

May 13, 2015

Consolidated Financial Statements – Summary (Year ended March 31, 2015)

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
Corporate Website URL:	http://www.gunze.co.jp
Stock Market Listing:	Tokyo
Representative Director:	Nodoka Kodama, President, CEO & COO
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Telephone:	+81 (6) 6348-1314
Ordinary General Meeting of Shareholders (Scheduled):	June 25, 2015
Start of Distribution of Dividends (Scheduled):	June 26, 2015
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 26, 2015
Preparation of Supplementary Materials for the Financial Results:	Yes
Holding of Presentation of Financial Results:	Yes (for institutional investors/analysts)

1. Consolidated Operating Results for FY2014 (Apr. 1, 2014 to Mar. 31, 2015)

(1) Consolidated Operating Results

(Amounts less than one million yen are omitted)

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)	Net income (¥ million)	Change (%)
FY2014	141,172	(0.9)	3,084	(29.5)	4,933	(2.5)	3,215	28.2
FY2013	142,425	7.6	4,375	155.8	5,058	117.3	2,508	-

Note: Comprehensive income

FY2014: ¥4,884 million [(8.3%)]

FY2013: ¥5,326 million [- %]

	E.P.S. (¥)	Diluted E.P.S. (¥)	Net income to net worth (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2014	16.78	16.66	2.8	2.9	2.2
FY2013	13.09	13.01	2.3	3.1	3.1

Reference: Equity in income of affiliated companies

FY2014: -

FY2013: -

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
FY2014	175,331	117,359	66.0	603.87
FY2013	166,544	114,183	67.5	586.35

Reference: Net worth FY2014: ¥115,643 million FY2013: ¥112,357 million

(3) Consolidated Cash Flows

	From operating activities (¥ million)	From investing activities (¥ million)	From financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
FY2014	9,512	(9,240)	1,726	9,159
FY2013	13,753	(5,414)	(8,303)	6,757

2. Dividends

	Dividends per share				
	1st quarter (¥)	2nd quarter (¥)	3rd quarter (¥)	Year-end (¥)	Full-year (¥)
FY2013	—	—	—	7.50	7.50
FY2014	—	—	—	7.50	7.50
FY2015 (projected)	—	—	—	8.50	8.50

	Total cash dividends paid (¥ million)	Payout ratio (consolidated) (%)	Dividends to net assets (consolidated) (%)
FY2013	1,437	57.3	1.3
FY2014	1,436	44.7	1.3
FY2015 (projected)		77.5	

3. Projected FY2015 Consolidated Operating Results (Apr. 1, 2015 to Mar. 31, 2016)

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
FY2015 Full-year	143,000	1.3	3,500	13.5	3,300	(33.1)

	Net income attributable to shareholders of parent company (¥ million)	Change (%)	E.P.S. (¥)
FY2015 Full-year	2,100	(34.7)	10.97

Note: Forecast for the cumulative second-quarter period is not available.

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries during the period accompanied by changes in scope of consolidation): No
- (2) 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
- (3) Number of shares issued and outstanding (common stock)
- (a) Number of shares at the end of the period (including treasury stock):
- FY2014: 209,935,165 shares
- FY2013: 209,935,165 shares
- (b) Treasury stock at the end of the period:
- FY2014: 18,431,872 shares
- FY2013: 18,312,159 shares
- (c) Average number of shares outstanding during the period:
- FY2014: 191,611,803 shares
- FY2013: 191,659,409 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Operating Results for FY2014 (Apr. 1, 2014 to Mar. 31, 2015)

(1) Non-consolidated Operating Results

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)	Net income (¥ million)	Change (%)
FY2014	108,476	(1.5)	1,077	(5.0)	4,356	34.2	2,937	48.0
FY2013	110,139	5.7	1,134	2,365.2	3,247	71.1	1,984	—

	E.P.S. (¥)	Diluted E.P.S. (¥)
FY2014	15.33	15.22
FY2013	10.35	10.29

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
FY2014	141,683	112,059	78.8	583.37
FY2013	140,961	109,257	77.3	568.54

Reference: Net worth

FY2014: ¥111,717 million FY2013: ¥108,945 million

Items Regarding the Implementation of Review Procedures

This summary of consolidated results is exempt from the review procedures based on the Financial Instruments and Exchange Act. Review procedures for the consolidated financial statements based on the Financial Instruments and Exchange Act had not been completed by the time of disclosure of this summary of consolidated results.

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, see “(1) Analysis of Full-Year Operating Results” in “1. Results of Operations” on page 2 - 4 of attached materials.

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1. Results of Operations

(1) Analysis of Full-Year Operating Results

Overview of FY2014

Reviewing economic conditions during the fiscal year ended March 31, 2015, the Japanese economy was on track to mild recovery, reflecting the positive effects of the so-called “Abenomics” economic policy package in its second year. However, the consumption tax hike resulted in prolonged sluggishness in personal consumption, while the depreciation of the yen caused soaring prices of imported raw materials and a rise in electricity charges. These factors caused continued uncertainty for the GUNZE Group’s management environment.

Faced with this situation, the GUNZE Group launched its new medium-term management plan, called “CAN 20 (fiscal 2014 through fiscal 2020),” in the fiscal year under review. With the key concept of “Focus and Concentration,” the GUNZE Group implemented the key measures: selection and focus for existing businesses based on the Strategic Business Unit (SBU) strategy; cultivation and creation of new high-growth businesses through the Cross-Functional Approach (CFA) initiatives; and reinforcement of the management foundation to support the company’s growth strategy.

The GUNZE Group’s functional solutions business enjoyed stable performance of engineering plastics and medical materials. However, electronic components remained slow due mainly to worsened market conditions and price drops for touch screens. Plastic film sales were also slow due to unseasonable weather and other difficult conditions. As for the apparel business, GUNZE promoted business structure reform while facing a challenging environment that included sluggish personal spending after the consumption tax hike and unseasonable weather.

Consequently, the GUNZE Group’s consolidated net sales for the fiscal year under review amounted to ¥141,172 million (a year-over-year decrease of 0.9%). Consolidated operating income amounted to ¥3,084 million (a year-over-year decrease of 29.5%). Because of the foreign exchange gain related to payables and receivables denominated in foreign currencies, consolidated ordinary income was ¥4,933 million (a year-over-year decrease of 2.5%). Moreover, a gain arising from the revision of the retirement benefit plan was recorded as extraordinary income. As a result, consolidated net income amounted to ¥3,215 million (a year-over-year increase of 28.2%).

Results by Business Segment

[Functional Solutions]

In plastic film, films for beverage applications remained slow throughout the year due to unseasonable weather and sluggish personal consumption. Engineering plastics posted steady performance, thanks to the recovery in market conditions for products designed for office equipment, and expanded sales of fluorine resin products for general industrial applications. Electronic components experienced difficulties, with slow sales and declining prices of projected capacitive

touch screens for PCs and semi-finished products and films for smartphones. Medical materials destined for North America posted a sales increase, and sales were also firm in Japan and China.

Consequently, the functional solutions business posted net sales of ¥59,689 million (a year-over-year increase of 2.5%), while operating income was ¥3,393 million (a year-over-year decrease of 28.5%).

[Apparel]

The apparel business as a whole suffered a sales decline, reflecting sluggish personal spending after the rise in the consumption tax rate and unseasonable weather. Other factors impacting the apparel business were an increase in the cost of imported products resulting from the yen's depreciation and escalating labor costs outside Japan. Despite this situation, GUNZE continued promoting business structure reform for innerwear. This resulted in an improvement of production efficiency and reduction in fixed costs, which were enough to offset the effect of declined sales. As for the fire that took place at the Yanase Factory on March 26, the effect on business results was immaterial. In leg wear, leggings pants, which are trendy products, enjoyed firm sales, although sales of socks were disappointing.

Consequently, the apparel business posted net sales of ¥67,635 million (a year-over-year decrease of 4.0%) and operating income of ¥1,491 million (a year-over-year increase of 6.5%).

[Lifestyle Creations]

In the real estate category, the solar power generation business that was launched in the second half of the previous fiscal year contributed to profits in the overall category. However, business was slow for the *GUNZE Town Center TSUKASHiN* commercial facility due to prolonged sluggishness in personal consumption. In the sports club category, efforts were concentrated on attracting new members, particularly young people, which contributed to stable performance of existing clubs. However, sluggishness of the school business and the initial expenses incurred for the opening of new clubs adversely impacted the category's overall performance.

Consequently, the lifestyle creation business recorded net sales of ¥14,537 million (a year-over-year increase of 0.3%), while operating income was ¥1,257 million (a year-over-year decrease of 8.0%).

Outlook for FY2015

As for the outlook for the upcoming fiscal year, although the Japanese economy still lacks dynamism, a mild recovery is projected to continue, with a recovery in personal spending resulting from the decreasing effect of the consumption tax hike. Still, there are many risk factors that will cause the future of the business environment surrounding the GUNZE Group to remain unpredictable. These include concerns for a downturn in the Japanese economy due to soaring raw material prices caused by the weaker yen, as well as a slowdown in growth for China and other emerging nations.

In view of this situation, the GUNZE Group will strive to achieve sustained enhancement of its corporate value by clarifying key challenges and strategies for each business segment.

As for the functional solutions business, in the category of plastic films GUNZE will work to strengthen its shrink film business in markets outside Japan, such as the U.S., while also enhancing profitability for nylon film. In engineering plastics, efforts will be concentrated on expanding products employing GUNZE's fiber technology, such as products related to semiconductors. In electronic components, GUNZE will seek to expand sales of film products such as optical film. In medical materials, efforts will be geared toward promoting entry into the U.S. market and establishing a production base in China for bioabsorbable reinforcement felt.

In the apparel business, GUNZE will continue working on cost reduction through the implementation of business structure reform. At the same time, GUNZE will proactively take strategic approaches necessary for responding to consumer needs and market trends, such as focusing on high-growth fields and key channels, as well as renewing core brands.

In the lifestyle creation business, GUNZE will strive to improve the profitability of its real estate business by making effective use of idle assets. GUNZE will also seek to expand sales for its sports club business through aggressive sports club chain expansion inside and outside Japan.

For fiscal 2015 (April 1, 2015 to March 31, 2016), the GUNZE Group, through the implementation of these measures, is forecasting net sales of ¥143,000 million, with operating income of ¥3,500 million, ordinary income of ¥3,300 million and net income of ¥2,100 million.

Forecast by business segment are as follows:

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

Item \ Segment	Functional solutions	Apparel	Lifestyle creations	Eliminations/ Corporate	Total
Net sales	60,500	68,000	15,100	(600)	143,000
vs. FY2014	Up 1.4%	Up 0.5%	Up 3.9%	—	Up 1.3%

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets (Fiscal 2014 Overview)

As of March 31, 2015, total assets were ¥175,331 million, an increase of ¥8,787 million compared to the end of the previous fiscal year. The main components of the increase included a ¥5,779 million increase in investments in securities, a ¥2,401 million increase in cash and cash equivalents, and a ¥1,454 million increase in property, plants and equipment. The main component of a decrease in total assets was a ¥1,690 million decrease in deferred income taxes. GUNZE expects to receive an insurance payment to cover the total book value of inventories and fixed assets amounting to ¥265 million. These inventories and assets were destroyed by the fire that occurred at GUNZE's Yanase Factory on March 26, 2015. Therefore, this amount is recorded under "other current assets" as a fire loss suspense account.

Total liabilities were ¥57,971 million, an increase of ¥5,611 million compared to the end of the previous fiscal year. The main components of the increase were a ¥4,581 million increase in debt (including commercial paper) and a ¥1,789 million increase in liabilities related to retirement benefits. The main component of a decrease was a ¥2,247 million decrease in notes payable on acquisition of property, plants and equipment.

Net assets were ¥117,359 million, an increase of ¥3,176 million compared to the end of the previous fiscal year. The main components of the increase included a net income of ¥3,215 million recorded for the period under review and a ¥1,447 million increase in foreign currency translation adjustments. The main component of a decrease included dividend payments of ¥1,437 million.

2) Cash Flows

As of March 31, 2015, consolidated cash and cash equivalents were ¥9,159 million, or ¥2,401 million more than at the end of the previous fiscal year. Below is an overview of cash flows and reasons for changes during the fiscal year under review.

Net cash provided by operating activities for the fiscal year under review totaled ¥9,512 million, a decrease of ¥4,240 million compared to the previous fiscal year. The major components of cash inflows included depreciation and amortization of ¥6,830 million, an income before income taxes and minority interests of ¥5,605 million, and a ¥1,767 million decrease in inventories. The main component of cash outflows was a ¥2,192 million decrease in liabilities related to retirement benefits.

Net cash used in investing activities totaled ¥9,240 million, an increase of ¥3,825 million compared to the previous fiscal year. The main component of cash outflows was payment for purchase of property, plants and equipment amounting to ¥8,786 million, including capital expenditures related to the functional solutions business. The main component of cash inflows was proceeds from sale of fixed assets amounting to ¥161 million.

Net cash provided by financing activities was ¥1,726 million, an increase of ¥10,029 million compared to the previous fiscal year. The main components of cash inflows were proceeds from long-term debt amounting to ¥2,700 million and proceeds from a short-term debt and commercial paper amounting to ¥2,127 million. The main components of cash outflows were a repayment of long-term debt amounting to ¥1,611 million and ¥1,430 million spent for dividend payments.

3) Cash Flow Indicator Trends

	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Net worth ratio (%)	68.6	64.7	65.9	67.5	66.0
Net worth ratio on market value basis (%)	35.6	27.5	28.6	31.5	35.1
Debt coverage ratio (years)	4.7	–	2.5	1.8	3.1
Interest coverage ratio (times)	25.3	–	64.6	80.4	51.9

Notes:

The net worth ratio is equal to net worth divided by total assets.

The net worth ratio on market value basis is equal to market capitalization divided by total assets.

The debt coverage ratio is equal to interest-bearing liabilities divided by operating cash flow.

The interest coverage ratio is equal to operating cash flow divided by interest payments.

- All of the above indicators are calculated based on consolidated financial figures.
- Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares issued and outstanding at the end of the period (excluding treasury stock).
- Operating cash flow equals to the total net cash flows from operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing liabilities include all liabilities on which interest is paid, as stated in the Consolidated Balance Sheets. Interest payments are equal to interest paid as stated in the Consolidated Statements of Cash Flows.
- Debt coverage ratio and interest coverage ratio are not stated for the period when negative operating cash flow was recorded.

(3) Basic Policy on Distribution of Profits and Dividends for FY2014 and FY2015

Returning earnings to shareholders is one of the most important management policies at the GUNZE Group. Accordingly, the GUNZE Group strives to continue providing a stable dividend based on the medium-term business outlook, with a target payout ratio of approximately 50% on a consolidated basis. In line with this basic policy, the GUNZE Group plans to pay a dividend of ¥7.5 per share for fiscal 2014.

For fiscal 2015, the GUNZE Group plans to pay a dividend of ¥8.5 per share by adding a 120th anniversary commemorative dividend of ¥1.

2. Management Policies

(1) Basic Management Policy

In conformance with its “quality first” policy and its commitment to “technology-oriented management,” the GUNZE Group promotes customer-focused business operations. In doing so, the Group lives up to its founding philosophy that underscores a “people-oriented approach,” a

“commitment to quality,” and “harmonious coexistence.” Based on this philosophy, the GUNZE Group proactively strives to fulfill corporate social responsibility (CSR). With a strong determination to provide customers with a “Feeling of Comfort” through the products and services offered by each business line, The GUNZE Group also aims to become “a corporate group that fulfills the needs of society” and “a corporate group that grows sustainably alongside society.”

(2) Targeted Performance Indicators

To further promote shareholder-focused management practices, the GUNZE Group seeks to raise return on equity (ROE), which it views as a key performance indicator. To this end, the Group implements various measures aimed at increasing profitability, using capital more productively, and repurchasing treasury stock. The GUNZE Group also uses return on assets (ROA) to gauge the efficiency of business investments in each business division and group company, in a drive to improve both the asset turnover ratio and profit margin on sales.

(3) Medium- and Long-term Corporate Management Strategies and Future Challenges

Although the Japanese economy still lacks dynamism, a mild recovery is projected to continue, with a recovery in personal spending resulting from the decreasing effect of the consumption tax hike. Still, there are many risk factors that will cause the future of the business environment surrounding the GUNZE Group to remain unpredictable. These include concerns for a downturn in the Japanese economy due to soaring raw material prices caused by the weaker yen, as well as a slowdown in growth for China and other emerging nations.

Against this backdrop, the new fiscal year 2015 marks the second year of the first phase (fiscal 2014 through fiscal 2016) of GUNZE’s medium-term management plan, called “CAN 20 (fiscal 2014 through fiscal 2020).” As such, GUNZE will move into high gear for the implementation of initiatives to promote the revival of growth. To this end, GUNZE will combine the efforts of all members of the Group to deal with strategic issues related to the maturation of mainstay products and channels.

As part of its efforts aimed at the revival of growth, GUNZE will promote the “+25 Campaign*” in this new fiscal year to work on new initiatives, such as the development of new businesses, new products and new channels. GUNZE will also strengthen its information technology strategy in order to enhance the entire Group’s operational efficiency.

Efforts will be concentrated on expanding new businesses in the healthcare and medical fields. These are fields intended to help enhance quality of life (QOL), which GUNZE has been promoting since the previous fiscal year. As a measure for reinforcing the management foundation to support its growth strategy, GUNZE will work to strengthen its intangible assets, including core technological strengths, global responsiveness and corporate brand value.

Through these initiatives, GUNZE will strive to contribute to society as a global corporate group that offers customers a “Feeling of Comfort” in all their dealings with the GUNZE Group. This personalized way of doing business is unique to the GUNZE Group.

Regarding the fire that took place at GUNZE's Yanase Factory (in charge of women's innerwear production in Asago City, Hyogo Prefecture) on March 26, we sincerely apologize for the trouble and inconvenience that this incident caused to those in the neighborhood and many others. Because injury to people was immaterial and property damage was limited, the factory was able to quickly resume operation. We also project that the damages will be covered for the most part by fire insurance. We will exert our all-out efforts to implement more thorough safety management measures and strengthen our disaster prevention system, in order to ensure that such incidents will never occur again, as we strive to restore our stakeholders' trust.

* The "+25 Campaign" is designed to reallocate management resources to new initiatives for securing growth based on the keyword of "25%," while also generating human power and time necessary for those new initiatives.

3. Basic Policy for Selection of Accounting Standards

As a basic policy for the time being, GUNZE will continue preparing its consolidated financial statements in accordance with the Japanese accounting standards. As for the application of the International Financial Reporting Standards (IFRS), GUNZE will strive to collect related information and handle the matter appropriately.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	End of FY2013 (Mar. 31, 2014)	End of FY2014 (Mar. 31, 2015)
Assets		
Current assets		
Cash and cash equivalents	6,757	9,159
Notes & accounts receivable, trade	30,252	31,075
Finished products and goods	19,439	18,313
Work in process	6,746	6,541
Raw materials and supplies	6,370	6,696
Short-term loans	411	383
Deferred income taxes	1,069	2,201
Other current assets	2,489	3,270
Allowance for doubtful accounts	(33)	(20)
Total current assets	73,503	77,621
Fixed assets		
Property, plants and equipment		
Buildings and structures	106,260	108,617
Accumulated depreciation	(68,167)	(70,720)
Buildings and structures (Net)	38,093	37,896
Machinery, equipment and vehicles	100,287	102,828
Accumulated depreciation	(84,202)	(85,826)
Machinery, equipment and vehicles (Net)	16,084	17,001
Tools, furniture and fixtures	7,047	7,456
Accumulated depreciation	(5,868)	(6,221)
Tools, furniture and fixtures (Net)	1,178	1,234
Land	11,894	11,950
Leasehold assets	144	381
Accumulated depreciation	(38)	(86)
Leasehold assets (Net)	105	295
Construction in progress	1,406	1,839
Total property, plants and equipment	68,763	70,218
Intangible fixed assets		
Software	1,173	795
Other intangible fixed assets	295	414
Total intangible fixed assets	1,468	1,210
Investments and other assets		
Investments in securities	12,684	18,463
Long-term loans	690	658
Assets related to retirement benefits	1,454	2,183
Deferred income taxes	3,616	793
Other assets	4,514	4,277
Allowance for doubtful accounts	(151)	(95)
Total investments and other assets	22,808	26,280
Total fixed assets	93,040	97,709
Total assets	166,544	175,331

(Millions of yen)

	End of FY2013 (Mar. 31, 2014)	End of FY2014 (Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	9,491	9,339
Short-term debt	4,781	9,718
Commercial paper	4,500	2,700
Current portion of long-term debt	1,451	3,340
Accrued income taxes	622	448
Allowance for employees' bonuses	1,109	1,148
Notes payable on acquisition of property, plants and equipment	2,563	315
Other current liabilities	7,981	8,427
Total current liabilities	32,502	35,440
Long-term liabilities		
Long-term debt	13,333	12,889
Liabilities related to retirement benefits	1,672	3,461
Long-term deposits & guarantee deposits	4,401	4,272
Other long-term liabilities	450	1,907
Total long-term liabilities	19,858	22,531
Total liabilities	52,360	57,971
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	14,061	14,056
Retained earnings	77,771	79,313
Treasury stock	(7,614)	(7,648)
Total shareholders' equity	110,289	111,792
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for- sale securities	365	1,787
Deferred gains (losses) on hedge	0	1
Revaluation differences on land	(400)	(400)
Foreign currency translation adjustments	850	2,298
Accumulated adjustments related to retirement benefits	1,251	164
Total accumulated other comprehensive income	2,067	3,850
Stock acquisition rights	312	342
Minority interests	1,514	1,374
Total net assets	114,183	117,359
Total liabilities and net assets	166,544	175,331

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

Consolidated Statements of Income

(Millions of yen)

	FY2013	FY2014
	(Apr. 1, 2013 to Mar. 31, 2014)	(Apr. 1, 2014 to Mar. 31, 2015)
Net sales	142,425	141,172
Cost of sales	107,007	107,638
Gross profit	35,418	33,533
Selling, general & administrative expenses	31,043	30,448
Operating income	4,375	3,084
Non-operating income		
Interest income	30	27
Dividend income	265	312
Rental income	496	425
Exchange gain	647	1,724
Other	214	120
Total non-operating income	1,654	2,610
Non-operating expenses		
Interest expenses	167	153
Rental expenses	470	399
Other	333	208
Total non-operating expenses	971	761
Ordinary income	5,058	4,933
Extraordinary income		
Gain on sale of fixed assets	1,416	120
Gain on revision of employee retirement benefit plan	-	1,229
Other	93	74
Total extraordinary income	1,510	1,425
Extraordinary loss		
Loss on sale or disposal of fixed assets	221	431
Loss on valuation of shares of affiliated companies	6	102
Amortization of goodwill	-	120
Amortization of actuarial differences in retirement benefits	886	-
Expenses on business structure improvement	697	99
Other	103	0
Total extraordinary loss	1,915	754
Income before income taxes and minority interests	4,653	5,605
Income, residential and enterprise taxes	977	815
Adjustment for income and other taxes	957	1,726
Total income and other taxes	1,935	2,541
Income before minority interests	2,718	3,063
Minority interests in income (loss)	209	(151)
Net income	2,508	3,215

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2013	FY2014
	(Apr. 1, 2013 to Mar. 31, 2014)	(Apr. 1, 2014 to Mar. 31, 2015)
Income before minority interests	2,718	3,063
Other comprehensive income		
Unrealized gains on available-for-sale securities	392	1,422
Deferred gains (losses) on hedge	(56)	0
Foreign currency translation adjustments	2,271	1,486
Adjustments related to retirement benefits	-	(1,087)
Total other comprehensive income	2,607	1,821
Comprehensive income (loss) attributable to:	5,326	4,884
Shareholders of the parent company	4,956	4,920
Minority interests	369	(36)

(3) Consolidated Statements of Changes in Shareholders' Equity, etc.

FY2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	26,071	14,064	76,700	(7,603)	109,233
Cumulative effect of changes in accounting policies					
Balance at the beginning of the period reflecting changes in accounting policies	26,071	14,064	76,700	(7,603)	109,233
Changes in the period					
Dividends from retained earnings			(1,437)		(1,437)
Net income			2,508		2,508
Change in scope of consolidation					-
Acquisition of treasury stock				(22)	(22)
Disposal of treasury stock		(3)		11	8
Net changes of items other than shareholders' equity					
Total changes in the period	-	(3)	1,070	(11)	1,056
Balance at the end of the period	26,071	14,061	77,771	(7,614)	110,289

	Accumulated other comprehensive income (loss)					
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge	Revaluation difference on land	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income (loss)
Balance at the beginning of the period	(27)	57	(400)	(1,261)	-	(1,632)
Cumulative effect of changes in accounting policies						
Balance at the beginning of the period reflecting changes in accounting policies	(27)	57	(400)	(1,261)	-	(1,632)
Changes in the period						
Dividends from retained earnings						
Net income						
Change in scope of consolidation						
Acquisition of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity	392	(56)	-	2,112	1,251	3,700
Total changes in the period	392	(56)	-	2,112	1,251	3,700
Balance at the end of the period	365	0	(400)	850	1,251	2,067

FY2013 (April 1, 2013 to March 31, 2014)

	Stock acquisition rights	Minority interests	Total net assets
Balance at the beginning of the period	268	876	108,745
Cumulative effect of changes in accounting policies			-
Balance at the beginning of the period reflecting changes in accounting policies	268	876	108,745
Changes in the period			
Dividends from retained earnings			(1,437)
Net income			2,508
Change in scope of consolidation			-
Acquisition of treasury stock			(22)
Disposal of treasury stock			8
Net changes of items other than shareholders' equity	43	638	4,381
Total changes in the period	43	638	5,437
Balance at the end of the period	312	1,514	114,183

FY2014 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	26,071	14,061	77,771	(7,614)	110,289
Cumulative effect of changes in accounting policies			(102)		(102)
Balance at the beginning of the period reflecting changes in accounting policies	26,071	14,061	77,668	(7,614)	110,186
Changes in the period					
Dividends from retained earnings			(1,437)		(1,437)
Net income			3,215		3,215
Change in scope of consolidation			(133)		(133)
Acquisition of treasury stock				(59)	(59)
Disposal of treasury stock		(5)		25	20
Net changes of items other than shareholders' equity					
Total changes in the period	-	(5)	1,645	(33)	1,605
Balance at the end of the period	26,071	14,056	79,313	(7,648)	111,792

	Accumulated other comprehensive income (loss)					
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge	Revaluation difference on land	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income (loss)
Balance at the beginning of the period	365	0	(400)	850	1,251	2,067
Cumulative effect of changes in accounting policies						
Balance at the beginning of the period reflecting changes in accounting policies	365	0	(400)	850	1,251	2,067
Changes in the period						
Dividends from retained earnings						
Net income						
Change in scope of consolidation						
Acquisition of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity	1,422	0	-	1,447	(1,087)	1,783
Total changes in the period	1,422	0	-	1,447	(1,087)	1,783
Balance at the end of the period	1,787	1	(400)	2,298	164	3,850

FY2014 (April 1, 2014 to March 31, 2015)

	Stock acquisition rights	Minority interests	Total net assets
Balance at the beginning of the period	312	1,514	114,183
Cumulative effect of changes in accounting policies			(102)
Balance at the beginning of the period reflecting changes in accounting policies	312	1,514	114,080
Changes in the period			
Dividends from retained earnings			(1,437)
Net income			3,215
Change in scope of consolidation			(133)
Acquisition of treasury stock			(59)
Disposal of treasury stock			20
Net changes of items other than shareholders' equity	29	(139)	1,673
Total changes in the period	29	(139)	3,278
Balance at the end of the period	342	1,374	117,359

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2013 (Apr. 1, 2013 to Mar. 31, 2014)	FY2014 (Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	4,653	5,605
Depreciation and amortization	6,288	6,830
Increase (decrease) in allowance for doubtful accounts	23	(69)
Increase (decrease) in liabilities related to retirement	640	(963)
Increase (decrease) in allowance for employees' bonuses	(29)	27
Interest and dividend income	(296)	(340)
Interest expenses	167	153
Loss (gain) on sale or disposal of fixed assets	(1,195)	311
Loss (gain) on sale or valuation of investments in securities	-	102
Amortization of goodwill	-	120
Expenses on business structure improvement	697	99
Gain on revision of employee retirement benefit plan	-	(1,229)
Amortization of (gain on) actuarial differences in retirement benefits	886	-
Other losses (gains)	(116)	(486)
Decrease (increase) in notes and accounts receivable	(368)	(596)
Decrease (increase) in inventories	2,094	1,767
Decrease (increase) in other current assets	112	5
Increase (decrease) in notes and accounts payable	1,607	(941)
Increase (decrease) in deposits and guarantee deposits	(144)	(221)
Increase (decrease) in other current liabilities	(598)	292
Increase (decrease) in other long-term liabilities	(25)	(118)
Subtotal	14,397	10,346
Interest and dividends received	297	334
Interest paid	(171)	(183)
Income tax refund (paid)	(770)	(984)
Net cash provided by (used in) operating activities	13,753	9,512
Cash flows from investing activities		
Payments for purchase of fixed assets	(6,719)	(8,786)
Proceeds from sale of fixed assets	1,548	161
Payments for disposition of fixed assets	(39)	(211)
Payments for acquisition of investment securities	(445)	(582)
Proceeds from sale of investment securities	142	0
Net decrease (increase) in loans	225	39
Other	(126)	139
Net cash provided by (used in) investing activities	(5,414)	(9,240)

(Millions of yen)

	FY2013	FY2014
	(Apr. 1, 2013 to Mar. 31, 2014)	(Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term debt and commercial paper	(8,227)	2,127
Proceeds from issuance of long-term debt	2,999	2,700
Repayments of long-term debt	(2,012)	(1,611)
Proceeds from investment of minority interest holders	410	-
Cash dividends paid	(1,431)	(1,430)
Acquisition of treasury stock	(22)	(8)
Other	(20)	(48)
Net cash provided by (used in) financing activities	<u>(8,303)</u>	<u>1,726</u>
Effect of exchange rate changes on cash & cash equivalents	651	372
Increase (decrease) in cash and cash equivalents	687	2,371
Cash and cash equivalents at the beginning of the period	6,070	6,757
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	-	30
Cash and cash equivalents at the end of the period	<u>6,757</u>	<u>9,159</u>

(5) Notes to Consolidated Financial Statements

Notes Regarding Assumptions of a Going Concern

None applicable

Changes in Accounting Policies

Application of the Accounting Standard for Retirement Benefits, etc.

With respect to the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter referred to as the “Retirement Benefit Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015; hereinafter referred to as the “Retirement Benefit Guidance”), GUNZE adopted the provisions set forth in Clause 35 of the Retirement Benefit Accounting Standard and Clause 67 of the Retirement Benefit Guidance, effective from the consolidated fiscal year under review. Accordingly, GUNZE reviewed the calculation method for retirement benefit obligations and service costs, and changed the attribution method for retirement benefit estimates from the period-based straight-line method to the benefit calculation-based method. Moreover, GUNZE changed the method of determining discount rates. Previously, the single discount rate was determined based on the duration of bonds that approximates the average remaining service period of employees. The new method employs a single weighted average discount rate, which reflects the projected payment period of retirement benefits and an amount for each projected payment period.

The application of the Retirement Benefit Accounting Standard, etc. is subject to the transitional accounting treatment set forth in Clause 37 of the Retirement Benefit Accounting Standard. As such, the effect of the change in the calculation method for retirement benefit obligations and service costs has been reflected as an increase or decrease in retained earnings at the beginning of the consolidated fiscal year under review.

This caused the liabilities related to retirement benefits to increase by ¥157 million and retained earnings to decrease by ¥102 million at the beginning of the consolidated fiscal year under review. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests in the consolidated fiscal year under review is immaterial. The effect of this change in per share information is also immaterial.

Additional Information**Accounting Procedures based on the Implementation of a Consolidated Taxation System**

GUNZE and its consolidated subsidiaries in Japan have received the approval of the Director General of the National Tax Agency for the application of a consolidated taxation system effective from the consolidated fiscal year ending March 31, 2016. Accordingly, effective from the end of the consolidated fiscal year under review, GUNZE's accounting procedures are based on the premise that a consolidated taxation system is adopted, and taken in accordance with "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)" (ASBJ Practical Issue Task Force (PITF) No. 5, January 16, 2015) and "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7, January 16, 2015).

Segment Information, etc.**I. Segment Information****A. Summary of Reportable Segments**

GUNZE's reportable segments refer to the components of GUNZE that provide separate financial data to the board of directors for decisions on allocation of management resources and evaluation of business results on a regular basis.

GUNZE's corporate structure consists of business organizations (internal companies/business divisions, etc.) classified according to the type of products or services, and each business organization formulates strategies for the products/services it handles and promotes business activities. Therefore, GUNZE consists of segments based on business organizations classified by the type of products/services, and discloses financial information about three reportable segments, namely Functional Solutions, Apparel and Lifestyle Creations.

The Functional Solutions segment produces and sells functional materials made by processing plastics, medical materials and machinery. The Apparel segment is engaged in the production and sales of apparel and threads. The Lifestyle Creations segment is engaged in operation and management of commercial facilities and sports clubs, as well as sales of trees and plants.

B. Net Sales, Profit, Assets and Others of Each Reportable Segment and Calculation Method

Accounting treatment for business segment reporting is the same as the accounting policies used in the preparation of consolidated financial statements.

C. Information on Net Sales, Profit, Assets and Others of Each Reportable Segment

FY2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	58,054	70,273	14,097	142,425	-	142,425
Intersegment sales and transfers	180	187	400	768	(768)	-
Total	58,235	70,461	14,497	143,194	(768)	142,425
Segment profit	4,745	1,400	1,367	7,514	(3,138)	4,375
Segment assets	56,379	56,334	30,144	142,858	23,685	166,544
Other items						
Depreciation & amortization	2,862	1,356	1,441	5,660	628	6,288
Increase in tangible and intangible fixed assets	2,370	790	2,229	5,390	1,378	6,768

Notes:

1. Adjustment comprises the following:

- (1) The segment profit adjustment of – (minus) ¥3,138 million refers to the company's overall costs not allocated to reportable segments. Overall costs refer to SG&A expenses not attributable to reportable segments.
- (2) The segment asset adjustment of ¥23,685 million refers to company assets not allocated to reportable segments.

2. Segment profit total was adjusted to be consistent with the operating income recorded on the Consolidated Statements of Income.

FY2014 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	59,550	67,397	14,224	141,172	-	141,172
Intersegment sales and transfers	139	238	314	691	(691)	-
Total	59,689	67,635	14,537	141,864	(691)	141,172
Segment profit	3,393	1,491	1,257	6,142	(3,057)	3,084
Segment assets	62,738	54,194	29,566	146,499	28,831	175,331
Other items						
Depreciation & amortization	3,100	1,427	1,584	6,112	718	6,830
Increase in tangible and intangible fixed assets	3,195	681	1,640	5,518	487	6,005

Notes:

1. Adjustment comprises the following:

(1) The segment profit adjustment of – (minus) ¥3,057 million refers to the company's overall costs not allocated to reportable segments. Overall costs refer to SG&A expenses not attributable to reportable segments.

(2) The segment asset adjustment of ¥28,831 million refers to company assets not allocated to reportable segments.

2. Segment profit total was adjusted to be consistent with the operating income recorded on the Consolidated Statements of Income.

II. Related Information

FY2013 (April 1, 2013 to March 31, 2014)

A. Information by Product/Service

This information is not presented because similar information is available in “Segment Information.”

B. Geographic Information

(a) Net sales

(Millions of yen)

Japan	Others	Total
117,250	25,175	142,425

Note: Net sales are classified by the location of customers.

(b) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
58,206	10,557	68,763

C. Major Customer Information

This information is not presented because no single customer represents 10% or more of the company’s total net sales reported on the Consolidated Statements of Income.

FY2014 (April 1, 2014 to March 31, 2015)

A. Information by Product/Service

This information is not presented because similar information is available in “Segment Information.”

B. Geographic Information

(a) Net sales

(Millions of yen)

Japan	Others	Total
108,935	32,236	141,172

Note: Net sales are classified by the location of customers.

(b) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
57,191	13,026	70,218

C. Major Customer Information

This information is not presented because no single customer represents 10% or more of the company’s total net sales reported on the Consolidated Statements of Income.

Per Share Information

	FY2013 (April 1, 2013 to March 31, 2014)	FY2014 (April 1, 2014 to March 31, 2015)
Net assets per share (¥)	586.35	603.87
Earnings per share (¥)	13.09	16.78
Diluted earnings per share (¥)	13.01	16.66

Notes:

- As stated in “Changes in Accounting Policies,” GUNZE adopted the Accounting Standard for Retirement Benefits, and made adjustments in accordance with the transitional accounting treatments set forth in Clause 37 of the Accounting Standard. The effect of this change in net assets per share is immaterial.
- Earnings and diluted earnings per share were calculated on the following basis:

	FY2013 (April 1, 2013 to March 31, 2014)	FY2014 (April 1, 2014 to March 31, 2015)
Earnings per share		
Net income recorded on statements of income (¥ millions)	2,508	3,215
Amounts not allocated to common stockholders (¥ millions)	-	-
Net income allocated to common stock (¥ millions)	2,508	3,215
Average number of common shares outstanding during each term (thousand shares)	191,659	191,611
Diluted earnings per share		
Adjustment to net income (¥ millions)	-	-
Increase in common shares (thousand shares)	1,215	1,419
[Stock acquisition rights] (thousand shares)	[1,215]	[1,419]

- Net assets per share were calculated on the following basis:

	FY2013 (Mar. 31, 2014)	FY2014 (Mar. 31, 2015)
Total net assets (¥ millions)	114,183	117,359
Deduction from net assets (¥ millions)	1,826	1,716
[Minority interests] (¥ millions)	[1,514]	[1,374]
[Stock acquisition rights] (¥ millions)	[312]	[342]
Term-end amounts allocated to common stockholders (¥ millions)	112,357	115,643
Term-end number of common shares used for calculation of net assets per share (thousand shares)	191,623	191,503

Significant Subsequent Events

None applicable.

5. Others

(1) Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- In the functional solutions segment, engineering plastics and medical materials enjoyed firm sales. However, deteriorated market conditions and price drops adversely impacted the performance of electronic components. As a result, the functional solutions business recorded decreased profits albeit with increased sales.
- The apparel business faced challenging conditions caused by slow personal spending after the consumption tax hike. Although sales declined, profits increased thanks to the promotion of business structure reform.
- In the lifestyle creation segment, the solar power generation business contributed to profits, while the commercial facility and sports club businesses were slow. Consequently, the lifestyle creation business posted an increase in sales and a decrease in profits.
- Exchange gain (non-operating income): ¥1.7 billion.

<Special Treatments>

- Gain on revision of retirement benefit plan: ¥1.2 billion
- Loss on sale or disposal of fixed assets: ¥400 million

<Dividends>

- Scheduled dividend payment for the current fiscal year: ¥7.5 per share

<FY2015 Forecast>

- Efforts to strengthen overseas operations of plastic film and other measures are expected to drive up sales. Innerwear business structure reform is also projected to help increase operating income. However, drops in ordinary income and net income are expected due to an anticipated decrease in exchange gains.
- Scheduled dividend payment for fiscal 2015 is ¥8.5 per share, including a 120th anniversary commemorative dividend of ¥1.

(1) FY2014 Operating Results (Apr. 1, 2014 to Mar. 31, 2015)

(Millions of yen)

	FY2014	Forecasts (Feb. 5)	FY2013	Change	
				<Upper figures in brackets %>	
				vs. forecasts	vs. FY2013
Net Sales	141,172	140,000	142,425	<0.8> 1,172	<(0.9)> (1,253)
Operating Income	3,084	3,000	4,375	<2.8> 84	<(29.5)> (1,290)
Ordinary Income	4,933	4,300	5,058	<14.7> 633	<(2.5)> (124)
Net Income	3,215	2,100	2,508	<53.1> 1,115	<28.2> 707
Total Assets	175,331		166,544		<5.3> 8,787
Inventories	31,551		32,556		<(3.1)> (1,004)
Fixed Assets	97,709		93,040		<5.0> 4,668
Net Assets	117,359		114,183		<2.8> 3,176
Financing Income/Expenses	186		129		56
Interest/Dividends Received	340		296		43
Interest Expenses	(153)		(167)		13
Capital Expenditures	6,005		6,768		(763)
Depreciation and Amortization	6,830		6,288		541

Note: Acquisition of treasury stock

	(Thousands of shares)	(Amount)
• Treasury stock acquired	181	¥59 million
• Treasury stock disposed	62	¥25 million
• Treasury stock held at the end of the previous fiscal year	18,312	¥7,614 million
• Treasury stock held at the end of the period	18,431	¥7,648 million

(2) Results by Business Segment

(Millions of yen)

Segment		FY2014		FY2013		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	59,689	42.1	58,235	40.7	1,454	2.5
	Apparel	67,635	47.7	70,461	49.2	(2,825)	(4.0)
	Lifestyle Creations	14,537	10.2	14,497	10.1	40	0.3
	Subtotal	141,864	100.0	143,194	100.0	(1,330)	(0.9)
	Eliminations	(691)		(768)		76	-
	Consolidated	141,172		142,425		(1,253)	(0.9)
Operating Income	Functional Solutions	3,393	55.2	4,745	63.1	(1,352)	(28.5)
	Apparel	1,491	24.3	1,400	18.6	90	6.5
	Lifestyle Creations	1,257	20.5	1,367	18.3	(110)	(8.0)
	Subtotal	6,142	100.0	7,514	100.0	(1,371)	(18.3)
	Eliminations/Corporate	(3,057)		(3,138)		81	-
	Consolidated	3,084		4,375		(1,290)	(29.5)

(3) Significant Financial Indicators

Item		FY2014	FY2013	Change
Operating Income to Total Assets Ratio	%	1.8	2.7	(0.9)
Ordinary Income to Total Assets Ratio	%	2.9	3.1	(0.2)
Operating Income to Net Sales Ratio	%	2.2	3.1	(0.9)
Ordinary Income to Net Sales Ratio	%	3.5	3.6	(0.1)
Turnover of Total Assets	times	0.83	0.86	(0.03)
Net Worth Ratio	%	66.0	67.5	(1.5)
ROE	%	2.8	2.3	0.5
Earnings per Share	¥	16.78	13.09	3.69
Diluted Earnings per Share	¥	16.66	13.01	3.65
Net Assets per Share	¥	603.87	586.35	17.52

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2014	FY2013	Change	Breakdown of Major Components
Operating Activities	9,512	13,753	(4,240)	Depreciation and amortization: 6,830; Income before income taxes and minority interests: 5,605; Decrease in inventories: 1,767; Decrease in liabilities related to retirement benefits: (2,192)
Investing Activities	(9,240)	(5,414)	(3,825)	Purchase of fixed assets: (8,786)
Financing Activities	1,726	(8,303)	10,029	Increase in long-term and short-term debt including commercial paper: 3,215; Dividend paid: (1,430)
Foreign Currency Translation Adjustments	372	651	(279)	
Increase (Decrease) in Cash and Cash Equivalents	2,371	687	1,684	
Increase (Decrease) due to Change in Scope of Consolidation	30	-	30	
Cash and Cash Equivalents - End of Period	9,159	6,757	2,401	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item		FY2014		FY2013		Y-over-Y Change	FY2015 Plan		Y-over-Y Change
		Amount	Weight	Amount	Weight		Amount	Weight	
Capital Expenditures	<International> Functional Solutions	<1,914> 3,195		<603> 2,370	53.2 39.5	825	<3,400> 6,600	55.0	3,405
	<International> Apparel	<301> 681		<463> 790	11.3 13.2	(109)	<300> 1,100	9.2	419
	Lifestyle Creations	1,640	27.3	2,229	37.1	(589)	3,200	26.7	1,560
	Corporate	487	8.2	1,378	10.2	(891)	1,100	9.1	613
	<International> Total	<2,217> 6,005		<1,067> 6,768	100.0 100.0	(763)	<3,700> 12,000	100.0	5,995
	Depreciation and Amortization	Functional Solutions	3,100	45.4	2,862	41.9	238	3,500	50.0
	Apparel	1,427	20.9	1,356	19.9	71	1,200	17.1	(227)
	Lifestyle Creations	1,584	23.2	1,441	21.1	143	1,400	20.0	(184)
	Corporate	718	10.5	628	17.1	90	900	12.9	182
	Total	6,830	100.0	6,288	100.0	542	7,000	100.0	170

Note: Capital expenditures include investments in intangible fixed assets.

Main Investment Plans for FY2015

- Plastic film production equipment: ¥3,700 million
- Electronic components production equipment: ¥900 million
- Idle land development and opening of new sports clubs: ¥2,600 million

(6) FY2015 Forecast

(Millions of yen)

Item	FY2015 Forecast	FY2014	Change <Upper figures %>
Net Sales	143,000	141,172	<1.3> 1,828
Operating Income	3,500	3,084	<13.5> 416
Ordinary Income	3,300	4,933	<(33.1)> (1,633)
Net income attributable to shareholders of the parent company	2,100	3,215	<(34.7)> (1,115)

(7) Forecast of Results by Segment

(Millions of yen)

Item		FY2015 Forecast		FY2014 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional solutions	60,500	42.1	59,689	42.1	811	1.4
	Apparel	68,000	47.4	67,635	47.7	365	0.5
	Lifestyle creations	15,100	10.5	14,537	10.2	563	3.9
	Subtotal	143,600	100.0	141,864	100.0	1,736	1.2
	Eliminations	(600)		(691)		91	-
	Consolidated	143,000		141,172		1,828	1.3
Operating Income	Functional solutions	4,100	58.6	3,393	55.2	707	20.8
	Apparel	1,700	24.3	1,491	24.3	209	14.0
	Lifestyle creations	1,200	17.1	1,257	20.5	(57)	(4.5)
	Subtotal	7,000	100.0	6,142	100.0	858	14.0
	Eliminations/Corporate	(3,500)		(3,057)		(443)	-
	Consolidated	3,500		3,084		416	13.5