

May 12, 2017

Consolidated Financial Statements – Summary **(Year ended March 31, 2017)**

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:	Atsushi Hirochi, President and Representative Director
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Ordinary General Meeting of Shareholders (Scheduled):	June 23, 2017
Start of Distribution of Dividends (Scheduled):	June 26, 2017
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 26, 2017
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 FY2016 (Apr. 1, 2016 to Mar. 31, 2017)

(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 attributable to owners of the parent (¥ million)	Change (%)
FY2016	136,579	(1.3)	4,206	14.9	4,671	490.5	3,102	—
FY2015	138,324	(2.0)	3,662	18.7	791	(84.0)	(1,201)	—

Note: Comprehensive income (loss)

FY2016: ¥3,189 million [-] FY2015: (¥7,597 million) [-]

	E.P.S. (¥)	Diluted E.P.S. (¥)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2016	16.59	16.49	2.9	2.8	3.1
FY2015	(6.39)	—	(1.1)	0.5	2.6

Reference: Equity in income of affiliated companies

FY2016: - FY2015: -

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2016	169,460	108,353	63.8	578.48
FY2015	169,749	106,639	61.9	562.44

Reference: Total equity FY2016: ¥108,153 million FY2015: ¥105,158 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)
FY2016	13,832	(7,834)	(4,116)	9,670
FY2015	11,775	(12,046)	(1,274)	7,471

2. Dividends

	Dividends per share				
	1st quarter (¥)	2nd quarter (¥)	3rd quarter (¥)	Year-end (¥)	Full-year (¥)
FY2015	—	—	—	8.50	8.50
FY2016	—	—	—	7.50	7.50
FY2017 (projected)	—	—	—	7.50	7.50

	Total cash dividends paid (¥ million)	Payout ratio (consolidated) (%)	Dividends to net assets (consolidated) (%)
FY2015	1,589	—	1.5
FY2016	1,402	45.2	1.3
FY2017 (projected)		56.1	

Note: Breakdown of year-end dividends for FY2015:

Ordinary dividend of ¥7.50 and commemorative dividend of ¥1.00 (for 120th anniversary).**3. Projected FY2017 Consolidated Operating Results** (Apr. 1, 2017 to Mar. 31, 2018)

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
FY2017 Full-year	138,000	1.0	4,300	2.2	4,800	2.8

	Net income attributable to owners of the parent (¥ million)	Change (%)	E.P.S. (¥)
FY2017 Full-year	2,500	(19.4)	13.37

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: No
- (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):
- FY2016: 209,935,165 shares
- FY2015: 209,935,165 shares
- (b) Treasury stock at the end of the period:
- FY2016: 22,974,330 shares
- FY2015: 22,966,562 shares
- (c) Average number of shares outstanding during the period:
- FY2016: 186,965,390 shares
- FY2015: 188,084,758 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Operating Results for FY2016 (Apr. 1, 2016 to Mar. 31, 2017)

(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 (%)
FY2016	106,025	(2.3)	1,983	24.2	4,642	855.1	2,780	—
FY2015	108,469	(0.0)	1,597	48.3	486	(88.8)	(1,719)	—

	E.P.S. (¥)	Diluted E.P.S. (¥)
FY2016	14.87	14.78
FY2015	(9.14)	—

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2016	142,421	106,689	74.7	569.11
FY2015	139,819	103,804	74.1	553.88

Reference: Total equity

FY2016: ¥106,401 million FY2015: ¥103,557 million

Note: This summary of consolidated results is exempt from the review procedures based on the Financial Instruments and Exchange Act.

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 “(1) Outlook for FY2017” in “1. Results of Operations” on pages 6 and 7 of attached materials.

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1. Results of Operations

(1) Analysis of Full-Year Results

Overview of FY2016

Reviewing economic conditions during the fiscal year ended March 31, 2017, the Japanese economy as a whole showed signs of mild recovery, supported by the government's economic policy package and an easy monetary policy. However, the GUNZE Group's management environment continued to face uncertainty due to several factors. These included substantial fluctuations in the stock and foreign exchange markets caused by the UK's withdrawal from the EU and the US presidential election. Other factors that caused uncertainty included the economic slowdown in China and other emerging nations, which caused increasing uncertainty in overseas economies, as well as depressed consumer confidence resulting in sluggish personal consumption.

Faced with this situation, the GUNZE Group's medium-term management plan, called "CAN 20 (fiscal 2014 through fiscal 2020)," has entered its third and final year of its first phase. With the key concept of "Focus and Concentration," the GUNZE Group promoted 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 performed well in medical materials although sales in other business categories were generally sluggish. The apparel business remained firm while clothing products generally experienced slow storefront sales. The firm performance resulted from stronger efforts made toward expanding high-growth sales channels.

Consequently, the GUNZE Group's consolidated net sales for the fiscal year under review amounted to ¥136,579 million (a year-over-year decrease of 1.3%). Consolidated operating income amounted to ¥4,206 million (a year-over-year increase of 14.9%). Consolidated ordinary income was ¥4,671 million (a year-over-year increase of 490.5%). As a result, GUNZE posted a consolidated net income attributable to owners of the parent amounting to ¥3,102 million compared to a consolidated net loss attributable to owners of the parent of ¥1,201 million recorded in the previous fiscal year.

Results by Business Segment

[Functional Solutions]

In plastic film, mainstay shrink films enjoyed robust sales in Japan and Southeast Asia. The efforts to develop new markets in China by leveraging differentiating functions, and the increase in demand for industrial-use plastic film for Chinese smartphones, also contributed to firm overall sales of plastic films. In engineering plastics, tubes for industrial applications and semiconductor-related products both performed strongly, but this was not enough to offset the drop in sales caused by the sluggish office equipment market. In electronic components, GUNZE has been continuously working on structural reforms by restructuring and streamlining the GUNZE Group's production facilities. This includes the shuttering of its Taiwanese manufacturing joint-venture company. Even so, increasingly intense competition in the touch screen and film markets resulted in poor performance of the electronic components business overall. Medical materials destined for North America continued to perform strongly, while sales were also solid in Japan and China.

Consequently, the functional solutions business posted net sales of ¥50,195 million (a year-over-year decrease of 10.6%), while operating income was ¥3,468 million (a year-over-year increase of 0.8%).

[Apparel]

Innerwear sales were robust due to expanded sales for differentiated products mainly in the women's innerwear category, and expansion of high-growth channels. In leg wear, sales of the mainstay *SABRINA* brand performed impressively, driving overall category sales.

Consequently, the apparel business posted net sales of ¥71,629 million (a year-over-year increase of 5.1%). This included sales contributed by the apparel retailers, which became subsidiaries of GUNZE in April 2016. The apparel business's operating income was ¥2,505 million (a year-over-year increase of 12.2%).

[Lifestyle Creations]

In the real estate category, the *GUNZE Town Center TSUKASHiN* experienced the negative impact of increasingly intense competition in the neighboring trade area. However, the master lease business and leasing of housing made a positive contribution to the category's overall sales. The sports club business enjoyed an increase in sales mainly due to the opening of new clubs, but initial expenses incurred for the new clubs resulted in a mere marginal increase in profits.

Consequently, the lifestyle creation business recorded net sales of ¥15,168 million

(a year-over-year increase of 3.6%), and operating income was ¥1,322 million (a year-over-year increase of 8.3%).

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets (Fiscal 2016 Overview)

As of March 31, 2017, total assets were ¥169,460 million, a decrease of ¥289 million compared to the end of the previous fiscal year. The main components of an increase in total assets included a ¥2,198 million increase in cash and cash equivalents, a ¥1,853 million increase in investments in securities, and a ¥1,207 million increase in buildings and structures. The main components of the decrease in total assets were a ¥4,315 million decrease in machinery, equipment and vehicles, and a ¥1,119 million decrease in notes and accounts receivable.

Total liabilities were ¥61,106 million, a decrease of ¥2,003 million compared to the end of the previous fiscal year. The main components of the decrease included a ¥2,696 million decrease in long- and short-term debt (including commercial paper),.

Net assets were ¥108,353 million, an increase of ¥1,714 million compared to the end of the previous fiscal year. The main components of the increase were a net income attributable to owners of the parent of ¥3,102 million recorded for the period under review, and a ¥1,666 million increase in unrealized gains on available-for-sale securities. Main components of a decrease were dividend payments of ¥1,589 million and a ¥1,321 million decrease in non-controlling interests.

(3) Summary of Cash Flows for FY2016

1) Cash Flows

As of March 31, 2017, consolidated cash and cash equivalents were ¥9,670 million, or ¥2,198 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 ¥13,832 million, an increase of ¥2,057 million compared to the previous fiscal year. The major components of cash inflows included income before income and other taxes of ¥3,315 million, depreciation and amortization of ¥6,811 million, and a ¥1,121 million decrease in notes and accounts receivable.

Net cash used in investing activities totaled ¥7,834 million, a decrease of ¥4,212 million compared to the previous fiscal year. The main components of cash outflows were payments for purchase of fixed assets amounting to ¥9,023 million, including capital investments in equipment and facilities related to the life creation business, and ¥1,419 million spent for the acquisition of business from a distributor related to the

apparel business. The main components of cash inflows included proceeds from the sale of fixed assets amounting to ¥3,534 million.

Net cash used for financing activities was ¥4,116 million, an increase of ¥2,841 million compared to the previous fiscal year. The main components of cash inflows included proceeds from long-term debt amounting to ¥1,200 million. The main components of cash outflows were a repayment of long-term debt amounting to ¥1,991 million, a ¥1,621 million decrease in short-term debt and commercial paper borrowing, and a ¥1,583 million spent for dividend payments.

2) Cash Flow Indicator Trends

	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
Equity ratio (%)	65.9	67.5	66.0	61.9	63.8
Equity ratio on market value basis (%)	28.6	31.5	35.1	35.0	50.2
Debt coverage ratio (years)	2.5	1.8	3.1	2.7	2.1
Interest coverage ratio (times)	64.6	80.4	51.9	64.8	70.2

Notes:

The equity ratio is equal to shareholders' equity divided by total assets.

The equity 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.

(4) Outlook for FY2017

For the upcoming fiscal year, the Japanese economy is expected to experience increasing labor shortages in some industries and a stronger positive mindset among businesses, with expanding capital investment in equipment. Still, there are several risk factors that will cause the business environment surrounding the GUNZE Group to remain unpredictable. These include the potential for a downturn in the economy due to soaring raw material prices, unstable international situations, and a slowdown in growth rates in emerging economies. There is also anxiety about the future caused by the increasing burden of social insurance premiums, which caused consumers to remain strongly budget-minded.

Against this backdrop, fiscal 2017 marks the initial year of the second phase of GUNZE's medium-term management plan, called "CAN 20." Toward the goals specified by its medium-term management plan, GUNZE will clarify key strategic challenges for each business segment and strive to sustainably enhance its corporate value.

Presently, many of GUNZE's business fields are facing a turn of the tide as they navigate through a transition period. With the medical business enjoying high growth, as well as the apparel business gaining upward momentum, GUNZE will aim to correctly anticipate this tidal change and promote business with a focus on growth potential.

As for the functional solutions business, in the category of plastic films GUNZE will promote the development of new markets and products as it faces radical changes in its business environment. In engineering plastics, efforts will be concentrated on taking measures against maturation of mainstay products for office equipment applications, while also expanding products employing GUNZE's fiber technology, such as products related to semiconductors. In electronic components, GUNZE will take decisive action to downsize business, while pursuing synergy with other film-related business fields. In medical materials, GUNZE will proactively invest management resources on construction of new factories and other projects aimed at further growth. At the same time, GUNZE will seek to improve production and sales systems so as to effectively respond to business expansion.

In the apparel business, GUNZE will aim to further expand sales of its mainstay brands in the innerwear category by leveraging its proprietary technologies. Moreover, GUNZE will strengthen the high-growth direct sales route and sales outside Japan. In leg wear, GUNZE will strive to develop new markets and products by anticipating and meeting potential consumer needs and market trends. In doing so, the Company aims to conduct business operations in a way to minimize effects of exchange rate fluctuations.

In the lifestyle creation business, GUNZE will seek to improve the profitability of its real estate business by revising its commercial facility operation system. In the sports club category, GUNZE will also strive to expand sales through aggressive multi-club chain expansion inside and outside Japan.

For fiscal 2017 (April 1, 2017 to March 31, 2018), the GUNZE Group, through the implementation of these measures, is forecasting net sales of ¥138,000 million, with operating income of ¥4,300 million, ordinary income of ¥4,800 million, and net income attributable to owners of the parent of ¥2,500 million. Forecast by business segment are as follows:

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

Segment Item	Functional solutions	Apparel	Lifestyle creations	Eliminations/ Corporate	Total
Net sales	48,800	73,300	16,400	(500)	138,000
vs. FY2016	Down 2.8%	Up 2.3%	Up 8.1%	—	Up 1.0%

(5) Basic Policy on Distribution of Profits and Dividends for FY2016 and FY2017

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 2016.

In the second phase (fiscal 2017 through fiscal 2020) of the CAN 20 medium-term management plan, the GUNZE Group will strive to enhance shareholder value, with the aim of attaining a total dividend payout ratio of 100%, combining a target consolidated payout ratio of 50% with the purchase of treasury stock.

The scheduled dividend for fiscal 2017 is ¥7.5 per share.

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

Focusing on shareholders, the GUNZE Group will seek to raise return on equity (ROE), which it views as the Group’s key performance indicator. As part of this effort, the Group will implement various measures aimed at increasing profitability, using capital more productively and repurchasing treasury stock. The GUNZE Group will also set a return on assets (ROA) target for each business division or affiliated company as a measure to gauge the efficiency of business investments. This is part of the drive to improve both total asset turnover and profit margin on sales.

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

The new fiscal year 2016 marks the initial year of the second phase (fiscal 2017 through fiscal 2020) of GUNZE’s medium-term management plan, called “CAN 20 (fiscal 2014 through fiscal 2020).” As such, GUNZE will move into high gear with initiatives to revive 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.

In CAN 20, GUNZE’s portfolio strategy has been centered on “Focus and Concentration,” by classifying the current business segments into strategic business units (SBU) and evaluating them. As the heart of its growth strategy, GUNZE has set up a cross-divisional Cross Functional Approach (CFA) project. This is designed to combine the GUNZE Group’s management resources to efficiently create and cultivate new businesses. As part of this effort, GUNZE has been working on expanding business in the health and medical care field, seeking to improve quality of life (QOL). As a measure for reinforcing the management foundation to support its growth strategy, GUNZE has been striving to enhance its core technological strengths and global responsiveness, while strengthening its intangible assets, including corporate brand value.

In the first phase of CAN 20, the electronic components business suffered sluggish performance, due to worsening market conditions and reductions in product prices, both of which worsened to a degree that was greater than expected. The highly profitable engineering plastics business also faced a challenging situation due to sluggishness in

the office automation market. By contrast, the medical business, which is a high-growth field, has produced results that surpassed the initial target. The apparel business, for which GUNZE has promoted structural reform, was able to turn the corner on sales decreases, resulting in firm performance. Even so, GUNZE as a whole failed to meet its initial targets.

In the second phase, GUNZE will seek to revive growth in the functional solutions business, by leveraging its high-potential technologies. This will allow the functional solutions business to join the apparel business, which is currently gaining upward momentum, to serve as two wheels that keep the GUNZE Group's business management on track. At the same time, GUNZE will promote its QOL-related business as a growth engine essential for attaining its strategic goals.

Additionally, GUNZE will accelerate the implementation of its three pivotal strategies: (1) restructuring of existing business; (2) creation of new business; and (3) reinforcement of the management foundation. For the creation of new business in particular, GUNZE will establish a structure to facilitate new buds of business to sprout, and eventually bloom and yield fruit.

Through these initiatives, GUNZE will strive to contribute to society as a global corporate group that offers customers a "Feeling of Comfort" by taking advantage of the GUNZE Group's unique characteristics.

For details regarding the second phase of the CAN 20 medium-term management plan, please refer to "Formulation of Medium-term Management Plan 'CAN 20 Second Phase'" released May 12, 2017. The released information is also available at the following websites:

- GUNZE Website

<http://www.gunze.co.jp/>

- Tokyo Stock Exchange Website (Listed Company Information Search Page)

<http://www.tse.or.jp/listing/compsearch/index.html>

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 FY2015 (Mar. 31, 2016)	End of FY2016 (Mar. 31, 2017)
Assets		
Current assets		
Cash and cash equivalents	7,471	9,670
Notes & accounts receivable, trade	28,925	27,805
Finished products and goods	17,754	19,974
Work in process	6,648	5,751
Raw materials and supplies	5,456	4,546
Short-term loans	558	589
Deferred income taxes	2,113	1,198
Other current assets	2,697	2,054
Allowance for doubtful accounts	(19)	(8)
Total current assets	71,605	71,582
Fixed assets		
Property, plants and equipment		
Buildings and structures	112,184	114,474
Accumulated depreciation	(73,316)	(74,399)
Buildings and structures (Net)	38,867	40,075
Machinery, equipment and vehicles	102,957	100,346
Accumulated depreciation	(87,138)	(88,843)
Machinery, equipment and vehicles (Net)	15,819	11,503
Tools, furniture and fixtures	7,461	7,482
Accumulated depreciation	(5,869)	(5,910)
Tools, furniture and fixtures (Net)	1,591	1,571
Land	11,977	12,935
Leasehold assets	566	725
Accumulated depreciation	(159)	(250)
Leasehold assets (Net)	406	474
Construction in progress	1,221	712
Total property, plants and equipment	69,884	67,272
Intangible fixed assets		
Software	944	940
Other intangible fixed assets	377	975
Total intangible fixed assets	1,322	1,916
Investments and other assets		
Investments in securities	18,523	20,376
Allowance for investment loss	-	(299)
Long-term loans	626	592
Deferred income taxes	3,453	3,430
Other assets	4,435	4,738
Allowance for doubtful accounts	(101)	(150)
Total investments and other assets	26,936	28,688
Total fixed assets	98,143	97,877
Total assets	169,749	169,460

(Millions of yen)

	End of FY2015 (Mar. 31, 2016)	End of FY2016 (Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	9,112	9,594
Short-term debt	8,898	8,204
Commercial paper	5,200	4,000
Current portion of long-term debt	1,954	6,945
Accrued income taxes	331	1,311
Allowance for employees' bonuses	1,117	1,166
Notes payable on acquisition of property, plants and equipment	1,078	721
Other current liabilities	10,740	10,379
Total current liabilities	38,433	42,323
Long-term liabilities		
Long-term debt	14,355	8,562
Liabilities related to retirement benefits	4,887	4,818
Long-term deposits & guarantee deposits	4,122	4,371
Other long-term liabilities	1,310	1,031
Total long-term liabilities	24,676	18,783
Total liabilities	63,110	61,106
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	13,999	13,998
Retained earnings	76,605	77,504
Treasury stock	(9,108)	(9,111)
Total shareholders' equity	107,567	108,462
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for- sale securities	(1,728)	(62)
Revaluation differences on land	(400)	(67)
Foreign currency translation adjustments	1,838	1,154
Accumulated adjustments related to retirement benefits	(2,117)	(1,333)
Total accumulated other comprehensive income	(2,408)	(309)
Stock acquisition rights	246	287
Non-controlling interests	1,233	(88)
Total net assets	106,639	108,353
Total liabilities and net assets	169,749	169,460

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

Consolidated Statements of Income

(Millions of yen)

	FY2015 (Apr. 1, 2015 to Mar. 31, 2016)	FY2016 (Apr. 1, 2016 to Mar. 31, 2017)
Net sales	138,324	136,579
Cost of sales	103,859	99,077
Gross profit	34,465	37,502
Selling, general & administrative expenses	30,802	33,295
Operating income	3,662	4,206
Non-operating income		
Interest income	43	62
Dividend income	922	424
Rental income	282	261
Gain on valuation of derivatives	-	517
Other	139	182
Total non-operating income	1,388	1,447
Non-operating expenses		
Interest expenses	190	192
Rental expenses	270	230
Exchange loss	690	286
Loss on valuation of derivatives	2,869	-
Other	239	274
Total non-operating expenses	4,260	982
Ordinary income	791	4,671
Extraordinary income		
Gain on sale of fixed assets	66	2,274
Gain on sale of investment securities	0	314
Gain on transfer of business	-	233
Gain on insurance adjustment	403	0
Other	-	7
Total extraordinary income	470	2,830
Extraordinary loss		
Loss on sale or disposal of fixed assets	88	833
Loss on valuation of investments in and loans to affiliated companies	152	588
Impairment loss	1,326	2,303
Business structure improvement expenses	495	446
Other	6	13
Total extraordinary loss	2,069	4,186
Income (loss) before income and other taxes	(807)	3,315
Income, residential and enterprise taxes	523	1,660
Adjustment for income and other taxes	(40)	91
Total income and other taxes	483	1,752
Net income (loss)	(1,290)	1,563
Net income (loss) attributable to non-controlling interests	(88)	(1,539)
Net income (loss) attributable to owners of the parent	(1,201)	3,102

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015 to Mar. 31, 2016)	(Apr. 1, 2016 to Mar. 31, 2017)
Net income (loss)	(1,290)	1,563
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(3,516)	1,661
Deferred gains (losses) on hedge	(1)	-
Foreign currency translation adjustments	(506)	(819)
Adjustments related to retirement benefits	(2,281)	783
Total other comprehensive income (loss)	(6,306)	1,626
Comprehensive income (loss)	(7,597)	3,189
<Breakdown>		
Comprehensive income (loss) attributable to owners of the parent	(7,461)	4,783
Comprehensive income (loss) attributable to non-controlling interests	(136)	(1,593)

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

(FY2015 (April 1, 2015 to March 31, 2016))

(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	14,056	79,313	(7,648)	111,792
Changes in the period					
Dividends from retained earnings			(1,436)		(1,436)
Net income (loss) attributable to owners of the parent			(1,201)		(1,201)
Change in scope of consolidation			(69)		(69)
Acquisition of treasury stock				(1,656)	(1,656)
Disposal of treasury stock		(57)		196	139
Net changes of items other than shareholders' equity					
Total changes in the period	-	(57)	(2,707)	(1,460)	(4,224)
Balance at the end of the period	26,071	13,999	76,605	(9,108)	107,567

	Accumulated other comprehensive income (loss)					
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income (loss)
Balance at the beginning of the period	1,787	1	(400)	2,298	164	3,850
Changes in the period						
Dividends from retained earnings						
Net income (loss) attributable to owners of the parent						
Change in scope of consolidation						
Acquisition of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity	(3,516)	(1)	-	(459)	(2,281)	(6,259)
Total changes in the period	(3,516)	(1)	-	(459)	(2,281)	(6,259)
Balance at the end of the period	(1,728)	-	(400)	1,838	(2,117)	(2,408)

FY2015 (April 1, 2015 to March 31, 2016)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	342	1,374	117,359
Changes in the period			
Dividends from retained earnings			(1,436)
Net income (loss) attributable to owners of the parent			(1,201)
Change in scope of consolidation			(69)
Acquisition of treasury stock			(1,656)
Disposal of treasury stock			139
Net changes of items other than shareholders' equity	(95)	(140)	(6,493)
Total changes in the period	(95)	(140)	(10,720)
Balance at the end of the period	246	1,233	106,639

FY2016 (April 1, 2016 to March 31, 2017)

(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	13,999	76,605	(9,108)	107,567
Changes in the period					
Dividends from retained earnings			(1,589)		(1,589)
Net income (loss) attributable to owners of the parent			3,102		3,102
Change in scope of consolidation			(281)		(281)
Reversal of revaluation reserve for land			(333)		(333)
Acquisition of treasury stock				(4)	(4)
Disposal of treasury stock		(1)		2	1
Net changes of items other than shareholders' equity					
Total changes in the period	-	(1)	898	(2)	895
Balance at the end of the period	26,071	13,998	77,504	(9,111)	108,462

	Accumulated other comprehensive income (loss)				
	Unrealized gains (losses) on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income (loss)
Balance at the beginning of the period	(1,728)	(400)	1,838	(2,117)	(2,408)
Changes in the period					
Dividends from retained earnings					
Net income (loss) attributable to owners of the parent					
Change in scope of consolidation					
Reversal of revaluation reserve for land					
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity	1,666	333	(683)	783	2,099
Total changes in the period	1,666	333	(683)	783	2,099
Balance at the end of the period	(62)	(67)	1,154	(1,333)	(309)

FY2016 (April 1, 2016 to March 31, 2017)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	246	1,233	106,639
Changes in the period			
Dividends from retained earnings			(1,589)
Net income (loss) attributable to owners of the parent			3,102
Change in scope of consolidation			(281)
Reversal of revaluation reserve for land			(333)
Acquisition of treasury stock			(4)
Disposal of treasury stock			1
Net changes of items other than shareholders' equity	40	(1,321)	818
Total changes in the period	40	(1,321)	1,714
Balance at the end of the period	287	(88)	108,353

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2015 (Apr. 1, 2015 to Mar. 31, 2016)	FY2016 (Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from operating activities		
Income (loss) before income and other taxes	(807)	3,315
Depreciation and amortization	6,604	6,811
Impairment loss	1,326	2,303
Loss on valuation of investments in and loans to affiliated companies	-	588
Amortization of goodwill	-	50
Increase (decrease) in allowance for doubtful accounts	5	(12)
Increase (decrease) in liabilities related to retirement benefits	432	878
Increase (decrease) in allowance for employees' bonuses	(29)	32
Interest and dividend income	(966)	(487)
Interest expenses	190	192
Exchange loss (gain)	-	(57)
Loss (gain) on valuation of derivatives	2,869	(517)
Loss (gain) on sale or disposal of fixed assets	22	(1,440)
Loss (gain) on sale or valuation of investments in securities	151	(312)
Business structure improvement expenses	495	446
Gain on insurance adjustment	(403)	(0)
Loss (gain) on transfer of business	-	(233)
Other extraordinary losses (gains)	-	(7)
Other losses (gains)	(32)	33
Decrease (increase) in notes and accounts receivable	2,007	1,121
Decrease (increase) in inventories	1,125	283
Decrease (increase) in other current assets	(382)	253
Increase (decrease) in notes and accounts payable	(106)	547
Increase (decrease) in deposits and guarantee deposits	(150)	298
Increase (decrease) in other current liabilities	(1,476)	771
Increase (decrease) in other long-term liabilities	(13)	(712)
Subtotal	10,860	14,149
Interest and dividends received	966	480
Interest paid	(181)	(196)
Insurance proceeds received	933	-
Income tax refund (paid)	(803)	(601)
Net cash provided by (used in) operating activities	11,775	13,832
Cash flows from investing activities		
Payments for purchase of fixed assets	(6,690)	(9,023)
Proceeds from sale of fixed assets	84	3,534
Payments for disposition of fixed assets	(53)	(329)
Payments for acquisition of investment securities	(5,897)	(230)
Proceeds from sale of investment securities	263	974
Proceeds from transfer of business	-	279
Payments for acquisition of business	-	(1,419)
Payments for acquisition of subsidiaries' stock accompanied by changes in scope of consolidation	-	(657)
Proceeds from liquidation of subsidiaries	390	30
Net decrease (increase) in loans	(148)	(19)
Other	4	(974)
Net cash provided by (used in) investing activities	(12,046)	(7,834)

(Millions of yen)

	FY2015	FY2016
	(Apr. 1, 2015 to Mar. 31, 2016)	(Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	1,810	(1,621)
Proceeds from issuance of long-term debt	3,678	1,200
Repayments of long-term debt	(3,598)	(1,991)
Payments for purchase of treasury stock	(1,656)	(3)
Cash dividends paid	(1,432)	(1,583)
Dividends paid to non-controlling interests	-	(1)
Other	(75)	(114)
Net cash provided by (used in) financing activities	(1,274)	(4,116)
Effect of exchange rate changes on cash & cash equivalents	(138)	227
Increase (decrease) in cash and cash equivalents	(1,684)	2,109
Cash and cash equivalents at the beginning of the period	9,159	7,471
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	(3)	88
Cash and cash equivalents at the end of the period	7,471	9,670

(5) Notes to Consolidated Financial Statements

Notes Regarding Assumptions of a Going Concern

None applicable

Additional Information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year ending March 31, 2017, GUNZE adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

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, sales of trees and plants, as well as the solar power generation business.

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

FY2015 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	56,108	67,896	14,320	138,324	-	138,324
Intersegment sales and transfers	63	268	315	647	(647)	-
Total	56,171	68,164	14,635	138,971	(647)	138,324
Segment profit	3,440	2,232	1,221	6,894	(3,231)	3,662
Segment assets	56,057	52,894	30,826	139,778	29,970	169,749
Other items						
Depreciation & amortization	3,079	1,337	1,624	6,041	558	6,599
Amortization of goodwill	-	5	-	5	-	5
Impairment loss	1,326	-	-	1,326	-	1,326
Increase in tangible and intangible fixed assets	4,085	929	2,081	7,096	1,490	8,586

Notes:

1. Adjustment comprises the following:

- (1) The segment profit adjustment of – (minus) ¥3,231 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 ¥29,970 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.

FY2016 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	50,141	71,384	15,052	136,579	-	136,579
Intersegment sales and transfers	53	244	116	415	(415)	-
Total	50,195	71,629	15,168	136,994	(415)	136,579
Segment profit	3,468	2,505	1,322	7,296	(3,090)	4,206
Segment assets	47,098	56,838	33,685	137,622	31,837	169,460
Other items						
Depreciation & amortization	3,105	1,356	1,821	6,283	527	6,811
Amortization of goodwill	-	50	-	50	-	50
Impairment loss	2,303	-	-	2,303	-	2,303
Increase in tangible and intangible fixed assets	1,677	2,110	5,539	9,327	411	9,739

Notes:

1. Adjustment comprises the following:

(1) The segment profit adjustment of – (minus) ¥3,090 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 ¥31,837 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

FY2015 (April 1, 2015 to March 31, 2016)

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
108,547	29,776	138,324

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

(b) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
57,854	12,029	69,884

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.

FY2016 (April 1, 2016 to March 31, 2017)

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
111,004	25,574	136,579

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

(b) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
59,281	7,990	67,272

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

	FY2015 (April 1, 2015 to March 31, 2016)	FY2016 (April 1, 2016 to March 31, 2017)
Net assets per share (¥)	562.44	578.48
Earnings (loss) per share (¥)	(6.39)	16.59
Diluted earnings per share (¥)	—	16.49

Notes:

1. Although potentially dilutive shares existed, diluted earnings per share for fiscal 2015 are not listed, as loss per share was recorded.
2. Earnings, loss and diluted earnings per share were calculated on the following basis:

	FY2015 (April 1, 2015 to March 31, 2016)	FY2016 (April 1, 2016 to March 31, 2017)
Earnings (loss) per share		
Net income (loss) attributable to owners of the parent (¥ millions)	(1,201)	3,102
Amounts not allocated to common shareholders (¥ millions)	—	—
Net income (loss) attributable to owners of the parent allocated to common stock (¥ millions)	(1,201)	3,102
Average number of common shares outstanding during each term (thousand shares)	188,084	186,965
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (¥ millions)	—	—
Increase in common shares (thousand shares)	—	1,206
[Stock acquisition rights] (thousand shares)	—	[1,206]

3. Net assets per share were calculated on the following basis:

	FY2015 (Mar. 31, 2016)	FY2016 (Mar. 31, 2017)
Total net asset value (¥ millions)	106,639	108,353
Deduction from net assets (¥ millions)	1,480	199
[Non-controlling interests] (¥ millions)	[1,233]	[(88)]
[Stock acquisition rights] (¥ millions)	[246]	[287]
Term-end net asset value allocated to common shareholders (¥ millions)	105,158	108,153
Term-end number of common shares used for calculation of net assets per share (thousand shares)	186,968	186,960

Significant Subsequent Events

None applicable.

5. Others

(1) Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- The functional solutions business posted an increase in profits despite a sales decline. Although medical materials performed strongly, electronic components and other businesses suffered from sluggish sales.
- The apparel business enjoyed increases in sales and profits thanks to the impressive performance of mainstay brands of women's innerwear and leg wear.
- The lifestyle creation business recorded increases in sales and profits due to the opening of new sports clubs. This was combined with contributions from the master lease business and leasing of housing in the real estate category.
- Gain on valuation of derivatives of ¥500 million and exchange loss of ¥300 million

<Special Treatments>

- Impairment loss for fixed assets: ¥2.3 billion
- Gain from sale or disposal of fixed assets: ¥1.4 billion
- Loss on valuation of investments in and loans to affiliated companies: ¥600 million

<Cash Flows>

- Cash flows from operating activities: ¥13.8 billion (an increase of ¥2 billion from previous year)

<Dividends>

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

<FY2017 Forecast>

- Efforts to expand sales of mainstay brands in the apparel business and strengthen sales in high-growth channels are expected to drive up sales. Structural reform in the electronic components business is projected to help increase operating income.
- Scheduled dividend payment for fiscal 2017 is ¥7.5 per share.

(1) FY2016 Operating Results (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	FY2016	Forecasts (Nov. 2)	FY2015	Change	
				<Upper figures in brackets %>	
				vs. forecasts	vs. FY2015
Net Sales	136,579	135,000	138,324	<1.2> 1,579	<(1.3)> (1,745)
Operating Income	4,206	4,000	3,662	<5.2> 206	<14.9> 543
Ordinary Income	4,671	4,600	791	<1.5> 71	<490.5> 3,880
Net income (loss) attributable to owners of the parent	3,102	2,600	(1,201)	<19.3> 502	<- -> 4,304
Total Assets	169,460		169,749		<(0.2)> (289)
Inventories	30,272		29,858		<1.4> 413
Fixed Assets	97,877		98,143		<(0.3)> (266)
Net Assets	108,353		106,639		<1.6> 1,714
Financing Income/Expenses	294		776		(481)
Interest/Dividends Received	487		966		(479)
Interest Expenses	(192)		(190)		(1)
Capital Expenditures	9,739		8,586		1,153
Depreciation and Amortization	6,862		6,604		258

Note: Acquisition of treasury stock

	(Thousands of shares)	(Amount)
• Treasury stock acquired	14	¥5 million
• Treasury stock disposed	6	¥2 million
• Treasury stock held at the end of the previous fiscal year	22,966	¥9,108 million
• Treasury stock held at the end of the period	22,974	¥9,111 million

(2) Results by Business Segment

(Millions of yen)

Segment		FY2016		FY2015		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	50,195	36.6	56,171	40.4	(5,975)	(10.6)
	Apparel	71,629	52.3	68,164	49.0	3,465	5.1
	Lifestyle Creations	15,168	11.1	14,635	10.6	533	3.6
	Subtotal	136,994	100.0	138,971	100.0	(1,977)	(1.4)
	Eliminations	(415)		(647)		232	-
	Consolidated	136,579		138,324		(1,745)	(1.3)
Operating Income	Functional Solutions	3,468	47.5	3,440	49.9	28	0.8
	Apparel	2,505	34.3	2,232	32.4	272	12.2
	Lifestyle Creations	1,322	18.2	1,221	17.7	101	8.3
	Subtotal	7,296	100.0	6,894	100.0	402	5.8
	Eliminations/Corporate	(3,090)		(3,231)		141	-
	Consolidated	4,206		3,662		543	14.9

(3) Significant Financial Indicators

Item		FY2016	FY2015	Change
Operating Income to Total Assets Ratio	%	2.5	2.1	0.4
Ordinary Income to Total Assets Ratio	%	2.8	0.5	2.3
Operating Income to Net Sales Ratio	%	3.1	2.6	0.5
Ordinary Income to Net Sales Ratio	%	3.4	0.6	2.8
Turnover of Total Assets	times	0.81	0.80	0.01
Equity Ratio	%	63.8	61.9	1.9
ROE	%	2.9	(1.1)	4.0
Earnings (Loss) per Share	¥	16.59	(6.39)	22.98
Diluted Earnings per Share	¥	16.49	-	-
Net Assets per Share	¥	578.48	562.44	16.04

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2016	FY2015	Change	Breakdown of Major Components
Operating Activities	13,832	11,775	2,057	Income before income and other taxes: 3,315; Depreciation and amortization: 6,862 (including goodwill amortization); Decrease in notes and accounts receivable: 1,121
Investing Activities	(7,834)	(12,046)	4,212	Purchase of fixed assets: (9,023); Acquisition of business: (1,419); Proceeds from sale of fixed assets: 3,534
Financing Activities	(4,116)	(1,274)	(2,841)	Dividends paid: (1,583) Decrease in long- and short-term debt including commercial paper: (2,412)
Foreign Currency Translation Adjustments	227	(138)	365	
Increase (Decrease) in Cash and Cash Equivalents	2,109	(1,684)	3,794	
Increase (Decrease) due to Change in Scope of	88	(3)	92	
Cash and Cash Equivalents - End of Period	9,670	7,471	2,199	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item		FY2016		FY2015		Y-over-Y Change	FY2017 Plan		Y-over-Y Change
		Amount	Weight	Amount	Weight		Amount	Weight	
Capital Expenditures	<International>	<421>		<2,489>			<487>		
	Functional Solutions	1,677	17.2	4,085	41.9	(2,408)	3,000	41.1	1,323
	<International>	<216>		<295>			<363>		
	Apparel	2,110	21.7	929	9.5	1,181	1,900	26.0	(210)
	Lifestyle Creations	5,539	56.9	2,081	21.4	3,458	900	12.3	(4,639)
	Corporate	411	4.2	1,490	27.2	(1,079)	1,500	20.6	1,089
Depreciation and Amortization	<International>	<637>		<2,784>			<850>		
	Total	9,739	100.0	8,586	100.0	1,153	7,300	100.0	(2,439)
	Functional Solutions	3,105	45.2	3,079	44.9	26	3,100	44.3	(5)
	Apparel	1,407	20.5	1,342	19.6	65	1,400	20.0	(7)
	Lifestyle Creations	1,821	26.5	1,624	23.7	197	1,700	24.3	(121)
	Corporate	527	7.8	558	11.8	(31)	800	11.4	273
	Total	6,862	100.0	6,604	100.0	258	7,000	100.0	138

Note: 1. Capital expenditures include investments in intangible fixed assets.

2. Depreciation and amortization include amortization of goodwill.

Main Investment Plans for FY2017

- Medical material production facility and production equipment: ¥1,000 million
- Plastic film production equipment: ¥800 million
- Innerwear production equipment and systems development: ¥900 million

(6) FY2017 Forecast

(Millions of yen)

Item	FY2017 Forecast	FY2016	Change <Upper figures %>
Net Sales	138,000	136,579	<1.0> 1,421
Operating Income	4,300	4,206	<2.2> 94
Ordinary Income	4,800	4,671	<2.8> 129
Net income (loss) attributable to owners of the parent	2,500	3,102	<(19.4)> (602)

(7) Forecast of Results by Segment

(Millions of yen)

Item		FY2017 Forecast		FY2016 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional solutions	48,800	35.3	50,195	36.6	(1,395)	(2.8)
	Apparel	73,300	52.9	71,629	52.3	1,671	2.3
	Lifestyle creations	16,400	11.8	15,168	11.1	1,232	8.1
	Subtotal	138,500	100.0	136,994	100.0	1,506	1.1
	Eliminations	(500)		(415)		(85)	-
	Consolidated	138,000		136,579		1,421	1.0
Operating Income	Functional solutions	3,600	46.2	3,468	47.5	132	3.8
	Apparel	2,700	34.6	2,505	34.3	195	7.8
	Lifestyle creations	1,500	19.2	1,322	18.2	178	13.5
	Subtotal	7,800	100.0	7,296	100.0	504	6.9
	Eliminations/Corporate	(3,500)		(3,090)		(410)	-
	Consolidated	4,300		4,206		94	2.2