

Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2012 (Japanese Standards)

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.

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Company Code:	3002
Stock Market Listings:	Tokyo, Osaka
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Filing of Quarterly Securities Report (<i>Shihanki hokokusho</i>) (Scheduled):	November 11, 2011
Start of Distribution of Dividends (Scheduled):	--
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for institutional investors and security analysts)

1. Consolidated results for the second quarter of FY2011 (April 1, 2011 to September 30, 2011)

(1) Consolidated operating results (cumulative)

(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	%
Six months ended Sept. 2011	67,059	(0.3)	609	(63.5)	635	(64.9)
Six months ended Sept. 2010	67,228	(1.7)	1,667	47.9	1,808	34.4

	Net income		E.P.S.	Diluted E.P.S.
	¥ millions	%	¥	¥
Six months ended Sept. 2011	329	(54.2)	1.71	1.70
Six months ended Sept. 2010	719	51.7	3.68	3.67

Note: Comprehensive income

Six months ended September 30, 2011: - ¥1,312 million (- %)

Six months ended September 30, 2010: - ¥2,604 million (- %)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥ millions	¥ millions	%
As of Sept. 30, 2011	169,365	111,226	64.9
As of March 31, 2011	163,917	113,345	68.6

Reference: Equity ratio

September 30, 2011: ¥109,891 million

March 31, 2011: ¥112,448 million

2. Dividends

	Annual dividends per share (¥)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
FY2010	-	-	-	7.50	7.50
FY2011	-	-	-	-	-
FY2011 (projected)	-	-	-	7.50	7.50

Note: Revisions to dividend projections most recently announced: No

3. Projected results for FY2011 (April 1, 2011 to March 31, 2012)

(Percentages represent changes compared to the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
FY2011 full year	143,500	7.3	3,500	13.5	3,400	3.5

	Net income		E.P.S.
	¥ millions	%	¥
FY2011 full year	2,100	16.9	10.88

Note: Revisions to projections of consolidated financial results most recently announced: No

4. Other

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries during the period accompanied by changes in the scope of consolidation): No
- (2) Application of specific accounting practices for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement after error corrections
 - (a) Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - (b) Changes in accounting policies due to other reasons: No
 - (c) Changes in accounting estimates: No
 - (d) Restatement after error corrections: No

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

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

2nd quarter of FY2011: 209,935,165 shares

End of FY2010: 209,935,165 shares

(b) Treasury stock at the end of period:

2nd quarter of FY2011: 16,864,290 shares

End of FY2010: 16,853,412 shares

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

2nd quarter of FY2011: 193,075,423 shares

2nd quarter of FY2010: 195,772,433 shares

Notes regarding quarterly review

This summary of consolidated financial statements is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Law of Japan, and that review had not been completed on the day of disclosure.

Notes regarding the use of projections of results and other matters

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 and notes regarding the use of projections, see (3) “Qualitative Information on Projected Consolidated Results” in “Qualitative Information on Quarterly Financial Results” on page 5.

Attached Materials

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Results of Operations

Reviewing economic conditions during the first six months of the current fiscal year (April 1 – September 30, 2011), the Japanese economy faced many difficulties on an ongoing basis. In particular, corporate activities and consumer spending were sluggish due to the Great East Japan Earthquake and the subsequent restrictions of electricity usage. Other factors exerting a negative impact included financial instability in the U.S. and Europe, weakened growth in emerging markets, soaring prices of raw materials, and the persistent appreciation of the yen.

While the earthquake caused confusion in supply chains, the GUNZE Group's functional solutions business was able to keep the negative effects at a relatively low level. This was achieved by quickly responding to delivery needs and moving up production ahead of schedule in preparation for the need to limit power usage. The apparel business continued to experience challenges such as elevated prices of raw materials centered on cotton, rising labor costs abroad, and an increase in private brand products.

Faced with this situation, the GUNZE Group worked to enhance its ability to adapt to rapid changes in the marketplace by promoting growth and strengthening its corporate structure. These are two key strategies of GUNZE Group's recently launched medium-term management plan, called "Innovation 4S." This plan covers the period from the present fiscal 2011 to fiscal 2013.

As a result of these measures, the GUNZE Group's posted net sales of ¥67,059 million, or a year-over-year decrease of 0.3% for the six months ended September 30, 2011. Consolidated operating income amounted to ¥609 million (a year-over-year decrease of 63.5%), while consolidated ordinary income was ¥635 million (a year-over-year decrease of 64.9%). Consolidated net income was ¥329 million (a year-over-year decrease of 54.2%).

Results by Business Segment

<Functional Solutions>

In plastic film, sales of shrink film and nylon film were robust thanks to front-loaded demand in response to post-earthquake supply shortages and restricted electricity use,

combined with an extremely hot summer. Fukushima Plastics Co., Ltd. (consolidated subsidiary) was forced to respond to power usage restrictions by adjusting production and taking other measures. However, measures for enhancing production efficiency such as rotating shifts helped minimize the negative effects of the disaster. Although the effects of the earthquake were limited, engineering plastics faced challenging conditions such as sluggish demand resulting from the strong yen and the downturn in economies of the U.S. and Europe. In electronic components, sales grew for projected capacitive touch screens designed for tablet terminals. Nevertheless, a change in specifications and delayed launch of mass production prevented these products from contributing to profit increases. In medical materials, bone fixation devices and artificial dermis enjoyed impressive performance. Overall, the functional solutions business recorded net sales of ¥26,142 million (a year-over-year increase of 6.0%) and operating income of ¥1,928 million (a year-over-year decrease of 10.7%).

<Apparel>

In innerwear, increased demand related to electricity savings drove up sales of seasonal functional products (such as *COOLMAGIC*). By contrast, fashion-oriented and casual innerwear products suffered from sluggish sales. In response to the sharp rise in prices of raw materials such as cotton, price rises were implemented for some products starting from the August shipment. In leg wear, fashion items, including patterned stockings and tights, experienced declining sales due to a downturn in consumer confidence after the disaster. However, socks and seasonal products emphasizing functionality enjoyed strong sales. Overall, the apparel business posted net sales of ¥35,323 million (a year-over-year decrease of 3.7%), while operating income was ¥110 million (a year-over-year decrease of 78.2%).

<Lifestyle Creations>

In the real estate business, the *GUNZE Town Center TSUKASHiN* (commercial facility) concentrated its efforts on implementing community-rooted sales promotion measures. Still, its business was sluggish because of declining consumption and the new opening or expanded sales area of commercial facilities in the neighborhood. As for the Maebashi commercial facility that canceled a lease agreement with its tenant last October, a replacement tenant was decided upon, with operation start scheduled for early December. The sports club business enjoyed strong performance thanks to the introduction of new programs to attract new customers, as well as enhanced efficiency of club operations. Overall, the lifestyle creation business posted net sales of ¥6,169

million (a year-over-year decrease of 5.0%) and operating income of ¥324 million (a year-over-year decrease of 51.2%).

(2) Qualitative Information on Consolidated Financial Position

As of September 30, 2011, total assets were ¥169,365 million, an increase of ¥5,447 million compared to the end of the previous fiscal year. The main components of the increase were a ¥3,039 million increase in trade notes and accounts receivable and a ¥5,010 million increase in inventories. The main factor contributing to a decrease in total assets was a ¥2,779 million decrease in investments in securities.

Total liabilities were ¥58,139 million, an increase of ¥7,567 million compared to the end of the previous fiscal year. The key component of the increase was a ¥7,869 million increase in long- and short-term debt including commercial paper.

Net assets were ¥111,226 million, a decrease of ¥2,119 million compared to the end of the previous fiscal year. The main components of the decrease include dividend payments amounting to ¥1,448 million, and a ¥1,484 million decrease in unrealized gain on available-for-sale securities. The main components of an increase in net assets were a ¥408 million increase in minority interests and a net income of ¥329 million.

(Cash Flows)

As of September 30, 2011, consolidated cash and cash equivalents were ¥6,626 million, ¥278 million less than at the end of the previous fiscal year. Below is an overview of cash flows and reasons for changes during the six months ended September 30, 2011.

Net cash used in operating activities for the period under review was ¥2,789 million, compared with ¥2,165 million provided during the same period of the previous fiscal year. The major components of incoming cash flows were depreciation and amortization of ¥3,960 million, and income before income taxes and minority interests of ¥765 million, while the major components of outgoing cash flows include an increase of ¥4,942 million in inventories, and a ¥2,522 million increase in notes and accounts receivable.

Net cash used in investing activities totaled ¥3,941 million, a decrease of ¥36 million compared to the same period of the previous fiscal year. The main components of outgoing cash flows include payments for purchase of property, plants and equipment

amounting to ¥3,747 million, including capital investment related to the functional solutions business.

Net cash provided by financing activities totaled ¥6,346 million, an increase of ¥3,943 million compared to the same period of the previous fiscal year. Main components of incoming cash flows include a ¥5,468 million increase in short-term debt and commercial paper, and proceeds from issuance of long-term debt amounting to ¥2,500 million. The main component of outgoing cash flows was ¥1,437 million spent for dividend payments.

(3) Qualitative Information on Projected Consolidated Results

The GUNZE Group has not revised its full-year forecast for the fiscal year ending March 31, 2012 from the previous forecast announced on May 13, 2011, as performance during the six months ended September 30, 2011 remained within the assumed range.

2. Summary Information (Other)

(1) Changes in Significant Subsidiaries during the Period

None applicable

(2) Application of Specific Accounting Practices for Preparing Quarterly Consolidated Financial Statements

(Calculation of taxes)

Taxes are calculated by multiplying income before income taxes and minority interests for the six-month period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the income before income taxes for the full year. Therefore, the amount of income tax adjustment is recorded in income taxes.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement after Error Corrections

None applicable

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

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

	End of FY2010 (As of Mar. 31, 2011)	End of FY2011 2nd quarter (As of Sept. 30, 2011)
Assets		
Current assets		
Cash and cash equivalents	6,905	6,626
Notes & accounts receivable, trade	27,122	30,162
Finished products and goods	17,436	19,843
Work in process	6,423	7,803
Raw materials and supplies	5,673	6,897
Other current assets	4,189	4,455
Allowance for doubtful accounts	(28)	(18)
Total current assets	67,722	75,770
Fixed assets		
Property, plants and equipment		
Buildings and structures (Net)	36,770	37,780
Machinery, equipment and vehicles (Net)	12,811	16,130
Land	11,996	11,948
Other (Net)	5,890	2,749
Total property, plants and equipment	67,468	68,608
Intangible fixed assets	2,190	1,984
Investments and other assets		
Investments in securities	16,698	13,919
Other assets	9,985	9,227
Allowance for doubtful accounts	(147)	(145)
Total investments and other assets	26,536	23,001
Total fixed assets	96,194	93,594
Total assets	163,917	169,365

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

	End of FY2010 (As of Mar. 31, 2011)	End of FY2011 2nd quarter (As of Sept. 30, 2011)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	7,844	8,546
Short-term debt	3,993	5,907
Commercial paper	12,800	16,800
Current portion of long-term debt	1,081	1,080
Accrued income taxes	509	542
Allowance for employees' bonuses	1,311	1,355
Other current liabilities	7,717	8,251
Total current liabilities	35,257	42,483
Long-term liabilities		
Long-term debt	5,175	7,132
Allowance for retirement benefits	4,623	3,223
Long-term deposits & guarantee deposits	4,906	4,666
Other long-term liabilities	608	633
Total long-term liabilities	15,313	15,655
Total liabilities	50,571	58,139
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	14,082	14,081
Retained earnings	80,033	79,006
Treasury stock	(7,286)	(7,288)
Total shareholders' equity	112,900	111,871
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,592	1,108
Deferred gains (losses) on hedge	(416)	(447)
Revaluation difference on land	(400)	(400)
Foreign currency translation adjustments	(2,228)	(2,239)
Total accumulated other comprehensive income	(452)	(1,979)
Stock acquisition rights	200	228
Minority interests	697	1,106
Total net assets	113,345	111,226
Total liabilities and net assets	163,917	169,365

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Consolidated Statements of Income
(for the six months from April 1 to September 30)

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

	2nd quarter of FY2010 (Apr. 1, 2010 to Sept. 30, 2010)	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)
Net sales	67,228	67,059
Cost of sales	48,871	50,017
Gross profit	18,357	17,041
Selling, general & administrative expenses	16,690	16,431
Operating income	1,667	609
Non-operating income		
Interest income	12	1
Dividend income	209	219
Rental income	295	319
Gain on allotment of investment securities	145	-
Other	128	136
Total non-operating income	791	677
Non-operating expenses		
Interest expenses	81	67
Rental costs	281	330
Exchange loss	162	160
Other	124	92
Total non-operating expenses	650	650
Ordinary income	1,808	635
Extraordinary income		
Gain on sale of property, plants & equipment	59	28
Reversal of allowance for doubtful accounts	11	-
Gain on establishment of employee retirement benefit trust	969	1,492
Other	-	37
Total extraordinary income	1,039	1,558
Extraordinary loss		
Loss on sale or disposal of property, plants & equipment	95	122
Loss on valuation of investments in securities	8	-
Amortization of actuarial differences in retirement benefits	1,123	1,246
Expenses on business structure improvement	287	-
Effect of application of accounting standard for asset retirement obligations	62	-
Other	24	59
Total extraordinary loss	1,602	1,428
Income before income taxes and minority interests	1,245	765
Income taxes	504	532
Income before minority interests	740	233
Minority interests in income (loss)	21	(96)
Net income	719	329

Consolidated Statements of Comprehensive Income
(for the six months from April 1 to September 30)

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

	2nd quarter of FY2010 (Apr. 1, 2010 to Sept. 30, 2010)	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)
Income before minority interests	740	233
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(2,634)	(1,484)
Deferred gains (losses) on hedge	(274)	(31)
Foreign currency translation adjustments	(436)	(29)
Total other comprehensive income (loss)	(3,345)	(1,545)
Comprehensive income (loss) attributable to:	(2,604)	(1,312)
Shareholders of the parent company	(2,610)	(1,197)
Minority interests	5	(115)

(3) Quarterly Consolidated Statements of Cash Flows

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

	2nd quarter of FY2010 (Apr. 1, 2010 to Sept. 30, 2010)	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)
Cash flows from operating activities		
Income before income taxes & minority interests	1,245	765
Depreciation and amortization	3,861	3,960
Increase (decrease) in allowance for doubtful accounts	(9)	(10)
Increase (decrease) in allowance for retirement benefits	(684)	186
Increase (decrease) in allowance for employees' bonuses	(4)	32
Interest and dividend income	(222)	(221)
Interest expenses	81	67
Loss (gain) on sale and disposal of fixed assets	36	94
Loss (gain) on valuation of investments in securities	8	-
Loss (gain) on establishment of employee retirement benefit trust	(969)	(1,492)
Amortization (gain) of actuarial differences in retirement benefits	1,123	1,246
Effect of application of accounting standard for asset retirement obligations	62	-
Expense on business structure improvement	287	-
Other losses (gains)	52	147
Decrease (increase) in notes and accounts receivable	(2,442)	(2,522)
Decrease (increase) in inventories	(657)	(4,942)
Decrease (increase) in other current assets	190	(152)
Increase (decrease) in notes and accounts payable	730	450
Increase (decrease) in deposits and guarantee deposits	(47)	(240)
Increase (decrease) in other current liabilities	(293)	(59)
Increase (decrease) in other long-term liabilities	(12)	138
Subtotal	2,336	(2,551)
Interest and dividends received	221	221
Interest paid	(67)	(76)
Income tax refund (paid)	(325)	(382)
Net cash provided by (used in) operating activities	2,165	(2,789)
Cash flows from investing activities		
Payments for purchase of property, plants & equipment	(4,044)	(3,747)
Proceeds from sale of property, plants & equipment	69	87
Payments for disposition of property, plants & equipment	(45)	(61)
Payments for acquisition of investment securities	(22)	(284)
Net decrease (increase) in loans	7	47
Other	57	16
Net cash provided by (used in) investing activities	(3,977)	(3,941)

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

	2nd quarter of FY2010 (Apr. 1, 2010 to Sept. 30, 2010)	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)
Cash flows from financing activities		
Net increase (decrease) in short-term debt and commercial paper	3,462	5,468
Proceeds from issuance of long-term debt	2,900	2,500
Repayments of long-term debt	(1,300)	(540)
Cash dividends paid	(1,469)	(1,437)
Acquisition of treasury stock	(1,163)	(5)
Other	(26)	360
Net cash provided by (used in) financing activities	2,402	6,346
Effect of exchange rate changes on cash & cash equivalents	(86)	(3)
Net increase (decrease) in cash and cash equivalents	504	(387)
Cash and cash equivalents at beginning of period	5,496	6,905
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	0	109
Cash and cash equivalents at end of period	6,001	6,626

(4) Notes Regarding Assumptions of Continuing Operations

None applicable

(5) Segment Information

I. Second quarter of FY2010 (Six months ended September 30, 2010)

1. Information on Net Sales and Profit (Loss) of Each Reportable Segment

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

	Functional solutions	Apparel	Lifestyle creation	Total	Adjustment (note)	Consolidated
Net sales						
Sales to customers	24,592	36,590	6,045	67,228	-	67,228
Intersegment sales and transfers	80	91	451	622	(622)	-
Total	24,672	36,682	6,497	67,851	(622)	67,228
Segment profit	2,159	504	664	3,328	(1,660)	1,667

Note:

The - (minus) ¥1,660 million segment profit adjustment consists of overall costs not allocated to reportable segments.

Overall costs refer to SG&A expenses not allocated to reportable segments.

II. Second quarter of FY2011 (Six months ended September 30, 2011)

1. Information on Net Sales and Profit (Loss) of Each Reportable Segment

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

	Functional solutions	Apparel	Lifestyle creation	Total	Adjustment (note)	Consolidated
Net sales						
Sales to customers	26,062	35,248	5,747	67,059	-	67,059
Intersegment sales and transfers	79	74	421	575	(575)	-
Total	26,142	35,323	6,169	67,634	(575)	67,059
Segment profit	1,928	110	324	2,364	(1,754)	609

Note:

The - (minus) ¥1,754 million segment profit adjustment consists of overall costs not allocated to reportable segments.

Overall costs refer to SG&A expenses not allocated to reportable segments.

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

None applicable

4. Supplementary Information

Overview of Consolidated Second Quarter Results

<Overview of Results>

- Functional solutions business enjoyed sales growth for projected capacitive touch screens in the electronic components category. However, it failed to achieve targets due to delays in mass production.
 - Apparel business was sluggish due to soaring raw material prices and intensified market competition.
 - Lifestyle creation business posted sales and profit decreases compared to same period of previous year, because of delayed decision in replacement tenant for the Maebashi commercial facility.
- Result: net sales, operating income and ordinary income decreased compared to same period of previous fiscal year, though they exceeded projections.

<Main Extraordinary Income/Loss>

- Loss on amortization of actuarial differences in retirement benefits: ¥1.2 billion
- Gain on establishment of employee retirement benefit trust: ¥1.4 billion

<FY2011 Forecast>

- GUNZE has not revised previous full-year forecast as orders received by functional solutions segment and measures for absorbing price increases of raw materials for apparel remain within the assumed range.
- Scheduled dividend payment for current fiscal year: ¥7.5 per share

(1) FY2011 2nd Quarter Operating Results (Apr. 1, 2011 to Sept. 30, 2011)

(Millions of yen)

	FY2011 2nd Quarter (Six months ended Sept. 30, 2011)	FY2010 2nd Quarter (Six months ended Sept. 30, 2010)	Change
			<Upper figures in brackets %>
Net Sales	67,059	67,228	<(0.3)> (169)
Operating Income	609	1,667	<(63.5)> (1,058)
Ordinary Income	635	1,808	<(64.9)> (1,172)
Income Before Income Taxes and Minority Interests	765	1,245	<(38.6)> (479)
Net Income	329	719	<(54.2)> (389)
Total Assets	169,365	168,463	<0.5> 901
Inventories	34,544	30,358	<13.8> 4,185
Fixed Assets	93,594	97,990	<(4.5)> (4,395)
Net Assets	111,226	112,310	<(1.0)> (1,084)
Financing Income/Expenses	153	140	13
Interest/Dividends Received	221	222	(0)
Interest Expenses	(67)	(81)	14
Capital Expenditures	6,991	2,958	4,033
Depreciation and Amortization	3,960	3,861	99

Notes: Acquisition of treasury stock

	(Thousands of shares)	(Amount)
• Treasury stock acquired (including acquisition of odd-lot shares)	19	¥5 million
• Treasury stock disposed	(8)	(¥3 million)
• Treasury stock held at the end of the previous fiscal year	16,853	¥7,286 million
• Treasury stock held at the end of the period	16,864	¥7,288 million

(2) Results by Business Segment

(Millions of yen)

Item		FY2011 2nd Quarter (Six months ended Sept. 30, 2011)		FY2010 2nd Quarter (Six months ended Sept. 30, 2010)		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	26,142	38.7	24,672	36.4	1,470	6.0
	Apparel	35,323	52.2	36,682	54.1	(1,359)	(3.7)
	Lifestyle Creation	6,169	9.1	6,497	9.5	(328)	(5.0)
	Subtotal	67,634	100.0	67,851	100.0	(217)	(0.3)
	Eliminations	(575)		(622)		47	-
	Consolidated	67,059		67,228		(169)	(0.3)
Operating Income	Functional Solutions	1,928	81.6	2,159	64.9	(231)	(10.7)
	Apparel	110	4.7	504	15.1	(394)	(78.2)
	Lifestyle Creation	324	13.7	664	20.0	(340)	(51.2)
	Subtotal	2,364	100.0	3,328	100.0	(964)	(29.0)
	Eliminations	(1,754)		(1,660)		(94)	-
	Consolidated	609		1,667		(1,058)	(63.5)

(3) Significant Financial Indicators

		FY2011 2nd Quarter (Six months ended Sept. 30, 2011)	FY2010 2nd Quarter (Six months ended Sept. 30, 2010)	Change
Operating Income to Total Assets Ratio	%	0.4	1.0	(0.6)
Ordinary Income to Total Assets Ratio	%	0.4	1.1	(0.7)
Operating Income to Net Sales Ratio	%	0.9	2.5	(1.6)
Ordinary Income to Net Sales Ratio	%	0.9	2.7	(1.8)
Equity Ratio	%	64.9	66.2	(1.3)
ROE	%	0.3	0.6	(0.3)
Earnings per Share	¥	1.71	3.68	(1.97)
Diluted Earnings per Share	¥	1.70	3.67	(1.97)
Net Assets per Share	¥	569.18	577.08	(7.90)

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2011 2nd Quarter (Six months ended Sept. 30, 2011)	FY2010 2nd Quarter (Six months ended Sept. 30, 2010)	Change	Breakdown of Major Components
Operating Activities	(2,789)	2,165	(4,955)	Depreciation and amortization: 3,960; Income before income taxes and minority interests: 765; Increase in inventories: 4,942; Increase in notes and accounts receivable: 2,522
Investing Activities	(3,941)	(3,977)	36	Purchase of property, plants and equipment: 3,747
Financing Activities	6,346	2,402	3,943	Increase in short-term debt and commercial paper: 5,468; Proceeds from issuance of long- term debt: 2,500; Dividend payments: 1,437
Foreign Currency Translation	(3)	(86)	82	
Increase in Cash and Cash Equivalents - 2nd Quarter	(387)	504	(892)	
Increase due to Change in Scope of Consolidation	109	0	108	
Cash and Cash Equivalents - End of Period	6,626	6,001	625	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item	FY2011 Plan			FY2010		Y-over-Y Change
	Amount	Weight	2nd Quarter (cumulative)	Amount	Weight	
Capital Expenditures	[International]	[4,000]		[1,469]	[920]	
	Functional Solutions	11,900	70.0	5,898	2,325	38.8
	[International]	[700]		[299]	[499]	
	Apparel	1,700	10.0	529	1,870	31.2
	Lifestyle Creation	2,900	17.1	475	311	5.2
Corporate	500	2.9	89	1,489	24.8	
[International]	[4,700]		[1,768]	[1,419]		
Total	17,000	100.0	6,991	5,997	100.0	11,003
Depreciation and Amortization	Functional Solutions	4,500	51.7	1,918	3,680	46.6
	Apparel	1,900	21.8	914	2,011	25.5
	Lifestyle Creation	1,300	14.9	656	1,316	16.7
	Corporate	1,000	11.6	471	890	11.2
Total	8,700	100.0	3,960	7,898	100.0	802

Notes:

- Capital expenditures are based on the amount charged to construction in progress.
- Capital expenditures include investments for intangible fixed assets.

Main Investment Plans for the Period under Review

- Plastic film production equipment: ¥5,300 million
- Electronic components production equipment: ¥5,300 million
- Redevelopment of commercial facilities: ¥2,900 million

(6) FY2011 Forecast

(Millions of yen)

	FY2011 Forecast	FY2010	Change <Upper figures %>
Net Sales	143,500	133,705	<7.3> 9,795
Operating Income	3,500	3,085	<13.5> 415
Ordinary Income	3,400	3,285	<3.5> 115
Net Income	2,100	1,796	<16.9> 304

(7) Forecast of Results by Segment

(Millions of yen)

		FY2011 Forecast		FY2010 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	56,700	39.2	47,013	34.9	9,687	20.6
	Apparel	74,800	51.6	74,524	55.2	276	0.4
	Lifestyle Creation	13,400	9.2	13,396	9.9	4	0.0
	Subtotal	144,900	100.0	134,934	100.0	9,966	7.4
	Eliminations	(1,400)		(1,229)		(171)	-
	Consolidated	143,500		133,705		9,795	7.3
Operating Income	Functional Solutions	4,600	64.8	4,114	62.3	486	11.8
	Apparel	1,600	22.5	993	15.0	607	61.1
	Lifestyle Creation	900	12.7	1,497	22.7	(597)	(39.9)
	Subtotal	7,100	100.0	6,604	100.0	496	7.5
	Eliminations	(3,600)		(3,519)		(81)	-
	Consolidated	3,500		3,085		415	13.5