

November 2, 2012

Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2013 (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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Filing of Quarterly Securities Report (*Shihanki hokokusho*) (Scheduled): November 13, 2012
 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/analysts)

1. Consolidated results for the second quarter of FY2012 (April 1, 2012 to September 30, 2012)

(1) Consolidated operating results (cumulative)

(Percentages represent year-over-year changes.)

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
Six months ended September 2012	63,313	(5.6)	875	43.7	751	18.3
Six months ended September 2011	67,059	(0.3)	609	(63.5)	635	(64.9)

	Net income		E.P.S.	Diluted E.P.S.
	¥ millions	%	¥	¥
Six months ended September 2012	195	(40.7)	1.02	1.01
Six months ended September 2011	329	(54.2)	1.71	1.70

Note: Comprehensive income

Six months ended September 30, 2012: (¥2,037 million) [–%]

Six months ended September 30, 2011: (¥1,312 million) [–%]

(2) Consolidated financial position

	Total assets	Net assets	Net worth ratio	Net assets per share
	¥ millions	¥ millions	%	(¥)
As of September 30, 2012	167,974	106,855	62.9	551.50
As of March 31, 2012	168,517	110,197	64.7	568.89

Reference: Net worth

September 30, 2012: ¥105,647 million

March 31, 2012: ¥108,979 million

2. Dividends

	Annual dividends per share (¥)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
FY2011	-	-	-	7.50	7.50
FY2012	-	-	-	-	-
FY2012 (projected)	-	-	-	7.50	7.50

Note: Revisions to dividend projections most recently announced: No

3. Projected results for FY2012 (April 1, 2012 to March 31, 2013)

(Percentages represent year-over-year changes.)

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
FY2012 full year	137,000	0.3	3,600	251.9	3,400	248.7

	Net income		E.P.S.
	¥ millions	%	¥
FY2012 full year	1,600	180.2	8.35

Note: Revisions to projections of consolidated financial results most recently announced: Yes

Notes

- (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: Yes
 - (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 FY2012: 209,935,165 shares

FY2011: 209,935,165 shares

(b) Treasury stock at the end of period:

2nd quarter of FY2012: 18,369,846 shares

FY2011: 18,369,686 shares

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

2nd quarter of FY2012: 191,566,926 shares

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

Notes regarding implementation of 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” on page 5 of attached materials.

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, 2012), the Japanese economy experienced an ongoing mild recovery trend based on demand related to recovery from the Great East Japan Earthquake. However, due to sluggish economies in Europe, the U.S. and China, as well as the strong yen, falling stock prices, and deflation, overall business conditions were persistently challenging, with a continuing feeling of stagnation in various sectors including personal expenditures.

Faced with this situation, the GUNZE Group worked to enhance its ability to adapt to rapid changes in the marketplace by securing growth and fortifying its corporate constitution. These are two key strategies of GUNZE Group's medium-term management plan, called "Innovation 4S" (fiscal 2011 through fiscal 2013)," which is now in its second year.

The GUNZE Group's functional solutions business continued to experience challenges, including a decline in orders caused by the downturn in overseas economies and the persistently strong yen. The apparel business also remained sluggish as a whole, due to an ongoing frugal mindset among consumers, an expansion of private brand products from leading retailers, and unseasonal weather.

Consequently, the GUNZE Group posted net sales of ¥63,313 million, or a year-over-year decrease of 5.6% for the six months ended September 30, 2012. Consolidated operating income amounted to ¥875 million (a year-over-year increase of 43.7%), while consolidated ordinary income was ¥751 million (a year-over-year increase of 18.3%). Consolidated net income was ¥195 million (a year-over-year decrease of 40.7%).

Results by Business Segment

<Functional Solutions>

In plastic film, the mainstay products for beverage applications enjoyed stable sales thanks to a longer period of lingering summer heat. But plastic film sales for food packaging and industrial applications were slow overall. In engineering plastics, demand related to office equipment components was slow because of stagnation in the

European economy and reduced quantity of prints, while sales for semiconductor applications enjoyed brisk sales. In electronic components, orders for the mainstay medium- and large-sized projected capacitive touch screens declined. However, GUNZE made concentrated efforts to win orders for Windows 8-related PC touch screens. Medical products performed stably with sales increases achieved in Japan, Korea and Europe. Overall, the functional solutions business posted net sales of ¥23,235 million (a year-over-year decrease of 11.1%) and operating income of ¥1,407 million (a year-over-year decrease of 27.0%).

<Apparel>

In innerwear, unseasonal weather and a downturn in consumer confidence dragged down basic product and seasonal product sales. By contrast, sales of fashionable and casual products including *BODY WILD* remained strong. In-house efforts to reduce cost of sales and fixed costs helped improve profitability. In leg wear, socks suffered disappointing sales, while plain pantyhose products continued to perform strongly. Overall, the apparel business posted net sales of ¥33,969 million (a year-over-year decrease of 3.8%), while operating income was ¥837 million (a year-over-year increase of 660.9%).

<Lifestyle Creations>

The real estate business suffered a negative impact from renovation work for the *GUNZE Town Center TSUKASHiN's Nishimachi* area, which reopened this October. However, during the second quarter of the current fiscal year, the business improved considerably owing partly to *TSUKASHiN's* efforts concentrated on acquiring new tenants. The sports club business performed stably thanks to the new sports clubs opened in Kyoto and Kobe, along with favorable growth of customers attracted by existing clubs. Overall, the lifestyle creation business posted net sales of ¥6,611 million (a year-over-year increase of 7.2%) and operating income of ¥307 million (a year-over-year decrease of 5.2%).

(2) Qualitative Information on Consolidated Financial Position

As of September 30, 2012, total assets were ¥167,974 million, a decrease of ¥543 million compared to the end of the previous fiscal year. The main components of the decrease were a ¥3,154 million decrease in investments in securities, a ¥1,090 million decrease in machinery, equipment and vehicles, a ¥791 million decrease in cash and cash equivalents, and a ¥683 million decrease in other current assets (a decrease in

deferred income taxes, etc.). The main factors contributing to an increase in total assets were a ¥2,914 million increase in finished products and goods, and a ¥2,081 million increase in other assets (an increase in long-term prepaid expenses, etc.)

Total liabilities were ¥61,118 million, an increase of ¥2,799 million compared to the end of the previous fiscal year. The key component of the increase was a ¥3,605 million increase in long- and short-term debt including commercial paper. The main components of a decrease in total liabilities included a ¥1,130 million decrease in other current liabilities (a decrease in notes payable related to purchase of equipment, etc.).

Net assets were ¥106,855 million, a decrease of ¥3,342 million compared to the end of the previous fiscal year. The main components of the decrease were a ¥2,470 million decrease in unrealized gains on available-for-sale securities, and dividend payments amounting to ¥1,436 million. The main components of an increase in net assets were a ¥237 million increase in foreign currency translation adjustments and a net income of ¥195 million recorded during the period under review.

(Cash Flows)

As of September 30, 2012, consolidated cash and cash equivalents were ¥5,287 million, ¥791 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, 2012.

Net cash provided by operating activities for the period under review was ¥2,008 million, compared with ¥2,789 million used during the same period of the previous fiscal year. The major components of incoming cash flows were depreciation and amortization of ¥3,689 million, and income before income taxes and minority interests of ¥630 million, while the major component of outgoing cash flows was an increase of ¥2,091 million in inventories.

Net cash used in investing activities totaled ¥4,893 million, an increase of ¥951 million compared to the same period of the previous fiscal year. The main components of outgoing cash flows included payments for purchase of property, plants and equipment amounting to ¥3,722 million, including capital investment in equipment related to the functional solutions business.

Net cash provided by financing activities totaled ¥1,966 million, a decrease of ¥4,380 million compared to the same period of the previous fiscal year. The main component of incoming cash flows was a ¥4,021 million increase in short-term debt and commercial paper. The main components of outgoing cash flows included ¥1,426 million spent for dividend payments and a repayment of long-term debt amounting to ¥625 million.

(3) Qualitative Information on Projected Consolidated Results

During the sixth months ended September 30, 2012, sales remained sluggish due to declined orders related to the functional solutions business caused by the slowdown in overseas economies, the persistently strong yen, and other negative factors. However, earnings remained within the predicted range, mainly because of GUNZE's efforts to reduce cost of sales for the apparel business. Accordingly, the GUNZE Group has revised its full-year forecast for net sales only. The projected dividend of ¥7.5 per share will remain unchanged. Details of revisions to the full-year forecast are as follows:

Full-Year Forecast for FY2012 (April 1, 2012 to March 31, 2013)

	Net sales	Operating income	Ordinary income	Net income	E.P.S.
	¥ millions	¥ millions	¥ millions	¥ millions	¥
Previous forecast (A)	141,500	3,600	3,400	1,600	8.35
Revised forecast (B)	137,000	3,600	3,400	1,600	8.35
Difference (B - A)	(4,500)	—	—	—	—
Difference (percentage)	(3.1%)	—	—	—	—
(Ref.) Previous fiscal year results (ended March 31, 2012)	136,621	1,023	975	571	2.96

2. Summary Information (Notes)

(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 consolidated fiscal year under review. 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

(Change in accounting policies, which is difficult to distinguish from changes in accounting estimates)

Effective from the first quarter of the fiscal year ending March 31, 2013, with the revision of the Corporate Tax Law, GUNZE and its domestic subsidiaries changed their depreciation methods for property, plants and equipment acquired on and after April 1, 2012 into the method based on the newly revised law. The effect of this change on operating income, ordinary income, and income before income taxes for the period under review is immaterial.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	End of FY2011 (As of Mar. 31, 2012)	End of FY2012 2nd quarter (As of Sept. 30, 2012)
Assets		
Current assets		
Cash and cash equivalents	6,078	5,287
Notes & accounts receivable, trade	29,547	29,942
Finished products and goods	22,190	25,105
Work in process	7,177	7,033
Raw materials and supplies	6,195	6,085
Other current assets	4,224	3,541
Allowance for doubtful accounts	(21)	(6)
Total current assets	75,392	76,988
Fixed assets		
Property, plants and equipment		
Buildings and structures (Net)	38,386	37,855
Machinery, equipment and vehicles (Net)	16,103	15,012
Land	11,907	11,912
Other (Net)	2,349	3,066
Total property, plants and equipment	68,746	67,847
Intangible fixed assets	1,916	1,784
Investments and other assets		
Investments in securities	12,538	9,383
Other assets	9,993	12,075
Allowance for doubtful accounts	(69)	(105)
Total investments and other assets	22,462	21,353
Total fixed assets	93,125	90,985
Total assets	168,517	167,974

(Millions of yen)

	End of FY2011 (As of Mar. 31, 2012)	End of FY2012 2nd quarter (As of Sept. 30, 2012)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	7,013	7,429
Short-term debt	4,798	4,902
Commercial paper	19,600	23,700
Current portion of long-term debt	1,077	1,079
Accrued income taxes	387	623
Allowance for employees' bonuses	1,239	1,266
Other current liabilities	9,228	8,097
Total current liabilities	43,344	47,100
Long-term liabilities		
Long-term debt	7,678	7,078
Allowance for retirement benefits	2,174	1,870
Long-term deposits & guarantee deposits	4,737	4,644
Other long-term liabilities	384	424
Total long-term liabilities	14,975	14,018
Total liabilities	58,319	61,118
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	14,080	14,080
Retained earnings	79,255	78,056
Treasury stock	(7,655)	(7,654)
Total shareholders' equity	111,752	110,554
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	430	(2,039)
Deferred gains (losses) on hedge	(220)	(121)
Revaluation difference on land	(400)	(400)
Foreign currency translation adjustments	(2,582)	(2,344)
Total accumulated other comprehensive income	(2,773)	(4,906)
Stock acquisition rights	253	305
Minority interests	964	901
Total net assets	110,197	106,855
Total liabilities and net assets	168,517	167,974

(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)

	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)	2nd quarter of FY2012 (Apr. 1, 2012 to Sept. 30, 2012)
Net sales	67,059	63,313
Cost of sales	50,017	46,814
Gross profit	17,041	16,499
Selling, general & administrative expenses	16,431	15,623
Operating income	609	875
Non-operating income		
Interest income	1	5
Dividend income	219	198
Rental income	319	284
Other	136	125
Total non-operating income	677	613
Non-operating expenses		
Interest expenses	67	81
Rental costs	330	260
Exchange loss	160	213
Other	92	182
Total non-operating expenses	650	738
Ordinary income	635	751
Extraordinary income		
Gain on sale of fixed assets	28	4
Gain on sale of investment securities	-	2
Gain on establishment of employee retirement benefit trust	1,492	1,673
Other	37	86
Total extraordinary income	1,558	1,766
Extraordinary loss		
Loss on sale or disposal of fixed assets	122	38
Loss on sale of investment securities	-	158
Loss on valuation of investments in securities	-	380
Amortization of actuarial differences in retirement benefits	1,246	1,300
Other	59	9
Total extraordinary loss	1,428	1,887
Income before income taxes and minority interests	765	630
Income taxes	532	532
Income before minority interests	233	98
Minority interests in income (loss)	(96)	(96)
Net income	329	195

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

(Millions of yen)

	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)	2nd quarter of FY2012 (Apr. 1, 2012 to Sept. 30, 2012)
Income before minority interests	233	98
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(1,484)	(2,470)
Deferred gains (losses) on hedge	(31)	99
Foreign currency translation adjustments	(29)	235
Total other comprehensive income (loss)	<u>(1,545)</u>	<u>(2,135)</u>
Comprehensive income (loss) attributable to:	<u>(1,312)</u>	<u>(2,037)</u>
Shareholders of the parent company	(1,197)	(1,969)
Minority interests	(115)	(67)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)	2nd quarter of FY2012 (Apr. 1, 2012 to Sept. 30, 2012)
Cash flows from operating activities		
Income before income taxes & minority interests	765	630
Depreciation and amortization	3,960	3,689
Increase (decrease) in allowance for doubtful accounts	(10)	(14)
Increase (decrease) in allowance for retirement benefits	186	(722)
Increase (decrease) in allowance for employees' bonuses	32	24
Interest and dividend income	(221)	(204)
Interest expenses	67	81
Loss (gain) on sale or disposal of fixed assets	94	34
Loss (gain) on sale or valuation of investments in securities	-	536
Loss (gain) on establishment of employee retirement benefit trust	(1,492)	(1,673)
Amortization (gain) of actuarial differences in retirement benefits	1,246	1,300
Other losses (gains)	147	117
Decrease (increase) in notes and accounts receivable	(2,522)	(389)
Decrease (increase) in inventories	(4,942)	(2,091)
Decrease (increase) in other current assets	(152)	213
Increase (decrease) in notes and accounts payable	450	1,108
Increase (decrease) in deposits and guarantee deposits	(240)	(105)
Increase (decrease) in other current liabilities	(59)	(347)
Increase (decrease) in other long-term liabilities	138	36
Subtotal	(2,551)	2,227
Interest and dividends received	221	203
Interest paid	(76)	(84)
Income tax refund (paid)	(382)	(338)
Net cash provided by (used in) operating activities	(2,789)	2,008
Cash flows from investing activities		
Payments for purchase of property, plants & equipment	(3,747)	(3,722)
Proceeds from sale of property, plants & equipment	87	48
Payments for disposition of property, plants & equipment	(61)	(23)
Payments for acquisition of investment securities	(284)	(644)
Proceeds from sale of investment securities	-	92
Net decrease (increase) in loans	47	(727)
Other	16	83
Net cash provided by (used in) investing activities	(3,941)	(4,893)

(Millions of yen)

	2nd quarter of FY2011 (Apr. 1, 2011 to Sept. 30, 2011)	2nd quarter of FY2012 (Apr. 1, 2012 to Sept. 30, 2012)
Cash flows from financing activities		
Net increase (decrease) in short-term debt and commercial paper	5,468	4,021
Proceeds from issuance of long-term debt	2,500	-
Repayments of long-term debt	(540)	(625)
Cash dividends paid	(1,437)	(1,426)
Acquisition of treasury stock	(5)	(1)
Other	360	(1)
Net cash provided by (used in) financing activities	6,346	1,966
Effect of exchange rate changes on cash & cash equivalents	(3)	37
Net increase (decrease) in cash and cash equivalents	(387)	(880)
Cash and cash equivalents at beginning of period	6,905	6,078
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	109	89
Cash and cash equivalents at end of period	6,626	5,287

(4) Notes Regarding Assumptions of Continuing Operations

None applicable

(5) Segment Information

I. 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)

	Reportable segments				Adjustment (note)	Consolidated
	Functional solutions	Apparel	Lifestyle creation	Total		
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.

II. Second quarter of FY2012 (Six months ended September 30, 2012)

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

(Millions of yen)

	Reportable segments				Adjustment (note)	Consolidated
	Functional solutions	Apparel	Lifestyle creation	Total		
Net sales						
Sales to customers	23,158	33,903	6,251	63,313	-	63,313
Intersegment sales and transfers	76	65	360	503	(503)	-
Total	23,235	33,969	6,611	63,817	(503)	63,313
Segment profit	1,407	837	307	2,552	(1,676)	875

Note:

The - (minus) ¥1,676 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 Results for Second Quarter of FY2012

<Overview of Results>

- Functional solutions business suffered decreases in sales and profits due mainly to slowdown of overseas economies and the strong yen.
- Apparel business faced challenges such as expansion of private brand products released by leading retailers. But reduction in cost of sales pushed up profits though sales declined.
- Lifestyle creation business posted sales increase with sports club business enjoying strong sales due to opening of new clubs. However, profits declined because of renovation work for the TSUKASHiN commercial facility.

<Main Extraordinary Income/Loss>

- Gain on establishment of employee retirement benefit trust: ¥1.6 billion
- Loss on amortization of actuarial differences in retirement benefits: (¥1.3 billion)
- Loss on valuation of investments in securities: (¥0.3 billion)

<FY2012 Forecast>

- GUNZE has revised its full-year forecast for net sales only as profits remain within the assumed range thanks to reduction in cost of sales for apparel business, although functional solutions business experience delay in recovery of orders.
- Scheduled dividend payment for current fiscal year: ¥7.5 per share

(1) FY2012 2nd Quarter Operating Results (Apr. 1, 2012 to Sept. 30, 2012)

(Millions of yen)

	FY2012 2nd Quarter (Six months ended Sept. 30, 2012)	FY2011 2nd Quarter (Six months ended Sept. 30, 2011)	Change
			<Upper figures in brackets %>
Net Sales	63,313	67,059	<(5.6)> (3,745)
Operating Income	875	609	<43.7> 266
Ordinary Income	751	635	<18.3> 115
Income Before Income Taxes and Minority Interests	630	765	<(17.6)> (134)
Net Income	195	329	<(40.7)> (134)
Total Assets	167,974	169,365	<(0.8)> (1,391)
Inventories	38,224	34,544	<10.7> 3,680
Fixed Assets	90,985	93,594	<(2.8)> (2,609)
Net Assets	106,855	111,226	<(3.9)> (4,371)
Financing Income/Expenses	122	153	(31)
Interest/Dividends Received	204	221	(17)
Interest Expenses	(81)	(67)	(14)
Capital Expenditures	1,657	6,991	(5,334)
Depreciation and Amortization	3,689	3,960	(271)

Notes: Acquisition of treasury stock

	(Thousands of shares)	(Amount)
• Treasury stock acquired (including acquisition of odd-lot shares)	5	¥1 million
• Treasury stock disposed	(5)	(¥2 million)
• Treasury stock held at the end of the previous fiscal year	18,369	¥7,655 million
• Treasury stock held at the end of the period	18,369	¥7,654 million

(2) Results by Business Segment

(Millions of yen)

Item		FY2012 2nd Quarter (Six months ended Sept. 30, 2012)		FY2011 2nd Quarter (Six months ended Sept. 30, 2011)		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	23,235	36.4	26,142	38.7	(2,907)	(11.1)
	Apparel	33,969	53.2	35,323	52.2	(1,354)	(3.8)
	Lifestyle Creation	6,611	10.4	6,169	9.1	442	7.2
	Subtotal	63,817	100.0	67,634	100.0	(3,817)	(5.6)
	Eliminations	(503)		(575)		72	-
	Consolidated	63,313		67,059		(3,745)	(5.6)
Operating Income	Functional Solutions	1,407	55.1	1,928	81.6	(521)	(27.0)
	Apparel	837	32.8	110	4.7	727	660.9
	Lifestyle Creation	307	12.1	324	13.7	(17)	(5.2)
	Subtotal	2,552	100.0	2,364	100.0	188	8.0
	Eliminations/Corporate	(1,676)		(1,754)		78	-
	Consolidated	875		609		266	43.7

(3) Significant Financial Indicators

		FY2012 2nd Quarter (Six months ended Sept. 30, 2012)	FY2011 2nd Quarter (Six months ended Sept. 30, 2011)	Change
Operating Income to Total Assets Ratio	%	0.5	0.4	0.1
Ordinary Income to Total Assets Ratio	%	0.4	0.4	0.0
Operating Income to Net Sales Ratio	%	1.4	0.9	0.5
Ordinary Income to Net Sales Ratio	%	1.2	0.9	0.3
Net Worth Ratio	%	62.9	64.9	(2.0)
ROE	%	0.2	0.3	(0.1)
Earnings per Share	¥	1.02	1.71	(0.69)
Diluted Earnings per Share	¥	1.01	1.70	(0.69)
Net Assets per Share	¥	551.50	569.18	(17.68)

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2012 2nd Quarter (Six months ended Sept. 30, 2012)	FY2011 2nd Quarter (Six months ended Sept. 30, 2011)	Change	Breakdown of Major Components
Operating Activities	2,008	(2,789)	4,798	Depreciation and amortization: 3,689; Income before income taxes and minority interests: 630; Increase in inventories: (2,091)
Investing Activities	(4,893)	(3,941)	(951)	Purchase of property, plants and equipment: (3,722)
Financing Activities	1,966	6,346	(4,380)	Increase in short-term debt and commercial paper: 4,021; Repayment of long-term debt: (625); Dividend payments: (1,426)
Foreign Currency Translation	37	(3)	40	
Increase in Cash and Cash Equivalents - 2nd Quarter	(880)	(387)	(493)	
Increase due to Change in Scope of Consolidation	89	109	(19)	
Cash and Cash Equivalents - End of Period	5,287	6,626	(1,339)	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item	FY2012 Plan			FY2011		Y-over-Y Change
	Amount	Weight	2nd Quarter (cumulative)	Amount	Weight	
Capital Expenditures	[International]	[1,400]		[127]	[2,967]	
	Functional Solutions	5,800	59.2	827	9,097	75.4
	[International]	[400]		[179]	[534]	
	Apparel	1,500	15.3	357	1,191	9.9
	Lifestyle Creation	2,000	20.4	268	1,423	11.8
	Corporate	500	5.1	204	356	2.9
	[International]	[1,800]		[306]	[3,502]	
	Total	9,800	100.0	1,657	12,069	100.0
Depreciation and Amortization	Functional Solutions	4,400	53.7	1,848	3,993	48.9
	Apparel	1,400	17.1	727	1,966	24.1
	Lifestyle Creation	1,400	17.1	670	1,369	16.8
	Corporate	1,000	12.1	442	841	10.2
	Total	8,200	100.0	3,689	8,171	100.0

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: ¥2,200 million
- Electronic components production equipment: ¥2,100 million
- Redevelopment of commercial facilities: ¥2,000 million

(6) FY2012 Forecast

(Millions of yen)

	FY2012 Forecast	FY2011	Change <Upper figures %>
Net Sales	137,000	136,621	<0.3> 379
Operating Income	3,600	1,023	<251.9> 2,577
Ordinary Income	3,400	975	<248.7> 2,425
Net Income	1,600	571	<180.2> 1,029

(7) Forecast of Results by Segment

(Millions of yen)

		FY2012 Forecast		FY2011 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	50,800	36.7	51,500	37.4	(700)	(1.4)
	Apparel	73,400	53.1	72,948	52.9	452	0.6
	Lifestyle Creation	14,100	10.2	13,424	9.7	676	5.0
	Subtotal	138,300	100.0	137,873	100.0	427	0.3
	Eliminations	(1,300)		(1,252)		(48)	-
	Consolidated	137,000		136,621		379	0.3
Operating Income	Functional Solutions	4,040	55.3	3,587	76.3	453	12.6
	Apparel	2,060	28.2	192	4.1	1,868	972.9
	Lifestyle Creation	1,200	16.4	920	19.6	280	30.4
	Subtotal	7,300	100.0	4,700	100.0	2,600	55.3
	Eliminations/Corporate	(3,700)		(3,677)		(23)	-
	Consolidated	3,600		1,023		2,577	251.9