

May 14, 2018

Consolidated Financial Statements – Summary **(Year ended March 31, 2018)**

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
Contact:	Makoto Ogura, General Manager, Corporate Communications
Telephone:	+81 (6) 6348-1314
Ordinary General Meeting of Shareholders (Scheduled):	June 26, 2018
Start of Distribution of Dividends (Scheduled):	June 27, 2018
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 27, 2018
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 FY2017 (Apr. 1, 2017 to Mar. 31, 2018)

(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 (%)
FY2017	140,521	2.9	6,239	48.3	6,446	38.0	3,486	12.4
FY2016	136,579	(1.3)	4,206	14.9	4,671	490.5	3,102	—

Note: Comprehensive income

FY2017: ¥6,625 million [107.7%]

FY2016: ¥3,189 million [-]

	E.P.S. (¥)	Diluted E.P.S. (¥)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2017	189.30	188.08	3.2	3.8	4.4
FY2016	165.95	164.88	2.9	2.8	3.1

Reference: Equity in income of affiliated companies

FY2017: -

FY2016: -

Note: GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, earnings per share (EPS) and diluted EPS, shown above, were calculated assuming that the said share consolidation was carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2017	171,273	112,129	64.9	6,084.46
FY2016	169,460	108,353	63.8	5,784.83

Reference: Total equity FY2017: ¥111,141 million FY2016: ¥108,153 million

Note: GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, net assets per share shown above were calculated assuming that the said share consolidation was carried out at the beginning of the previous fiscal year.

(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)
FY2017	9,007	(5,954)	(1,783)	9,477
FY2016	13,832	(7,834)	(4,116)	9,670

2. Dividends

	Dividends per share				
	1st quarter (¥)	2nd quarter (¥)	3rd quarter (¥)	Year-end (¥)	Full-year (¥)
FY2016	—	—	—	7.50	7.50
FY2017	—	—	—	90.00	90.00
FY2018 (projected)	—	—	—	100.00	100.00

	Total cash dividends paid (¥ million)	Payout ratio (consolidated) (%)	Dividends to net assets (consolidated) (%)
FY2016	1,402	45.2	1.3
FY2017	1,654	47.5	1.5
FY2018 (projected)		45.7	

Note: GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, the year-end dividend per share for fiscal 2016 would be 75 yen if converted on post-consolidation basis.

3. Projected FY2018 Consolidated Operating Results (Apr. 1, 2018 to Mar. 31, 2019)

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
FY2018 Full-year	145,000	3.2	7,000	12.2	7,000	8.6

	Net income attributable to owners of the parent (¥ million)	Change (%)	E.P.S. (¥)
FY2018 Full-year	4,000	14.7	218.98

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):
 - FY2017: 20,993,516 shares
 - FY2016: 20,993,516 shares
 - (b) Treasury stock at the end of the period:
 - FY2017: 2,727,023 shares
 - FY2016: 2,297,433 shares
 - (c) Average number of shares outstanding during the period:
 - FY2017: 18,417,383 shares
 - FY2016: 18,696,539 shares

Note:

- The number of shares of treasury stock at the end of the period includes those held by the GUNZE Group Employee Shareholding Association Exclusive Trust.
- GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, the number of shares at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares outstanding during the period, shown above, were calculated assuming that the said share consolidation was carried out at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Results**1. Non-consolidated Operating Results for FY2017 (Apr. 1, 2017 to Mar. 31, 2018)****(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 (%)
FY2017	107,660	1.5	2,591	30.7	4,856	4.6	3,344	20.3
FY2016	106,025	(2.3)	1,983	24.2	4,642	855.1	2,780	—

	E.P.S. (¥)	Diluted E.P.S. (¥)
FY2017	181.60	180.43
FY2016	148.73	147.78

Note: GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, earnings per share (EPS) and diluted EPS, shown above, were calculated assuming that the said share consolidation was carried out at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2017	144,432	109,206	75.4	5,963.11
FY2016	142,421	106,689	74.7	5,691.12

Reference: Total equity

FY2017: ¥108,925 million FY2016: ¥106,401 million

Note: GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, net assets per share shown above were calculated assuming that the said share consolidation was carried out at the beginning of the previous fiscal year.

Note: This summary of consolidated results is exempt from the audit procedures by certified public accountants or an audit corporation.

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 preconditions that form the basis of the projected results and notes regarding the use of projections, see “(4) Outlook for FY2018” in “1. Results of Operations” on pages 6 and 7 of attached materials.

(Attachment)

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1. Results of Operations

(1) Analysis of Full-Year Results

Overview of FY2017

Reviewing economic conditions during the fiscal year ended March 31, 2018, the Japanese economy as a whole showed signs of mild recovery, with ongoing improvements in corporate performance and the employment situation. However, the GUNZE Group's management environment continued to face uncertainty due to several factors. These include political risks in the U.S. and Europe, as well as geopolitical risks in Asia. Other factors include rising resource prices, uncertainty regarding emerging economies, and fluctuations in the stock and foreign exchange markets.

Faced with this situation, the GUNZE Group's medium-term management plan, called "CAN 20," has entered the initial year of its second phase (fiscal 2017 through fiscal 2020). With the key concept of "Focus and Concentration," the GUNZE Group promoted three pivotal strategies: implementation of segment-specific business strategies, creation of new businesses, and reinforcement of the management foundation.

The GUNZE Group's functional solutions business suffered a decline in electronic component sales due to business downsizing. However, plastic film and engineering plastics performed strongly. The apparel business remained firm thanks to expanded sales of differentiated products, and stronger efforts made toward high-growth sales channels.

Consequently, the GUNZE Group's consolidated net sales for the fiscal year under review amounted to ¥140,521 million (a year-over-year increase of 2.9%). Consolidated operating income amounted to ¥6,239 million (a year-over-year increase of 48.3%). Consolidated ordinary income was ¥6,446 million (a year-over-year increase of 38.0%). As a result, GUNZE posted a consolidated net income attributable to owners of the parent amounting to ¥3,486 million (a year-over-year increase of 12.4%).

Results by Business Segment

[Functional Solutions]

In plastic film, mainstay shrink films enjoyed robust sales in Japan as well as solid exports. Plastic film sales for flexible packaging and industrial applications were also strong. Engineering plastics recorded healthy performance driven by strong sales of semiconductor-related products and recovery in sales for office equipment applications. In medical materials, bioabsorbable reinforcement felt destined for China and the new

product *Dura Wave* performed strongly. However, the increase in expenses incurred for strengthening the sales system, and inventory adjustment by main clients, adversely impacted the overall performance of this category.

Consequently, the functional solutions business posted net sales of ¥50,828 million (a year-over-year increase of 1.3%) and operating income of ¥5,381 million (a year-over-year increase of 55.2%).

[Apparel]

Innerwear sales were robust thanks to expanded sales of women's innerwear centering on completely seamless items, as well as differentiated brands such as *CUT OFF* and sports category products. Other contributors included increased sales through high-growth channels such as EC and SPA. In legwear, tights and cold weather items showed robust performance, but sales of stockings and socks, both of which are year-round products, were sluggish.

Consequently, the apparel business posted net sales of ¥74,012 million (a year-over-year increase of 3.3%) and operating income of ¥2,628 million (a year-over-year increase of 4.9%).

[Lifestyle Creations]

In the real estate category, the shopping center business remained firm thanks to local community-based operations. Revenues from new properties contributed to the healthy performance of the rental property business. The sports club business offset the negative impact of initial expenses incurred for newly opened clubs by revitalizing existing clubs and implementing cost-cutting measures.

Consequently, the lifestyle creation business recorded net sales of ¥16,122 million (a year-over-year increase of 6.3%) and operating income of ¥1,386 million (a year-over-year increase of 4.8%).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets (Fiscal 2017 Overview)

As of March 31, 2018, total assets were ¥171,273 million, an increase of ¥1,813 million compared to the end of the previous fiscal year. The main components of the increase in total assets included a ¥3,398 million increase in investments in securities due to their rising market values, and a ¥2,471 million increase in notes and accounts receivable, including ¥1,164 million resulting from a bank holiday coinciding with the closing date of the period under review. The main components of a decrease in total

assets were a ¥1,924 million decrease in deferred tax assets under investments and other assets, and a ¥1,067 million decrease in machinery, equipment and vehicles (net) and a ¥969 million decrease in buildings and structures (net), both mainly related to the functional solutions business.

Total liabilities were ¥59,143 million, a decrease of ¥1,963 million compared to the end of the previous fiscal year. The main components of the decrease in total liabilities included a ¥1,018 million decrease in other current liabilities, mainly resulting from a ¥1,250 million decrease in forward exchange contracts, and a ¥973 million decrease in accrued income taxes.

Net assets were ¥112,129 million, an increase of ¥3,776 million compared to the end of the previous fiscal year. The main components of the increase were net income attributable to owners of the parent of ¥3,486 million recorded for the period under review, and a ¥2,774 million increase in unrealized gains on available-for-sale securities. The main components of a decrease were dividend payments of ¥1,402 million and ¥2,194 million spent for the purchase of treasury stock (including purchases by the GUNZE Group Employee Shareholding Association Exclusive Trust).

(3) Summary of Cash Flows for FY2017

1) Cash Flows

As of March 31, 2018, consolidated cash and cash equivalents were ¥9,477 million, a decrease of ¥193 million compared to 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 ¥9,007 million, a decrease of ¥4,825 million compared to the previous fiscal year. The major components of cash inflows included income before income and other taxes of ¥5,275 million, as well as depreciation and amortization of ¥6,455 million. The main components of cash outflows included a ¥2,430 million increase in notes and accounts receivable, including the impact of the closing date of the period under review coinciding with a bank holiday.

Net cash used in investing activities totaled ¥5,954 million, a decrease of ¥1,879 million compared to the previous fiscal year. The main components of cash outflows were payments for purchase of fixed assets amounting to ¥5,333 million, including capital investments in equipment and facilities related to the medical materials business.

Net cash used for financing activities was ¥1,783 million, a decrease of ¥2,332 million compared to the previous fiscal year. The main components of cash inflows included proceeds from long-term debt amounting to ¥6,456 million, and proceeds from

issuance of commercial paper amounting to ¥2,000 million. The main components of cash outflows were a repayment of long-term debt amounting to ¥6,934 million, ¥2,097 million spent for the purchase of treasury stock, and ¥1,399 million spent for dividend payments.

2) Cash Flow Indicator Trends

	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Equity ratio (%)	67.5	66.0	61.9	63.8	64.9
Equity ratio on market value basis (%)	31.5	35.1	35.0	50.2	64.3
Debt coverage ratio (years)	1.8	3.1	2.7	2.1	3.2
Interest coverage ratio (times)	80.4	51.9	64.8	70.2	46.3

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.

(4) Outlook for FY2018

The Japanese economy is enjoying a strong positive mindset among businesses, with expanding capital investment in equipment resulting from robust corporate performance. Still, these are concerns of a downturn in the economy due to unstable international situations and soaring raw material prices. While consumers remain strongly budget-minded, resulting in a slowdown in personal consumption, labor shortages are causing labor costs to rise. These factors are expected to cause the business environment surrounding the GUNZE Group to remain unpredictable.

Against this backdrop, fiscal 2018 marks the second year of the second phase of the GUNZE medium-term management plan, called "CAN 20." As such, GUNZE will clarify key strategic challenges for each business segment, and strive to proactively move forward with initiatives to address these challenges, as the Company heads toward the achievement of its specified goals.

Presently, the economic conditions mainly in the manufacturing industry are facing a turn of the tide. In this situation, GUNZE's high value-added products that draw on its differentiating technologies mainly in the plastic film and innerwear fields are highly acclaimed in the marketplace for their competitive advantage. GUNZE will continue to unite the concerted efforts of the Group to enhance the development of differentiated products and expand their sales, while improving profitability through production innovation.

In the functional solutions business, with its plastic film business enjoying expansion, GUNZE will promote the development of new markets and products and strengthen the global production system. In engineering plastics, efforts will be concentrated on expanding mainstay products targeting the office equipment market and those employing GUNZE's fiber technology, such as products related to semiconductors. In electronic components, GUNZE will seek to yield profits by pursuing synergy with other internal film-related business fields. In medical materials, GUNZE will strive to strengthen and expand its global business operation system covering new factories as well, while also launching a new sales system in Japan to promote further growth.

In the apparel business, GUNZE will aim to further expand sales of its mainstay brands in the innerwear category by leveraging its proprietary differentiating technologies. Moreover, GUNZE will strengthen the high-growth EC and SPA channels and sales outside Japan. In legwear, GUNZE will strive to develop new markets and products by anticipating and meeting potential consumer needs and market trends.

In the lifestyle creation business, GUNZE will seek to improve the profitability of its real estate business by promoting the new rental properties business and revising its

commercial facility operation system. In the sports club category, GUNZE will also strive to expand sales and enable more efficient operation through aggressive multi-club chain expansion inside and outside Japan.

For fiscal 2018 (April 1, 2018 to March 31, 2019), the GUNZE Group, through the implementation of these measures, is forecasting net sales of ¥145,000 million, with operating income of ¥7,000 million, ordinary income of ¥7,000 million, and net income attributable to owners of the parent of ¥4,000 million. Forecast by business segment are as follows:

(Millions of yen)

Segment Item	Functional solutions	Apparel	Lifestyle creations	Elimination/ Corporate	Total
Net sales	53,000	76,000	16,500	(500)	145,000
vs. FY2017	Up 4.3%	Up 2.7%	Up 2.3%	—	Up 3.2%

(5) Basic Policy on Distribution of Profits and Dividends for FY2017 and FY2018

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 ¥90 per share for fiscal 2017.

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 return ratio of 100%, combining a target consolidated payout ratio of 50% with the purchase of treasury stock.

The scheduled dividend for fiscal 2018 is ¥100 per share.

2. 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	End of FY2016 (Mar. 31, 2017)	End of FY2017 (Mar. 31, 2018)
Assets		
Current assets		
Cash and cash equivalents	9,670	9,477
Notes & accounts receivable, trade	27,805	30,277
Finished products and goods	19,974	19,468
Work in process	5,751	5,906
Raw materials and supplies	4,546	4,387
Short-term loans	589	874
Deferred income taxes	1,198	1,095
Other current assets	2,054	2,386
Allowance for doubtful accounts	(8)	(9)
Total current assets	71,582	73,865
Fixed assets		
Property, plants and equipment		
Buildings and structures	114,474	114,993
Accumulated depreciation	(74,399)	(75,887)
Buildings and structures (Net)	40,075	39,106
Machinery, equipment and vehicles	100,346	95,255
Accumulated depreciation	(88,843)	(84,819)
Machinery, equipment and vehicles (Net)	11,503	10,436
Tools, furniture and fixtures	7,482	7,614
Accumulated depreciation	(5,910)	(6,014)
Tools, furniture and fixtures (Net)	1,571	1,599
Land	12,935	12,516
Leasehold assets	725	1,001
Accumulated depreciation	(250)	(410)
Leasehold assets (Net)	474	590
Construction in progress	712	604
Total property, plants and equipment	67,272	64,853
Intangible fixed assets		
Software	940	1,031
Other intangible fixed assets	975	786
Total intangible fixed assets	1,916	1,817
Investments and other assets		
Investments in securities	20,376	23,775
Allowance for investment loss	(299)	-
Long-term loans	592	581
Deferred income taxes	3,430	1,506
Other assets	4,738	4,958
Allowance for doubtful accounts	(150)	(84)
Total investments and other assets	28,688	30,737
Total fixed assets	97,877	97,408
Total assets	169,460	171,273

	End of FY2016 (Mar. 31, 2017)	End of FY2017 (Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	9,594	9,640
Short-term debt	8,204	6,501
Commercial paper	4,000	6,000
Current portion of long-term debt	6,945	5,077
Accrued income taxes	1,311	337
Allowance for employees' bonuses	1,166	1,229
Notes payable on acquisition of property, plants and equipment	721	612
Other current liabilities	10,379	9,360
Total current liabilities	42,323	38,760
Long-term liabilities		
Long-term debt	8,562	9,912
Liabilities related to retirement benefits	4,818	5,263
Long-term deposits & guarantee deposits	4,371	4,293
Other long-term liabilities	1,031	913
Total long-term liabilities	18,783	20,383
Total liabilities	61,106	59,143
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	13,998	13,942
Retained earnings	77,504	79,718
Treasury stock	(9,111)	(11,152)
Total shareholders' equity	108,462	108,579
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for- sale securities	(62)	2,711
Deferred gains (loss) on hedge	-	(81)
Revaluation differences on land	(67)	(54)
Foreign currency translation adjustments	1,154	1,248
Accumulated adjustments related to retirement benefits	(1,333)	(1,261)
Total accumulated other comprehensive income	(309)	2,561
Stock acquisition rights	287	281
Non-controlling interests	(88)	706
Total net assets	108,353	112,129
Total liabilities and net assets	169,460	171,273

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

Consolidated Statements of Income

(Millions of yen)

	FY2016 (Apr. 1, 2016 to Mar. 31, 2017)	FY2017 (Apr. 1, 2017 to Mar. 31, 2018)
Net sales	136,579	140,521
Cost of sales	99,077	100,548
Gross profit	37,502	39,972
Selling, general & administrative expenses	33,295	33,733
Operating income	4,206	6,239
Non-operating income		
Interest income	62	70
Dividend income	424	404
Rental income	261	265
Gain on valuation of derivatives	517	37
Other	182	418
Total non-operating income	1,447	1,196
Non-operating expenses		
Interest expenses	192	203
Rental expenses	230	234
Exchange loss	286	296
Other	274	253
Total non-operating expenses	982	988
Ordinary income	4,671	6,446
Extraordinary income		
Gain on sale of fixed assets	2,274	396
Gain on sale of investment securities	314	14
Gain on sale of shares of affiliated companies	-	214
Gain on transfer of business	233	-
Other	8	-
Total extraordinary income	2,830	625
Extraordinary loss		
Loss on sale or disposal of fixed assets	833	670
Loss on valuation of investments in and loans to affiliated companies	588	-
Impairment loss	2,303	597
Business structure improvement expenses	446	281
Other	13	247
Total extraordinary loss	4,186	1,797
Income before income and other taxes	3,315	5,275
Income, residential and enterprise taxes	1,660	821
Adjustment for income and other taxes	91	853
Total income and other taxes	1,752	1,674
Net income	1,563	3,600
Net income (loss) attributable to non-controlling interests	(1,539)	113
Net income attributable to owners of the parent	3,102	3,486

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2016	FY2017
	(Apr. 1, 2016 to Mar. 31, 2017)	(Apr. 1, 2017 to Mar. 31, 2018)
Net income	1,563	3,600
Other comprehensive income (loss)		
Unrealized gains on available-for-sale securities	1,661	2,774
Deferred gains (losses) on hedge	-	(81)
Foreign currency translation adjustments	(819)	260
Adjustments related to retirement benefits	783	72
Total other comprehensive income	1,626	3,025
Comprehensive income	3,189	6,625
<Breakdown>		
Comprehensive income attributable to owners of the parent	4,783	6,487
Comprehensive income (loss) attributable to non-controlling interests	(1,593)	137

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

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 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 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 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

Consolidated Statements of Changes in Shareholders' Equity, etc.

FY2017 (April 1, 2017 to March 31, 2018)

(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	13,998	77,504	(9,111)	108,462
Changes in the period					
Dividends from retained earnings			(1,402)		(1,402)
Net income attributable to owners of the parent			3,486		3,486
Change in scope of consolidation			143		143
Reversal of revaluation reserve for land			(13)		(13)
Acquisition of treasury stock				(2,194)	(2,194)
Disposal of treasury stock		(56)		152	96
Net changes of items other than shareholders' equity					
Total changes in the period	-	(56)	2,214	(2,041)	116
Balance at the end of the period	26,071	13,942	79,718	(11,152)	108,579

	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	(62)	-	(67)	1,154	(1,333)	(309)
Changes in the period						
Dividends from retained earnings						
Net income 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	2,774	(81)	13	93	72	2,871
Total changes in the period	2,774	(81)	13	93	72	2,871
Balance at the end of the period	2,711	(81)	(54)	1,248	(1,261)	2,561

FY2017 (April 1, 2017 to March 31, 2018)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	287	(88)	108,353
Changes in the period			
Dividends from retained earnings			(1,402)
Net income attributable to owners of the parent			3,486
Change in scope of consolidation			143
Reversal of revaluation reserve for land			(13)
Acquisition of treasury stock			(2,194)
Disposal of treasury stock			96
Net changes of items other than shareholders' equity	(6)	794	3,659
Total changes in the period	(6)	794	3,776
Balance at the end of the period	281	706	112,129

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2016 (Apr. 1, 2016 to Mar. 31, 2017)	FY2017 (Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from operating activities		
Income before income and other taxes	3,315	5,275
Depreciation and amortization	6,811	6,455
Impairment loss	2,303	597
Loss on valuation of investments in and loans to affiliated companies	588	(22)
Amortization of goodwill	50	73
Increase (decrease) in allowance for doubtful accounts	(12)	0
Increase (decrease) in liabilities related to retirement benefits	878	549
Increase (decrease) in allowance for employees' bonuses	32	64
Interest and dividend income	(487)	(474)
Interest expenses	192	203
Exchange loss (gain)	(57)	241
Loss (gain) on valuation of derivatives	(517)	(37)
Loss (gain) on sale or disposal of fixed assets	(1,440)	274
Loss (gain) on sale or valuation of investments in securities	(312)	(9)
Loss (gain) on sale of shares of affiliated companies	-	(130)
Loss (gain) on liquidation of affiliated companies	-	50
Business structure improvement expenses	446	281
Loss (gain) on transfer of business	(233)	-
Other extraordinary losses (gains)	(7)	-
Other losses (gains)	33	(12)
Decrease (increase) in notes and accounts receivable	1,121	(2,430)
Decrease (increase) in inventories	283	259
Decrease (increase) in other current assets	253	(510)
Increase (decrease) in notes and accounts payable	547	40
Increase (decrease) in deposits and guarantee deposits	298	(107)
Increase (decrease) in other current liabilities	771	30
Increase (decrease) in other long-term liabilities	(712)	(218)
Subtotal	14,149	10,445
Interest and dividends received	480	484
Interest paid	(196)	(194)
Income tax refund (paid)	(601)	(1,728)
Net cash provided by (used in) operating activities	13,832	9,007
Cash flows from investing activities		
Payments for purchase of fixed assets	(9,023)	(5,333)
Proceeds from sale of fixed assets	3,534	767
Payments for disposition of fixed assets	(329)	(396)
Payments for acquisition of investment securities	(230)	(1,252)
Proceeds from sale of investment securities	974	721
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	30	-
Net decrease (increase) in loans	(19)	(377)
Other	(974)	(83)
Net cash provided by (used in) investing activities	(7,834)	(5,954)

(Millions of yen)

	FY2016	FY2017
	(Apr. 1, 2016 to Mar. 31, 2017)	(Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	(1,621)	2,353
Proceeds from issuance of long-term debt	1,200	6,456
Repayments of long-term debt	(1,991)	(6,934)
Payments for purchase of treasury stock	(3)	(2,097)
Cash dividends paid	(1,583)	(1,399)
Dividends paid to non-controlling interests	(1)	(1)
Other	(114)	(159)
Net cash provided by (used in) financing activities	(4,116)	(1,783)
Effect of exchange rate changes on cash & cash equivalents	227	(1,364)
Increase (decrease) in cash and cash equivalents	2,109	(94)
Cash and cash equivalents at the beginning of the period	7,471	9,670
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	88	(98)
Cash and cash equivalents at the end of the period	9,670	9,477

(5) Notes to Consolidated Financial Statements

Notes Regarding Assumptions of a Going Concern

None applicable

Additional Information

Granting Company Stock to Employees, etc. through a Trust

The Company recently introduced a "Trust-type Employee Stockholding Incentive Plan," which is a program to grant shares of the Company's common stock to the GUNZE Group Employee Shareholding Association (hereinafter referred to as "the Employee Shareholding Association") through a trust. The objective is to incentivize all GUNZE Group employees to improve the Company's corporate value in the medium-to-long term.

(1) Incentive plan overview

This Incentive Plan is available to all GUNZE Group employees who belong to the Employee Shareholding Association. Under this plan, the Company establishes a trust, called the "GUNZE Group Employee Shareholding Association Exclusive Trust" (hereinafter referred to as "the Employee Shareholding Association Trust") through a trust bank. The Employee Shareholding Association Trust will estimate the number of shares that the Employee Shareholding Association is likely to acquire over the three years after the establishment of the trust, and will purchase this amount in advance.

The Employee Shareholding Association Trust will then continuously sell shares of the Company to the Employee Shareholding Association, and if an amount equivalent to net gain on sale of the Company's shares has accumulated in the Employee Shareholding Association Trust at the end of the trust period, the said amount will be distributed as residual assets to members of the Employee Shareholding Association who meet the beneficiary eligibility criteria. Note that the Company will guarantee loans taken to purchase the Company's shares and thus will repay any outstanding portion of the loans, if an amount equivalent to loss on sale of shares has accumulated in the Employee Shareholding Association Trust at the end of the trust period due to a drop in the market price of the Company's shares.

(2) Residual Company shares held in the Employee Shareholding Association Trust

Any residual shares of the Company held in the Employee Shareholding

Association Trust will be recorded at the Employee Shareholding Association Trust's book value (excluding incidental expenses) as treasury stock under Net Assets.

Book value of the treasury stock and number of shares:

FY2017: ¥748 million, 112,000 shares

(3) Book value of debt posted through the application of the total amount method

FY2017: ¥756 million

Segment Information, etc.

Segment Information

1. 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.

2. Net Sales, Profit/Loss, Asset/Liabilities 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.

3. Information on Net Sales, Profit/Loss, Assets/Liabilities and Others of Each Reportable Segment

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.

FY2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	50,746	73,752	16,022	140,521	-	140,521
Intersegment sales and transfers	82	260	100	442	(442)	-
Total	50,828	74,012	16,122	140,964	(442)	140,521
Segment profit	5,381	2,628	1,386	9,396	(3,157)	6,239
Segment assets	46,637	57,479	34,043	138,160	33,113	171,273
Other items						
Depreciation & amortization	2,667	1,339	1,880	5,888	566	6,455
Amortization of goodwill	-	73	-	73	-	73
Impairment loss	395	202	-	597	-	597
Increase in tangible and intangible fixed assets	1,991	1,176	1,040	4,208	1,327	5,536

Notes:

1. Adjustment comprises the following:

- (1) The segment profit adjustment of – (minus) ¥3,157 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 ¥33,113 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.

Related Information

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

1. Information by Product/Service

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

2. Geographic Information

(1) Net sales

(Millions of yen)

Japan	Others	Total
111,004	25,574	136,579

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

(2) Property, plants and equipment

(Millions of yen)

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

3. 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.

FY2017 (April 1, 2017 to March 31, 2018)

1. Information by Product/Service

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

2. Geographic Information

(1) Net sales

(Millions of yen)

Japan	Others	Total
115,964	24,556	140,521

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

(2) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
57,545	7,308	64,853

3. 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.

Information on Impairment Loss of Fixed Assets of Each Reportable Segment

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

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

FY2017 (April 1, 2017 to March 31, 2018)

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

Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment

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

(Millions of yen)

	Reportable segments				Corporate/ Elimination	Consolidated
	Functional solutions	Apparel	Lifestyle creations	Total		
Amortization during the period	—	50	—	50	—	50
Balance at the end of the period	—	645	—	645	—	645

FY2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments				Corporate/ Elimination	Consolidated
	Functional solutions	Apparel	Lifestyle creations	Total		
Amortization during the period	—	73	—	73	—	73
Balance at the end of the period	—	382	—	382	—	382

Note: Goodwill impairment loss of ¥189 million was posted for the apparel business.

Information on Gain on Negative Goodwill of Each Reportable Segment

None applicable

Per Share Information

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Net assets per share (¥)	5,784.83	6,084.46
Earnings per share (¥)	165.95	189.30
Diluted earnings per share (¥)	164.88	188.08

Notes:

1. GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, net assets per share, earnings per share, and diluted earnings per share, shown above, were calculated assuming that the said share consolidation was carried out at the beginning of the previous fiscal year.
2. Earnings per share and diluted earnings per share were calculated on the following basis:

	FY2016 (April 1, 2016 to March 31, 2017)	FY2017 (April 1, 2017 to March 31, 2018)
Earnings per share		
Net income attributable to owners of the parent (¥ millions)	3,102	3,486
Amounts not allocated to common shareholders (¥ millions)	—	—
Net income attributable to owners of the parent allocated to common stock (¥ millions)	3,102	3,486
Average number of shares of common stock outstanding during each term (thousand shares)	18,696	18,417
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (¥ millions)	—	—
Increase in common stock (thousand shares)	120	120
[Stock acquisition rights] (thousand shares)	[120]	[120]

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

	FY2016 (Mar. 31, 2017)	FY2017 (Mar. 31, 2018)
Total net asset value (¥ millions)	108,353	112,129
Deduction from net assets (¥ millions)	199	987
[Non-controlling interests] (¥ millions)	[(88)]	[706]
[Stock acquisition rights] (¥ millions)	[287]	[281]
Term-end net asset value allocated to common stock (¥ millions)	108,153	111,141
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	18,696	18,266

4. Effective from the fiscal year under review, GUNZE introduced a program to grant shares of the Company to GUNZE Group employees through a trust. Any residual shares of the Company held in the GUNZE Group Employee Shareholding Association Exclusive Trust, which were recorded as treasury stock under Shareholders' Equity are included in the number of shares of treasury stock to be deducted from the average number of the Company's shares outstanding during the period under review, which is used as the basis for calculating earnings per share and diluted earnings per share. They are also included in the number of shares of treasury stock to be deducted from the number of shares issued and outstanding at the end of the period, which is used as the basis for calculating net assets per share.

The average number of shares of treasury stock outstanding during the period under review, which was deducted for the calculation of earnings per share and diluted earnings per share, is 26,000 shares. The number of shares of treasury stock at the end of the period under review, which was deducted for the calculation of net assets per share, is 112,000 shares.

Significant Subsequent Events

None applicable.

4. Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- The functional solutions business posted increases in sales and profits. Although electronic components sales declined due to business downsizing, plastic films and engineering plastics performed strongly.
- The apparel business recorded increases in sales and profits thanks to the sales expansion of differentiated products and a stronger focus on high-growth sales channels.
- The lifestyle creation business posted increases in sales and profits. In the real estate category, the shopping center business and new rental properties remained firm. The sports club business also performed well thanks to cost reduction efforts and the opening of new clubs.

<Special Treatments>

- Impairment loss: (¥600 million)
- Business structure improvement expenses: (¥300 million)
- Loss on sale or disposal of fixed assets: (¥300 million)

<Cash Flows>

- Cash from operating activities: ¥9 billion (a decrease of ¥4.8 billion from previous year)

<Dividends>

- Scheduled dividend payment for current fiscal year: ¥90 per share

<FY2018 Forecast>

- Efforts to expand sales of differentiated value-added products and production innovation in the plastic film and innerwear categories, as well as structural improvement in the electronic components business are all expected to drive up sales and profits.
- Scheduled dividend payment for fiscal 2018 is ¥100 per share.

(1) FY2017 Operating Results (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	FY2017	Forecasts (Nov. 2)	FY2016	Change	
				<Upper figures in brackets %>	
				vs. forecasts	vs. FY2016
Net Sales	140,521	140,000	136,579	<0.4> 521	<2.9> 3,941
Operating Income	6,239	5,500	4,206	<13.4> 739	<48.3> 2,032
Ordinary Income	6,446	6,000	4,671	<7.4> 446	<38.0> 1,775
Net income attributable to owners of the parent	3,486	3,200	3,102	<8.9> 286	<12.4> 383
Total Assets	171,273		169,460		<1.1> 1,813
Inventories	29,763		30,272		<(1.7)> (509)
Fixed Assets	97,408		97,877		<(0.5)> (469)
Net Assets	112,129		108,353		<3.5> 3,776
Financing Income/Expenses	271		294		(23)
Interest/Dividends Received	474		487		(12)
Interest Expenses	(203)		(192)		(11)
Capital Expenditures	5,536		9,739		(4,203)
Depreciation and Amortization	6,528		6,862		(334)

Acquisition of treasury stock, etc.

(Thousands of shares)

(Amount)

Treasury stock acquired	463	¥2,194 million
Treasury stock disposed	33	¥152 million
Treasury stock held at the end of the previous fiscal year	2,297	¥9,111 million
Treasury stock held at the end of the period	2,727	¥11,152 million

* Treasury stock acquired includes purchases by the GUNZE Group Employee Shareholding Association Exclusive Trust.

(2) Results by Business Segment

(Millions of yen)

Segment		FY2017		FY2016		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	50,828	36.1	50,195	36.6	633	1.3
	Apparel	74,012	52.5	71,629	52.3	2,382	3.3
	Lifestyle Creations	16,122	11.4	15,168	11.1	953	6.3
	Subtotal	140,964	100.0	136,994	100.0	3,969	2.9
	Elimination	(442)		(415)		(27)	-
	Consolidated	140,521		136,579		3,941	2.9
Operating Income	Functional Solutions	5,381	57.3	3,468	47.5	1,913	55.2
	Apparel	2,628	28.0	2,505	34.3	123	4.9
	Lifestyle Creations	1,386	14.7	1,322	18.2	63	4.8
	Subtotal	9,396	100.0	7,296	100.0	2,100	28.8
	Elimination	(3,157)		(3,090)		(67)	-
	Consolidated	6,239		4,206		2,032	48.3

(3) Significant Financial Indicators

Item		FY2017	FY2016	Change
Operating Income to Total Assets Ratio	%	3.7	2.5	1.2
Ordinary Income to Total Assets Ratio	%	3.8	2.8	1.0
Operating Income to Net Sales Ratio	%	4.4	3.1	1.3
Ordinary Income to Net Sales Ratio	%	4.6	3.4	1.2
Turnover of Total Assets	times	0.82	0.81	0.01
Equity Ratio	%	64.9	63.8	1.1
ROE	%	3.2	2.9	0.3
Earnings per Share	¥	189.30	165.95	23.35
Diluted Earnings per Share	¥	188.08	164.88	23.20
Net Assets per Share	¥	6,084.46	5,784.83	299.63

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2017	FY2016	Change	Breakdown of Major Components
Operating Activities	9,007	13,832	(4,825)	Income before income and other taxes: 5,275; Depreciation and amortization: 6,528; Increase in notes and accounts receivable: (2,430) (including the impact of the closing date of the period under review coinciding with a bank holiday (1,164))
Investing Activities	(5,954)	(7,834)	1,879	Purchase of fixed assets: (5,333)
Financing Activities	(1,783)	(4,116)	2,332	Increase in commercial paper: 2,000; Acquisition of treasury stock: (2,097); Dividends paid: (1,399)
Foreign Currency Translation Adjustments	(1,364)	227	(1,592)	
Increase (Decrease) in Cash and Cash Equivalents	(94)	2,109	(2,204)	
Change in Scope of Consolidation	(98)	88	(187)	
Cash and Cash Equivalents - End of Period	9,477	9,670	(193)	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item		FY2017		FY2016		Y-over-Y Change	FY2018 Plan		Y-over-Y Change
		Amount	Weight	Amount	Weight		Amount	Weight	
Capital Expenditures * Incl. intangible fixed assets	<International>	<263>		<421>			<300>		
	Functional Solutions	1,991	36.0	1,677	17.2	314	2,700	32.1	709
	<International>	<253>		<216>			<300>		
	Apparel	1,176	21.2	2,110	21.7	(934)	2,100	25.0	924
	Lifestyle Creations	1,040	18.8	5,539	56.9	(4,499)	2,700	32.1	1,660
	Corporate	1,327	24.0	411	4.2	916	900	10.8	(427)
Total		5,536	100.0	9,739	100.0	(4,203)	8,400	100.0	2,864
Depreciation and Amortization * Incl. amortization of goodwill	Functional Solutions	2,667	40.9	3,105	45.2	(438)	2,700	41.5	33
	Apparel	1,413	21.6	1,407	20.5	6	1,400	21.5	(13)
	Lifestyle Creations	1,880	28.8	1,821	26.5	59	1,600	24.6	(280)
	Corporate	566	8.7	527	7.8	39	800	12.4	234
	Total	6,528	100.0	6,862	100.0	(334)	6,500	100.0	(28)

Main Investment Plans for FY2018

- Improvement of commercial facilities and construction of new rental housing: ¥1,700 million
- Innerwear production equipment and systems development: ¥1,200 million
- Plastic film production equipment: ¥1,000 million

(6) FY2018 Forecast

(Millions of yen)

Item	FY2018 Forecast	FY2017	Change	
			Amount	Change (%)
Net Sales	145,000	140,521	4,479	3.2
Operating Income	7,000	6,239	761	12.2
Ordinary Income	7,000	6,446	554	8.6
Net income attributable to owners of the parent	4,000	3,486	514	14.7

(7) Forecast of Results by Segment

(Millions of yen)

Item		FY2018 Forecast		FY2017 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional solutions	53,000	36.4	50,828	36.1	2,172	4.3
	Apparel	76,000	52.2	74,012	52.5	1,988	2.7
	Lifestyle creations	16,500	11.4	16,122	11.4	378	2.3
	Subtotal	145,500	100.0	140,964	100.0	4,536	3.2
	Elimination	(500)		(442)		(58)	-
	Consolidated	145,000		140,521		4,479	3.2
Operating Income	Functional solutions	6,300	59.4	5,381	57.3	919	17.1
	Apparel	2,800	26.4	2,628	28.0	172	6.5
	Lifestyle creations	1,500	14.2	1,386	14.7	114	8.2
	Subtotal	10,600	100.0	9,396	100.0	1,204	12.8
	Elimination	(3,600)		(3,157)		(443)	-
	Consolidated	7,000		6,239		761	12.2