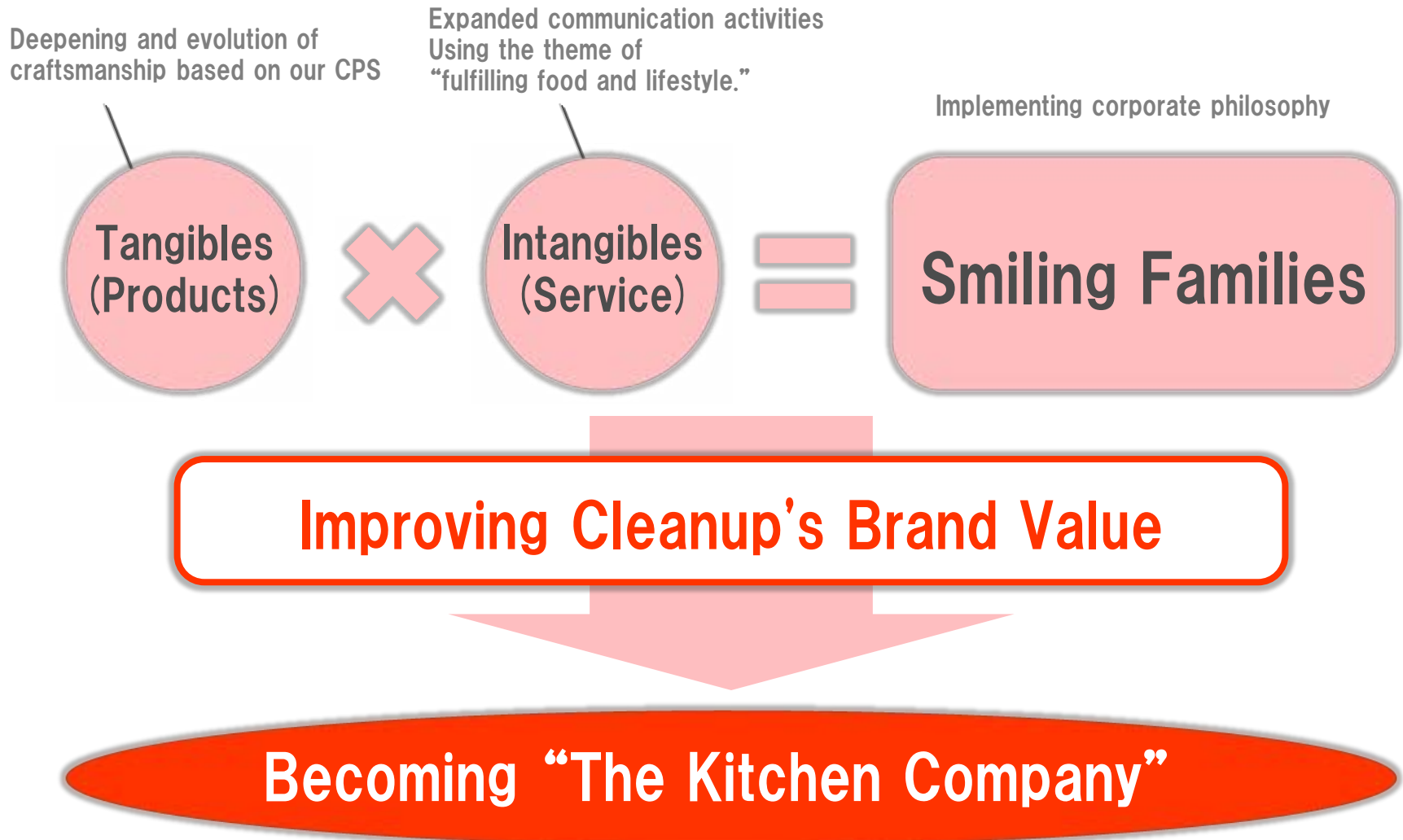


Strengthen logistics cooperation

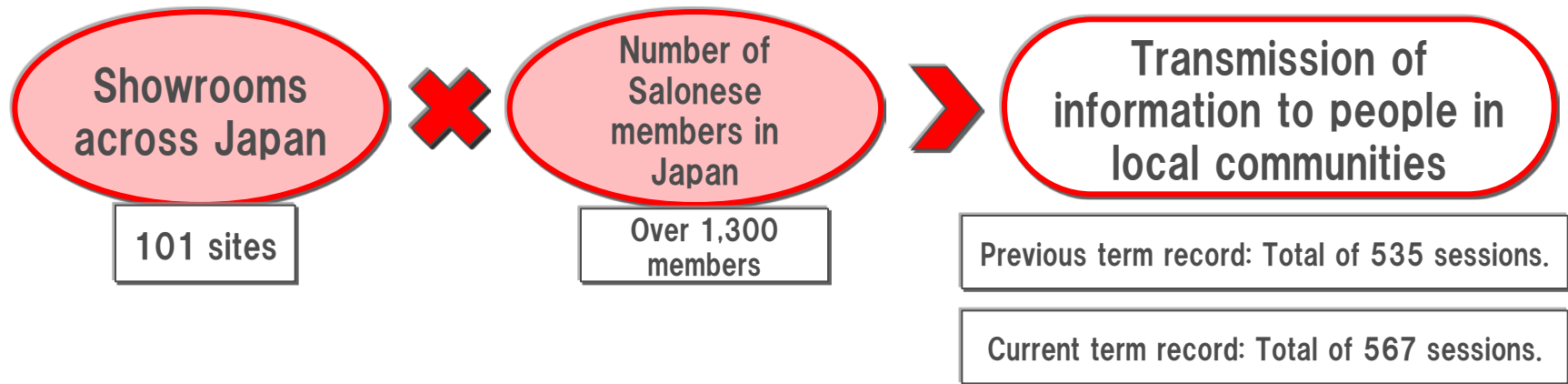
- Implement renovation seminars for sub-customers in cooperation with strong local firms
- Implement renovation fairs with strong firms/sub-customers as sponsors



Aiming for increased brand power by implementing our corporate philosophy through various activities leveraging our strengths as a specialist manufacturer



© “Salonese” invited as lecturers for periodical events.



Dreamia Festa (Kitchen Town Osaka)



Table coordination and natural yeast baking seminar (Shinjuku Showroom)

© School of traditions: Mother's taste handed down directly by village elder.



Fukuoka Showroom

- Implementation of a cooking class that introduces an assortment of local dishes of communities across Kyushu.
- In collaboration with "*Kyushu-no Mura*", a magazine that introduces tour destinations and regional developments in Kyushu.

© Special cooking class, "High School Student Restaurant"

Tsu Showroom

- Featuring a teacher, Mr. Murabayashi and five of his students from Ohka High School of Mie Prefecture, who appeared in the television drama series "High School Student Restaurant".
- Conducted annually since 2012.



Proactive promotion of food educational activities, through support of the **"Bento Day Support Project"**.

● Awarded the Eighth "Kids Design Award" for Outstanding Performance

The "Bento Day Support Project" received the "Minister in Charge of Consumer Affairs" Award, the accolade of excellence of the Eighth Kids Design Awards.



● Products exhibited at "Kids Jamboree in Marunouchi"

Furthermore, experiential classes on "food" were provided to about 130,000 parents and children at the exhibit of the "Kids Jamboree in Marunouchi" at the Tokyo International Forum on August 12 to 14.



● Support for the "Let's Spread Bento Day" Lecture Sessions

Furthermore, we provided support for the "Let's Spread Bento Day" lecture sessions sponsored by the Nippori District PTA in Arakawa City, where our headquarters are located, to promote food education in close collaboration with the local community.



<Supporting businesses>



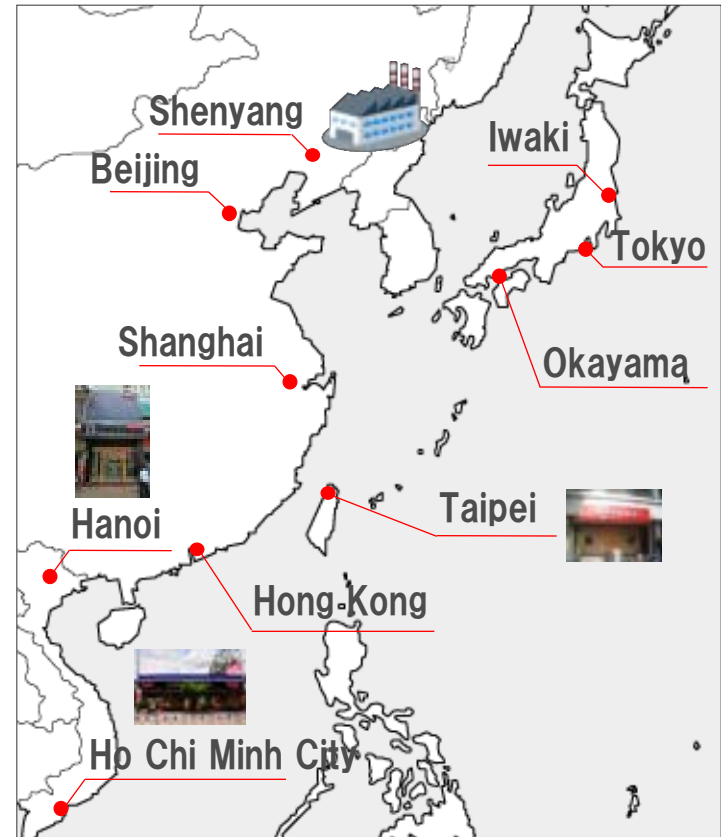
8. Overseas Business Capabilities

● China

- The market is entered jointly with a house manufacturer. The supply of Kitchen products were supplied to four districts, Shenyang, Suzhou, Wuxi and Taicang.
- The figures set as an annual plan at the beginning of the fiscal year are generally expected to be achieved on basis of shipments.
- Collaboration with house manufacturers will continue in the next fiscal year and thereafter, while efforts are made to enhance the quality and responsive capabilities.

● Taiwan and Vietnam

- Primarily medium to high class products (S.S. CLEANLADY) were exported and sold to local distributors.
- The sales activities extended to corporate customers and consumers were generally carried out through the showrooms of distributors.
- The local representative office continues to provide support to the distributors and efforts are focused into increasing sales.



Condominium in Heping District of Shenyang, China



Condominium in New Taipei City, Taiwan

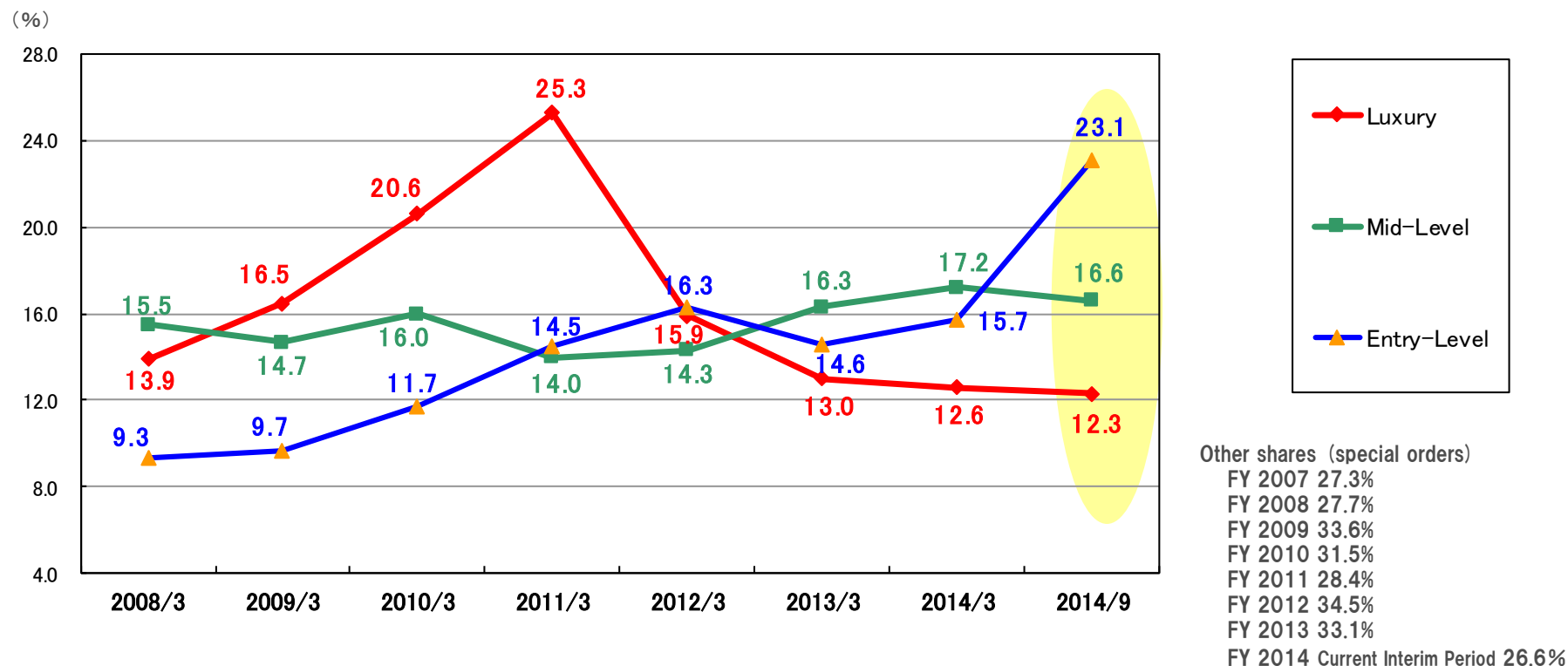


Hoang Thanh Tower in Hanoi, Vietnam

9. System Kitchen Market Share by Class

The market share of system kitchen components in the popular class increased, due to a steady transition in the performance of the "rakuera" product series

Changes in System Kitchen Market Share by Class



*Calculated based on shipping statistics from the Japan Association of Kitchen & Bath.

◎Our foundation, which is suitable for our “Second Creation”, will be established as we commemorate the 65th anniversary of our founding this year and take on new challenges, heading towards our 70th anniversary.



Aiming for a business that develops globally, while valuing individuals, families, and communities, based on our experience with the earthquake

For any questions concerning investor relations,
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