

Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2009

This document is an English translation of the Japanese-language original. All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

Company Name: Gunze Limited

Company Code: 3002

Stock Market Listings: Tokyo, Osaka

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1. Consolidated results for the first quarter of FY2008 (April 1, 2008 to June 30, 2008)

(1) Consolidated operating results

(Amounts less than one million yen are omitted)

(The percentage figures accompanying net sales, operating income, ordinary income and net income represent year-over-year changes.)

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
Three months ended June 2008	37,929	-	1,637	-	1,883	-
Three months ended June 2007	39,787	(0.7)	2,309	7.1	2,624	7.8

	Net income		E.P.S.	Diluted E.P.S.
	¥ millions	%	¥	¥
Three months ended June 2008	820	-	3.95	3.95
Three months ended June 2007	1,833	(19.3)	8.60	-

(2) Consolidated financial position

	Total assets	Net assets	Net worth ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of June 30, 2008	194,211	129,863	66.4	624.59
As of March 31, 2008	195,517	133,058	67.4	631.62

Reference: Net worth

End of June 2008: ¥129,005 million

FY2007: ¥131,730 million

2. Dividends

	Dividends per share (¥)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Year ended March 31, 2008	-	-	-	10.00	10.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (projected)	-	-	-	10.00	10.00

Note: Revisions to projected dividends during the three months ended June 30, 2008: No

3. Projected results for FY2008 (April 1, 2008 to March 31, 2009)

(Percentages represent changes compared to the previous fiscal year for the full year and compared with previous interim period for the interim period.)

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
Cumulative second quarter ending Sept. 30, 2008	80,000	-	3,800	-	3,900	-
Year ending March 31, 2009	174,000	5.0	9,200	18.1	9,200	14.0

	Net income		E.P.S.*
	¥ millions	%	¥
Cumulative second quarter ending Sept. 30, 2008	2,600	-	12.53
Year ending March 31, 2009	5,900	(11.7)	28.43

Note: Revisions to projected results during the three months ended June 30, 2008: Yes

* Earnings per share reflect the decrease in average number of shares resulting from treasury stock purchase during the first quarter.

4. Other

- (1) Changes in important subsidiaries during the period (Changes in specified subsidiaries involving changes in the scope of consolidation): No
- (2) Use of simplified accounting methods and accounting practices specific to preparation of quarterly consolidated financial statements: Yes
(For details refer to 4. "Other Information" (2) in "Qualitative Information, Financial Statements and Other Information" on page 6 and 7.)
- (3) Changes in accounting policies, procedures and presentation methods for the preparation of quarterly consolidated financial statements (to be reported as change of important matters for the basis of quarterly consolidated financial statements):
 - (a) Changes in consolidated accounting methods: Yes
 - (b) Changes other than (a) above: Yes
(For details refer to 4. "Other Information" (3) in "Qualitative Information, Financial Statements and Other Information" on page 7 - 9.)

(4) Number of shares issued and outstanding (common stock)

(a) Number of shares at the end of period (including treasury stock):

1st quarter of FY2008: 227,935,165 shares

End of FY2007: 227,935,165 shares

(b) Treasury stock at the end of period:

1st quarter of FY2008: 21,389,412 shares

End of FY2007: 19,375,979 shares

(c) Average number of shares during the period (cumulative quarterly period):

1st quarter of FY2008: 207,551,848 shares

End of FY2007: 213,146,059 shares

Note Regarding the Use of Projections of Results and Other Matters

1. Projections of results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. For the assumptions that form the basis of the projected results, see 3. "Qualitative Information on Projected Consolidated Results" in "Qualitative Information, Financial Statements and Other Information" on page 6.
2. Gunze began adopting the Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan [ASBJ] Statement No. 12) and the Guidance on the Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14) from the fiscal year ending March 31, 2009. Gunze also prepares the quarterly consolidated financial statements according to the Regulations for Quarterly Consolidated Financial Statements.

Qualitative Information, Financial Statements and Other Information

1. Qualitative Information on Consolidated Financial Results

During the first quarter of the current fiscal year (April 1, 2008 to June 30, 2008), the Japanese economy experienced a gradual downturn, partly due to the financial turmoil stemming from the U.S. subprime loan crisis. Other negative factors included escalating prices for crude oil and raw materials, which triggered rapid increases in gasoline and food product prices, stalling consumer spending.

These conditions created a challenging business environment for Gunze's apparel business. An increasingly defensive mindset led consumers to hold the line on spending for clothing, causing retail sales to remain slow. In men's innerwear, the *Body Wild* line of Cool Balance products and three-dimensional boxers performed relatively well. In women's innerwear and leg wear, the *CFA100* innerwear line as well as leg wear under the *Tuché* brand and *Stylish Leggings* enjoyed robust sales. However, sluggish sales of the basic group dragged down the overall innerwear and leg wear revenues. Lufra Co., Ltd., engaged in the women's outerwear business, has been promoting improvement of management conditions, yet suffered a significant drop in revenues and profits due to declines in the market. Consequently, the apparel segment recorded a year-over-year decrease in both revenues and profits.

The functional solutions business was also impacted by the heightened sense of uncertainty about the future due to raw material prices either rising or staying at high levels for a prolonged time, combined with the slowdown of the U.S. economy. Despite challenging conditions such as unseasonable weather and rising raw material costs, speculative demand for OPP films, along with Gunze's aggressive efforts concentrated on expanding sales for hybrid styrene film, a highly differentiated shrink film product, pushed up both revenues and profits for plastic films in Japan. However, sluggish market conditions in the U.S. and Europe dragged down overseas sales, resulting in lower revenues and profits for the plastic film category compared to the same period of the previous year. Engineering plastics also experienced difficult conditions due to sluggish sales suffered by equipment manufacturers for products mainly targeting the U.S. market, as well as the delayed recovery of the semiconductor manufacturing equipment business. In electronic components, touch panels for laptop PCs continued to enjoy strong demand. However, the economic downswing that began in the second half of the previous fiscal year has continued, negatively impacting sales of Gunze products, especially monitors equipped with a touch panel for factory automation equipment. As a result, the overall functional solutions business posted a year-over-year decline in both revenues and profits.

In the lifestyle creation business, the *Gunze Town Center TSUKASHiN* continued to solicit new tenants and aggressively carried out sales promotions, which contributed to increased profits for the real estate business despite decreased revenues. The sports club business enjoyed increased revenues thanks to proactive strategies to revitalize the existing clubs along with the opening of a new club (*Gunze Sports Club Minamikusatsu Lake Blue*) this past April. However, profits decreased primarily due to rising energy costs. Overall, the lifestyle creation business posted declined profits on slightly lower revenues compared to the same period of the previous fiscal year.

Consequently, the Gunze Group's consolidated net sales for the first-quarter period under review amounted to ¥37,929 million (a year-over-year decrease of 4.7%). Consolidated operating income totaled ¥1,637 million (a year-over-year decrease of 29.1%), while consolidated ordinary income was ¥1,883 million (a year-over-year decrease of 28.2%). Consolidated net income was ¥820 million (a year-over-year decrease of 55.3%).

2. Qualitative Information on Consolidated Financial Position

As of June 30, 2008, total assets were ¥194,211 million, a decrease of ¥1,306 million compared to the end of the previous fiscal year. The main components of the decrease were a ¥2,313 million decrease in trade notes and accounts receivable, which was more than enough to offset the ¥942 million increase in investments in securities due to a rising market price for shares owned.

Total liabilities were ¥64,347 million, an increase of ¥1,888 million compared to the end of the previous fiscal year. The key component of this increase was a ¥5,000 million increase in commercial paper, although various factors contributed to a decrease in liabilities, including a ¥700 million decrease in notes and accounts payable, a ¥902 million decrease in accrued income taxes, and a ¥1,250 million decrease in allowance for employees bonuses.

Net assets were ¥129,863 million, a decrease of ¥3,195 million compared to the end of the previous fiscal year. The main components of the decrease included a ¥1,019 million decrease in foreign currency exchange adjustments and return of earnings to shareholders amounting to ¥3,093 million (dividend payments of ¥2,085 million and treasury stock purchase of ¥1,007 million). A key component of the increase was a net income of ¥820 million.

3. Qualitative Information on Projected Consolidated Results

Due to sluggish performance for apparel and functional solutions businesses during the first quarter, Gunze has adjusted its half-year consolidated result forecast for the fiscal year ending March 31, 2009. The net sales forecast was revised to ¥80,000 million, ¥2,300 million lower than the forecast announced previously on May 12, 2008 (down 2.8% compared to the previous forecast). Half-year forecasts for operating income, ordinary income and net income have not been changed, as their fluctuations remained within the assumed ranges. Gunze has not revised full-year forecasts for the fiscal year ending March 31, 2009 from the previous forecasts announced on May 12, 2008.

4. Other Information

(1) Changes in Important Subsidiaries during the Period (Changes in Specified Subsidiaries Involving Changes in the Scope of Consolidation): No

(2) Use of Simplified Accounting Methods and Accounting Practices Specific to Preparation of Quarterly Consolidated Financial Statements

(Simplified Accounting Methods)

A. Methods for estimating doubtful accounts

Because the actual rate of default on accounts receivable and other factors at the end of the first quarter of the consolidated fiscal year ending March 31, 2009 are deemed to show no major change from those calculated at the end of the previous consolidated fiscal year, the estimate for doubtful accounts is calculated based on the actual default rate at the end of the previous fiscal year.

B. Methods for valuation of inventories

To calculate inventories at the end of the first quarter of the fiscal year ending March 31, 2009, physical inventory has been omitted and instead a reasonable calculation method based on the physical inventory taken at the end of the previous consolidated fiscal year has been applied. As for the devaluation of the book value of inventories, Gunze estimates the net sales value and devalues the book value only for those inventory items experiencing obvious deterioration in profitability.

C. Methods for calculating depreciation and amortization of fixed assets

As for fixed assets depreciated using the declining-balance method, the pro-rata share of depreciation expenses corresponding to the current consolidated fiscal year is expensed.

D. Judgment of recoverability for deferred tax assets

As for the evaluation of recoverability for deferred tax assets, because it is deemed that no major changes have taken place in the Gunze operating environment, and the occurrence of major temporary differences has remained almost unchanged after the previous consolidated fiscal year, the projection for future results and tax planning adopted during the previous fiscal year are used.

E. Methods for calculating allowance for retirement benefits

The pro-rata share of the yearly retirement benefit costs calculated at the beginning of the current consolidated fiscal year is charged. As for actuarial gains and losses, the pro-rata share of the yearly expenses is also charged.

(Accounting Practices Specific to Preparation of Quarterly Consolidated Financial Statements)

Calculation of taxes

Taxes are calculated by multiplying income before income taxes and minority interests for the first quarter under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the income before income taxes and minority interests for the full year.

(3) Changes in Accounting Policies, Procedures and Presentation Methods for the Preparation of Quarterly Consolidated Financial Statements

Gunze began adopting the Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan [ASBJ] Statement No. 12; March 14, 2007), and the Guidance on the Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14; March 14, 2007), from the first quarter of the fiscal year ending March 31, 2009. Gunze also prepares the quarterly consolidated financial statements according to the Regulations for Quarterly Consolidated Financial Statements.

(Changes in Accounting Policies)

A. Application of the accounting standard for measurement of inventories

Gunze began adopting the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9; July 5, 2006) from the first quarter of the consolidated fiscal year ending March 31, 2009. Accordingly, inventories are now valued at cost. Under this method, the book value of inventories is devalued in accordance with deterioration in profitability. This change had no impact on operating income, ordinary income and income before income taxes and minority interests for the first quarter under review.

B. Application of the accounting standard for lease transactions

Conventionally, Gunze uses the accounting method to treat financial leases that do not transfer ownership as operating lease transactions. From the first quarter of the consolidated fiscal year ending March 31, 2009, Gunze began applying the Accounting Standard for Lease Transactions (ASBJ Statement No. 13; June 17, 1993 [Business Accounting Council, the First Committee], revised on March 30, 2007), and the Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16; January 18, 1994 [The Japanese Institute of Certified Public Accountants, Accounting Practice Committee], revised on March 30, 2007), as the application of the said standard and guidance became possible starting from the quarterly consolidated financial statements related to the consolidated fiscal year beginning April 1, 2008. Accordingly, such leases are treated as sales/purchase transactions. Lease assets are depreciated to an eventual residual value of zero, using the straight-line method within their lease service life.

For financial leases that do not transfer ownership, whose transactions began before March 31, 2008, the conventional accounting method that treats such leases as operating lease transactions is applied as before. This change had no impact on operating income, ordinary income and income before income taxes and minority interests for the first quarter under review.

C. Changes in treatment of actuarial gains and losses

Conventionally, Gunze expenses actual gains and losses related to retirement benefits in the fiscal year following the year in which such differences were incurred. However, against the backdrop of significant fluctuations in stock market conditions at home and abroad, substantial amounts of gains or losses related to pension assets (actuarial differences) have recently been incurred each period. If these gains/losses are expensed in one year that follows the year in which such differences are incurred, expense related to such differences will account for a major part of fluctuations in net income. This results in a situation in which the change in net income does not accurately reflect the trends or evaluation of corporate performance.

Moreover, management of pension assets should seek mid-/long-term profits. Also reflecting this nature of pension assets management, the conventional accounting treatment under which actuarial gain or loss in each year directly influences the financial results for the next fiscal year is no longer deemed applicable for the recent economic conditions.

In view of these situations, beginning in the first quarter of the consolidated fiscal year ending March 31, 2009, Gunze began adopting the straight-line method to expense actuarial gains and

losses over a fixed number of years (5 years) starting from the fiscal year that follows the year in which such differences incurred, based on the average number of years of employee service remaining at the time incurred.

This change resulted in an increase of ¥1,158 million in income before income taxes and minority interest compared to the conventional accounting method.

(Additional Information)

Revision to the statutory useful life of property, plants and equipment

According to the revision to the statutory useful life based on the amended Corporate Tax Law of Japan enacted in 2008, Gunze began calculating depreciation expenses based on the revised useful life from the first quarter of the fiscal year ending March 31, 2009. This change had no material impact on operating income, ordinary income and income before income taxes and minority interests for the first quarter under review.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen: amounts less than one million yen are omitted)

	End of FY2008 1st quarter (As of Jun. 30, 2008)	(Ref.) End of FY2007 (As of Mar. 31, 2008)
Assets		
Current assets		
Cash and cash equivalents	6,000	5,597
Trade notes & accounts receivable	34,366	36,680
Finished products and goods	22,172	22,712
Work in process	7,603	6,639
Raw materials and supplies	5,442	5,292
Other current assets	4,315	4,112
Allowance for doubtful accounts	(50)	(51)
Total current assets	79,851	80,984
Fixed assets		
Property, plants and equipment		
Buildings and structures	40,775	41,140
Machinery and equipment	16,326	16,828
Land	12,118	12,181
Other	4,021	2,920
Total property, plants and equipment	73,242	73,071
Intangible fixed assets	1,174	1,206
Investments and other assets		
Investments in securities	33,928	32,986
Other assets	6,220	7,474
Allowance for doubtful accounts	(206)	(206)
Total investments and other assets	39,943	40,254
Total fixed assets	114,359	114,532
Total assets	194,211	195,517

(Millions of yen: amounts less than one million yen are omitted)

	End of FY2008 1st quarter (As of Jun. 30, 2008)	(Ref.) End of FY2007 (As of Mar. 31, 2008)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	11,651	12,351
Short-term debt	3,626	3,197
Commercial paper	22,000	17,000
Accrued income taxes	1,277	2,179
Allowance for employees' bonuses	535	1,785
Other current liabilities	8,081	7,921
Total current liabilities	47,172	44,436
Long-term liabilities		
Long-term debt	800	800
Allowance for retirement benefits	5,909	6,016
Long-term deposits & guarantee deposits	10,233	10,262
Other long-term liabilities	232	945
Total long-term liabilities	17,174	18,023
Total liabilities	64,347	62,459
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	22,717	22,717
Retained earnings	80,159	81,700
Treasury stock	(11,167)	(10,162)
Total shareholders' equity	117,780	120,327
Valuation, translation adjustments and others		
Unrealized gain on available-for-sale securities	11,973	11,402
Deferred gains on hedge	(12)	(282)
Revaluation difference on land	(400)	(400)
Foreign currency translation adjustments	(335)	683
Total valuation, translation adjustments and others	11,224	11,403
Stock acquisition rights	47	35
Minority interests	810	1,292
Total net assets	129,863	133,058
Total liabilities and net assets	194,211	195,517

(2) Consolidated Statements of Income

(Millions of yen: amounts less than one million yen are omitted)

	First quarter of FY2008 (April 1, 2008 - June 30, 2008)
Net sales	37,929
Cost of sales	27,625
Gross profit	10,304
Selling, general & administrative expenses	8,667
Operating income	1,637
Non-operating income	
Interest income	14
Dividend income	290
Rental income	107
Exchange gain	19
Other	55
Total non-operating income	487
Non-operating expenses	
Interest expenses	65
Rental costs	94
Other	81
Total non-operating expenses	241
Ordinary income	1,883
Extraordinary income	
Gain on sale of property, plants & equipment	5
Amortization of prior service cost on retirement benefits by transition from an employees' pension fund to a cash-balance plan	400
Total extraordinary income	405
Extraordinary loss	
Loss on sale or disposal of property, plants & equipment	47
Loss on valuation of investments in securities	0
Amortization of actuarial gain on retirement benefits	289
Total extraordinary loss	338
Income before income taxes and minority interests	1,951
Income taxes	1,139
Minority interests	(8)
Net income	820

(3) Consolidated Statements of Cash Flows

(Millions of yen: amounts of less than one million yen are omitted)

	First quarter of FY2008 (April 1, 2008 - June 30, 2008)
Cash flows from operating activities	
Income before income taxes & minority interests	1,951
Depreciation and amortization	1,921
Increase in allowance for doubtful accounts	1
Increase in allowance for retirement benefits	261
Increase (decrease) in allowance for employees' bonuses	(1,244)
Interest and dividend income	(304)
Interest expenses	65
Loss (gain) on sale and disposal of fixed assets	42
Loss (gain) on valuation of investments in securities and other assets	0
Amortization (gain) of prior service cost on retirement benefits by transition from an employees' pension fund to a cash-balance plan	(400)
Amortization of actuarial loss (gain) on retirement benefits	289
Other losses	28
Decrease (increase) in notes and accounts receivable	1,826
Decrease (increase) in inventories	(380)
Decrease (increase) in other current assets	86
Increase (decrease) in notes and accounts payable	(2,032)
Increase (decrease) in deposits and guarantee deposits	348
Increase (decrease) in other current liabilities	(206)
Increase (decrease) in other long-term liabilities	(398)
Subtotal	1,857
Interest and dividends received	304
Interest paid	(92)
Income tax paid	(2,032)
Net cash provided by operating activities	37
Cash flows from investing activities	
Payments for purchase of property, plants & equipment	(2,124)
Proceeds from sale of property, plants & equipment	16
Payments for disposition of property, plants & equipment	(28)
Payments for acquisition of investments in securities	(7)
Net decrease (increase) in advances	(56)
Other, net	(41)
Net cash used in investing activities	(2,242)
Cash flows from financing activities	
Net increase (decrease) in short-term debt and commercial paper	5,090
Cash dividends paid	(1,672)
Acquisition of treasury stock	(1,007)
Other, net	2
Net cash provided by financing activities	2,412
Effect of exchange rate changes on cash & cash equivalents	(237)
Net increase (decrease) in cash and cash equivalents	(29)
Cash and cash equivalents at beginning of period	5,597
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	432
Cash and cash equivalents at end of period	6,000

Gunze began adopting the Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan [ASBJ] Statement No. 12) and the Guidance on the Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14) from the fiscal year ending March 31, 2009. Gunze also prepares the quarterly consolidated financial statements according to the Regulations for Quarterly Consolidated Financial Statements.

(4) Notes Regarding Assumptions of Continuing Operations

None applicable

(5) Segment Information

[Segment Information by Business]

First quarter of FY2008 (April 1, 2008 - June 30, 2008)

(Millions of yen: amounts less than one million yen are omitted)

	Apparel	Functional solutions	Lifestyle creations	Total	Eliminations/Corporate	Consolidated
I. Net Sales and Operating Income						
Net sales						
(1) Sales to customers	21,825	12,868	3,236	37,929	-	37,929
(2) Intersegment sales and transactions	33	28	361	424	(424)	-
Total	21,859	12,896	3,597	38,354	(424)	37,929
Operating expenses	20,973	11,634	3,268	35,875	416	36,292
Operating income (loss)	885	1,262	329	2,478	(840)	1,637

Notes:

- (1) Business segments are classified according to the types and nature of products, and similarities in manufacturing and sales methods.
- (2) The main products handled in each business segment are as follows:
 - Apparel business: Innerwear, hosiery, outerwear, textiles, and threads.
 - Functional solutions business: Plastic films, engineering plastics, electronic components, machinery, and medical materials.
 - Lifestyle creation business: Buying, selling and leasing of real estate, trees and plants, and operation and management of sports facilities.

[Segment Information by Geographic Area]

First quarter of FY2008 (April 1, 2008 - June 30, 2008)

Geographic segment information is not presented in the periods above because net sales in countries/regions outside Japan accounted for less than 10% of the combined amount of total net sales in all segments.

[Overseas Sales]

First quarter of FY2008 (April 1, 2008 - June 30, 2008)

(Millions of yen: amounts less than one million yen are omitted)

Overseas sales	3,870
Consolidated net sales	37,929
Percentage of overseas sales against consolidated net sales (%)	10.2

Notes:

- (1) Overseas sales refer to sales by the Company and its consolidated subsidiaries in countries/regions outside Japan.
- (2) Overseas sales by country/region are not presented because the respective figures for each region accounted for less than 10% of consolidated net sales. The combined total is presented above.

(6) Notes in the Event of Significant Changes in Shareholders' Equity

None applicable

(Ref.) First Quarter of FY2007

(1) Consolidated Statements of Income

(Millions of yen: amounts less than one million yen are omitted)

	First quarter of FY2007 (April 1, 2007 - June 30, 2007)
Net sales	39,787
Cost of sales	28,543
Gross profit	11,244
Selling, general & administrative expenses	8,934
Operating income	2,309
Non-operating income	
Interest income	17
Dividend income	277
Rental income	84
Exchange gain	95
Other	83
Total non-operating income	558
Non-operating expenses	
Interest expenses	87
Loss on disposal of inventories	17
Rental costs	67
Other	70
Total non-operating expenses	243
Ordinary income	2,624
Extraordinary income	
Gain on sale of property, plants & equipment	5
Gain on sale of investments in securities	200
Amortization of actuarial gain on retirement benefits	192
Amortization of prior service cost on retirement benefits by transition from an employees' pension fund to a cash-balance plan	400
Total extraordinary income	798
Extraordinary loss	
Loss on sale or disposal of property, plants & equipment	17
Expenses on business structure improvement	22
Total extraordinary loss	40
Income before income taxes and minority interests	3,382
Income taxes	1,543
Minority interests	5
Net income	1,833

(2) Segment Information

[Segment Information by Business]

First quarter of FY2007 (April 1, 2007 - June 30, 2007)

(Millions of yen: amounts less than one million yen are omitted)

	Apparel	Functional solutions	Lifestyle creations	Total	Eliminations/ Corporate	Consolidated
I. Net Sales and Operating Income						
Net sales						
(1) Sales to customers	23,009	13,562	3,216	39,787	-	39,787
(2) Intersegment sales and transactions	25	36	397	459	(459)	-
Total	23,034	13,598	3,613	40,247	(459)	39,787
Operating expenses	21,709	12,105	3,253	37,068	409	37,478
Operating income (loss)	1,325	1,493	359	3,178	(869)	2,309

Notes:

- (1) Business segments are classified according to the types and nature of products, and similarities in manufacturing and sales methods.
- (2) The main products handled in each business segment are as follows:
 Apparel business: Innerwear, hosiery, outerwear, textiles, and threads.
 Functional solutions business: Plastic films, engineering plastics, electronic components, machinery, and medical materials.
 Lifestyle creation business: Buying, selling and leasing of real estate, trees and plants, and operation and management of sports facilities.

[Segment Information by Geographic Area]

First quarter of FY2007 (April 1, 2007 - June 30, 2007)

Geographic segment information is not presented in the period above because net sales in countries/regions outside Japan accounted for less than 10% of the combined amount of total net sales in all segments.

[Overseas Sales]

First quarter of FY2007 (April 1, 2007 - June 30, 2007)

Overseas sales by country/region are not presented because the respective figures for each region accounted for less than 10% of consolidated net sales.

6. Other Information

Production, Orders and Sales

(1) Results of Production

(Millions of yen: amounts less than one million yen are omitted)

Business Segment	FY2008 1st quarter	FY2007 1st quarter
	(Apr. 1, 2008 to Jun. 30, 2008)	(Apr. 1, 2007 to Jun. 30, 2007)
Apparel	13,024	13,325
Functional solutions	9,315	9,733
Total	22,340	23,058

Notes: 1. Figures are calculated on a manufacturing cost basis, and include outsourced production.

2. In addition to production, the Company also made the following purchases.

(Millions of yen: amounts less than one million yen are omitted)

Business Segment	FY2008 1st quarter	FY2007 1st quarter
	Apparel	1,362
Functional solutions	262	512
Lifestyle creations	706	755
Total	2,331	3,235

3. Figures exclude consumption tax.

(2) Orders Received

The Company and its consolidated subsidiaries calculate orders received, excluding for machinery (included in the functional solutions segment), on the basis of projected production rather than production orders.

Orders received and outstanding orders for machinery are as follows:

(Millions of yen: amounts less than one million yen are omitted)

Business Segment	FY2008 1st quarter		FY2007 1st quarter	
	(Apr. 1, 2008 to Jun. 30, 2008)		(Apr. 1, 2007 to Jun. 30, 2007)	
	Orders received	Outstanding orders	Orders received	Outstanding orders
Machinery included in the functional solutions business	1,211	1,304	2,210	1,850

Note: Figures exclude consumption tax.

(3) Sales

(Millions of yen: amounts less than one million yen are omitted)

Business Segment	FY2008 1st quarter	FY2007 1st quarter
	(Apr. 1, 2008 to Jun. 30, 2008)	(Apr. 1, 2007 to Jun. 30, 2007)
Apparel	21,859	23,034
Functional solutions	12,896	13,598
Lifestyle creations	3,597	3,613
Subtotal	38,354	40,247
Excl. intersegment sales	(424)	(459)
Total	37,929	39,787

Note: Figures exclude consumption tax.