

Proprietary technology unsurpassed by any competitor

Unique technology of WHOLEGARMENT® has been highly evaluated in Japan

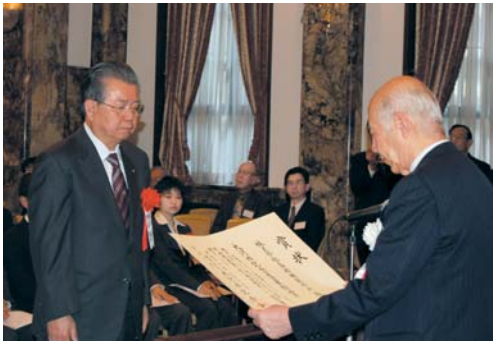
The Company received the 53rd Okochi Memorial Grand Production Prize on March 13, 2007. The prize is the most authoritative and the highest honor prize in the field of Japanese production engineering and production technology. The prize came from the high evaluation of the shift made by the Company from labor-intensive knitwear production, which requires cutting and sewing, to the knowledge-intensive manufacture of products leveraging the design system and WHOLEGARMENT® flat knitting machines, which were developed by the Company.

The WHOLEGARMENT® flat knitting machine comes from proprietary technology unsurpassed by any competitor. In order to leverage its benefits, the Company demonstrated the appeal of the WHOLEGARMENT® through overall proposals for hardware and software as well as the know-how for knitting technology and sample production.

The Company, as an apparel culture creator, will continue to develop highly unique technologies to contribute to the revitalization and growth of the global knitwear industry.

Okochi Prize

The Okochi Prize has been presented by the Okochi Memorial Foundation, which was established in commemoration of Dr. Masatoshi Okochi's achievements in the development of production engineering in Japan, since 1954. Among the presentations, the Okochi Memorial Grand Production Prize is the highest honor granted to business entities for especially distinguished achievements through excellent creative research. Prize recipient technologies in the past tell the story of the industry's historical development.



Awards ceremony on March 13, 2007



SDS-ONE® design system enables the manufacture of high-quality products

SDS-ONE® is an ALL-in-ONE design system that covers all processes from product planning through design and sample

production to sales promotion. It allows for all operations necessary for the manufacture of products in the knitwear and apparel industry.



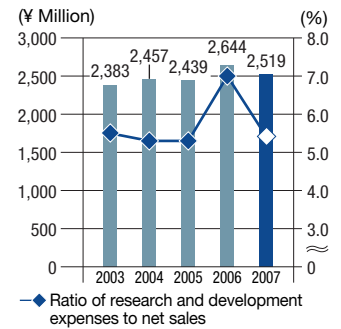
R&D and intellectual property strategies

The Company, since its foundation, has aimed for unique technological developments based upon creativity and delivered products that generate a high level of customer satisfaction by combining the advanced technology nurtured by the Company as a comprehensive mechatronics enterprise with an abundance of flexible and creative ideas.

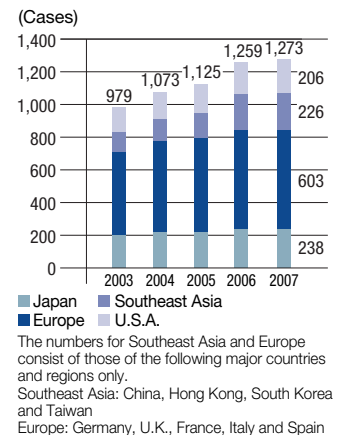
The Company's history is also one of relentless technological development. The Company developed all the hardware and software for its products under the fundamental concept of "create it yourself if it doesn't already exist." Moreover, to ensure thorough quality control, accumulate technical know-how, and combine flexible development and production, every product, down to the individual parts, is manufactured in-house, resulting in a 75% rate of in-house parts procurement.

Since its incorporation, the Company has built its own database of related technologies, and devised a set of intellectual property strategies that fortify a technological development structure based on its business strategies in global markets. As a means of further enhancing its intellectual property strategies, the Company intends to actively apply for patents in peripheral and alternative technologies. At the same time, the Company considers it an important intellectual property strategy to protect and distinguish products produced by users who utilize Company products and know-how from competitors.

Research and development expenses



Trends in the number of patents held



The number of patents related to WHOLEGARMENT® exceeds 1,000

Ten years have passed since the Company exhibited the world's first completely seamless computerized flat knitting machine at the ITMA exhibition in Milan, Italy, in 1995. The number of patent applications (disclosed and registered) related to WHOLEGARMENT® currently exceeds 1,000 worldwide, of which approximately 200 are Japanese

patent applications. A large number of patent applications have been filed because the patents include those related to machines as well as those related to knitting technology for knitwear characterized by beauty, strength, and wearer comfort and design systems. This provides proof of the originality of WHOLEGARMENT®.

Example of machine patents

i-DSCS® (Digital Stitch Control System with Intelligence)

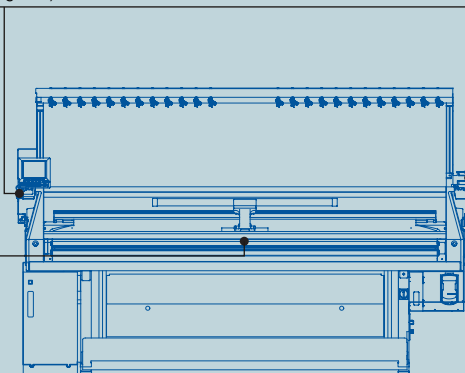


The system produces fabric by automatically controlling the supply of yarn while standardizing the size of the loops (stitches). It contributes to quality improvements by preventing the instability caused by differences in elasticity of yarn or humidity.

SlideNeedle®/Four needle beds



SlideNeedle® replaced the latch needle, which had been used for 150 years. The needle is indispensable for the four needle beds of the WHOLEGARMENT® flat knitting machine and can produce a wide variety of high value fabrics, which had not been conceivable before.



Example of design system patents

SDS-ONE®/Virtual sample

The virtual product sample provides an image on the computer screen equivalent to a real knitwear product sold in stores. It enables confirmation until the completion of the process on the computer system and contributes to a significant reduction in time and cost.

