

May 14, 2019

Consolidated Financial Statements – Summary (Year ended March 31, 2019)

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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Telephone:	+81 (6) 6348-1314
Ordinary General Meeting of Shareholders (Scheduled):	June 25, 2019
Start of Distribution of Dividends (Scheduled):	June 26, 2019
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 26, 2019
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 FY2018 (Apr. 1, 2018 to Mar. 31, 2019)

(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 (%)
FY2018	140,706	0.1	6,690	7.2	7,152	11.0	4,087	17.2
FY2017	140,521	2.9	6,239	48.3	6,446	38.0	3,486	12.4

Note: Comprehensive income

FY2018: ¥1,566 million [(76.4%)]

FY2017: ¥6,625 million [107.7%]

	E.P.S. (¥)	Diluted E.P.S. (¥)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2018	225.60	224.26	3.7	4.2	4.8
FY2017	189.30	188.08	3.2	3.8	4.4

Reference: Equity in income of affiliated companies

FY2018: -

FY2017: -

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 (¥)
FY2018	169,632	111,068	64.6	6,059.06
FY2017	171,273	112,129	64.9	6,084.46

Reference: Total equity FY2018: ¥109,506 million FY2017: ¥111,141 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)
FY2018	11,491	(7,373)	(5,483)	8,102
FY2017	9,007	(5,954)	(1,783)	9,477

2. Dividends

	Dividends per share				
	1st quarter (¥)	2nd quarter (¥)	3rd quarter (¥)	Year-end (¥)	Full-year (¥)
FY2017	—	—	—	90.00	90.00
FY2018	—	—	—	110.00	110.00
FY2019 (projected)	—	—	—	115.00	115.00

	Total cash dividends paid (¥ million)	Payout ratio (consolidated) (%)	Dividends to net assets (consolidated) (%)
FY2017	1,654	47.5	1.5
FY2018	1,995	48.8	1.8
FY2019 (projected)		48.3	

3. Projected FY2019 Consolidated Operating Results (Apr. 1, 2019 to Mar. 31, 2020)

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
FY2019 Full-year	147,000	4.5	7,000	4.6	6,800	(4.9)

	Net income attributable to owners of the parent (¥ million)	Change (%)	E.P.S. (¥)
FY2019 Full-year	4,300	5.2	237.92

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):
- FY2018: 19,293,516 shares
- FY2017: 20,993,516 shares
- (b) Treasury stock at the end of the period:
- FY2018: 1,220,318 shares
- FY2017: 2,727,023 shares
- (c) Average number of shares outstanding during the period:
- FY2018: 18,117,565 shares
- FY2017: 18,417,383 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 FY2018 (Apr. 1, 2018 to Mar. 31, 2019)

(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 (%)
FY2018	109,749	1.9	2,355	(9.1)	4,841	(0.3)	3,783	13.1
FY2017	107,660	1.5	2,591	30.7	4,856	4.6	3,344	20.3

	E.P.S. (¥)	Diluted E.P.S. (¥)
FY2018	208.86	207.62
FY2017	181.60	180.43

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 (¥)
FY2018	145,872	107,622	73.6	5,940.41
FY2017	144,432	109,206	75.4	5,963.11

Reference: Total equity

FY2018: ¥107,362 million FY2017: ¥108,925 million

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 FY2019” 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 FY2018

Reviewing economic conditions during the fiscal year ended March 31, 2019, 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 a drop in consumer sentiment caused by a series of natural disasters, as well as concerns for rising prices of food and other daily necessities. Other factors include trade conflicts between the U.S. and China, as well as uncertainty regarding international economies, including emerging economies.

Faced with this situation, the GUNZE Group's medium-term management plan, called "CAN 20," has entered the second 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 enjoyed strong performance mainly in the areas of plastic films and engineering plastics. While the apparel business was adversely impacted by increasing budget-mindedness among consumers and unfavorable weather conditions, stronger efforts were made to expand sales of differentiated innerwear products and promote high-growth sales channels. But legwear sales suffered sluggish performance.

Consequently, the GUNZE Group's consolidated net sales for the fiscal year under review amounted to ¥140,706 million (a year-over-year increase of 0.1%). Consolidated operating income amounted to ¥6,690 million (a year-over-year increase of 7.2%). Consolidated ordinary income was ¥7,152 million (a year-over-year increase of 11.0%). While a loss on the sale of an overseas affiliate was posted, a gain on the sale of fixed assets was also recorded. As a result, GUNZE posted a consolidated net income attributable to owners of the parent amounting to ¥4,087 million (a year-over-year increase of 17.2%).

Results by Business Segment

[Functional Solutions]

In plastic film, mainstay shrink films enjoyed firm sales both in Japan and abroad, and nylon film sales were also strong. Engineering plastics sales remained robust in the semiconductor and industrial equipment markets. In electronic components, touch screens for business use posted solid sales, and profitability of the Chinese factory improved. In medical materials, a new domestic sales system for bioabsorbable reinforcement felt was launched smoothly, while sales of artificial dermis were also solid. However, the medical materials business was adversely affected by the increase in clinical trial costs.

Consequently, the functional solutions business posted net sales of ¥53,234 million (a year-over-year increase of 4.7%) and operating income of ¥6,160 million (a year-over-year increase of 14.5%).

[Apparel]

In innerwear, in addition to the new developments in differentiated products, such as *BODYWILD AIRZ*, sales steadily expanded for sports category products, as well as for mainstay products such as *CUTOFF* items. Legwear sales remained sluggish due to changes in trends of fashion bottoms and unfavorable weather conditions. The threads and accessories business was adversely affected by the decline in productivity caused by changes in the overseas business environment.

Consequently, the apparel business posted net sales of ¥72,609 million (a year-over-year decrease of 1.9%) and operating income of ¥2,507 million (a year-over-year decrease of 4.6%).

[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 suffered from sluggish performance due to increasingly intense competition.

Consequently, the lifestyle creation business recorded net sales of ¥15,285 million (a year-over-year decrease of 5.2%) and operating income of ¥1,241 million (a year-over-year decrease of 10.5%).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets (Fiscal 2018 Overview)

As of March 31, 2019, total assets were ¥169,632 million, a decrease of ¥1,640 million compared to the end of the previous fiscal year. The main components of an increase in total assets included a ¥2,007 million increase in buildings and structures. The main components of the decrease in total assets were a ¥4,604 million decrease in investments in securities, and a ¥1,375 million decrease in cash and cash equivalents.

Total liabilities were ¥58,563 million, a decrease of ¥580 million compared to the end of the previous fiscal year. The main components of an increase were a ¥1,060 million increase in long-term debt, and a ¥1,038 million increase in accrued income taxes. The main components of the decrease included the current portion of long-term debt amounting to ¥2,976 million.

Net assets were ¥111,068 million, a decrease of ¥1,060 million compared to the end of the previous fiscal year. The main components of an increase included net income attributable to owners of the parent of ¥4,087 million recorded for the period under review. The main components of the decrease were a ¥2,487 million decrease in unrealized gains on available-for-sale securities, dividend payments of ¥1,654 million, and ¥1,286 million spent for the purchase of treasury stock.

(3) Summary of Cash Flows for FY2018

1) Cash Flows

As of March 31, 2019, consolidated cash and cash equivalents were ¥8,102 million, a decrease of ¥1,375 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 ¥11,491 million, an increase of ¥2,484 million compared to the previous fiscal year. The major components of cash inflows included income before income and other taxes of ¥6,295 million, as well as depreciation and amortization of ¥6,532 million. The main components of cash outflows included a ¥1,247 million increase in inventories.

Net cash used in investing activities totaled ¥7,373 million, an increase of ¥1,419 million compared to the previous fiscal year. The main components of cash outflows were payments for purchase of fixed assets amounting to ¥5,891 million, including capital investments in equipment and facilities related to the functional solutions business, as well as ¥1,685 million spent for the purchase of investments in a subsidiary.

Net cash from financing activities decreased was ¥5,483 million, an increase of ¥3,699 million compared to the previous fiscal year. The main components of cash inflows included proceeds from long-term debt amounting to ¥3,000 million. The main components of cash outflows were repayment of long-term debt amounting to ¥5,363 million, ¥1,648 million spent for dividend payments, and ¥1,327 million spent for the purchase of treasury stock.

2) Cash Flow Indicator Trends

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Equity ratio (%)	66.0	61.9	63.8	64.9	64.6
Equity ratio on market value basis (%)	35.1	35.0	50.2	64.3	47.7
Debt coverage ratio (years)	3.1	2.7	2.1	3.2	2.3
Interest coverage ratio (times)	51.9	64.8	70.2	46.3	49.5

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 FY2019

The Japanese economy is continuously showing a mild recovery trend, with an improvement tendency in employment conditions supported by the positive effects of various governmental policies. Still, there are concerns of a downturn in the economy due to unstable international situations, rising prices of food and daily necessities, and the scheduled consumption tax hike, resulting in a deep-rooted savings-oriented attitude when it comes to personal spending. These factors are expected to cause the business environment surrounding the GUNZE Group to remain unpredictable.

Against this backdrop, fiscal 2019 marks the third year of the second phase of GUNZE's 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.

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 through the set-up of a new factory in Vietnam. In engineering plastics, the expansion of the Konan factory is being planned, with the aim of expanding mainstay products targeting the office equipment market, as well as products employing GUNZE's fiber technology, such as semiconductor-related products. In medical materials, GUNZE will turn Medical U&A, Inc. into its subsidiary as the Company seeks to expand the bone fixation device business.

As for the apparel business, in innerwear GUNZE will work to increase the number of stores handling *BODYWILD AIRZ*, while also expanding sales of completely seamless and *CUTOFF* items, as well as sports category products. At the same time, efforts will be concentrated on expanding EC and other new sales channels. In legwear, GUNZE will strive to develop new markets and products centered on mainstay brands such as *SABRINA* by anticipating and meeting potential consumer needs and market trends.

In the lifestyle creation business, GUNZE will promote effective use of its assets by seeking investment efficiency, as the Company aims to improve the profitability of its commercial facilities and promote the Group's growth.

For fiscal 2019 (April 1, 2019 to March 31, 2020), the GUNZE Group, through the implementation of these measures, is forecasting net sales of ¥147,000 million, with operating income of ¥7,000 million, ordinary income of ¥6,800 million, and net income attributable to owners of the parent of ¥4,300 million. Forecast by business segment are as follows:

(Millions of yen)

Item \ Segment	Functional solutions	Apparel	Lifestyle creations	Elimination/ Corporate	Total
Net sales	58,300	73,300	15,900	(500)	147,000
vs. FY2018	Up 9.5%	Up 1.0%	Up 4.0%	—	Up 4.5%

(5) Basic Policy on Distribution of Profits and Dividends for FY2018 and FY2019

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 ¥110 per share for fiscal 2018.

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 2019 is ¥115 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 FY2017 (Mar. 31, 2018)	End of FY2018 (Mar. 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	9,477	8,102
Notes & accounts receivable, trade	30,277	30,376
Finished products and goods	19,468	20,082
Work in process	5,906	6,413
Raw materials and supplies	4,387	4,635
Short-term loans	874	672
Other current assets	2,386	2,753
Allowance for doubtful accounts	(9)	(8)
Total current assets	72,769	73,030
Fixed assets		
Property, plants and equipment		
Buildings and structures	114,993	118,649
Accumulated depreciation	(75,887)	(77,536)
Buildings and structures (Net)	39,106	41,113
Machinery, equipment and vehicles	95,255	94,905
Accumulated depreciation	(84,819)	(85,008)
Machinery, equipment and vehicles (Net)	10,436	9,897
Tools, furniture and fixtures	7,614	7,681
Accumulated depreciation	(6,014)	(6,167)
Tools, furniture and fixtures (Net)	1,599	1,514
Land	12,516	13,005
Leasehold assets	1,001	1,178
Accumulated depreciation	(410)	(588)
Leasehold assets (Net)	590	589
Construction in progress	604	362
Total property, plants and equipment	64,853	66,483
Intangible fixed assets		
Software	1,031	1,086
Other intangible fixed assets	786	1,056
Total intangible fixed assets	1,817	2,143
Investments and other assets		
Investments in securities	23,775	19,170
Long-term loans	581	14
Deferred income taxes	2,601	3,191
Other assets	4,958	5,853
Allowance for doubtful accounts	(84)	(254)
Total investments and other assets	31,832	27,975
Total fixed assets	98,503	96,602
Total assets	171,273	169,632

(Millions of yen)

	End of FY2017 (Mar. 31, 2018)	End of FY2018 (Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	9,640	9,910
Short-term debt	6,501	6,416
Commercial paper	6,000	6,200
Current portion of long-term debt	5,077	2,101
Accrued income taxes	337	1,376
Allowance for employees' bonuses	1,229	1,314
Notes payable on acquisition of property, plants and equipment	612	908
Other current liabilities	9,360	8,442
Total current liabilities	38,760	36,669
Long-term liabilities		
Long-term debt	9,912	10,972
Allowance for loss on guarantees	74	102
Liabilities related to retirement benefits	5,263	5,534
Long-term deposits & guarantee deposits	4,293	4,500
Other long-term liabilities	839	784
Total long-term liabilities	20,383	21,894
Total liabilities	59,143	58,563
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	13,942	6,754
Retained earnings	79,718	82,050
Treasury stock	(11,152)	(5,293)
Total shareholders' equity	108,579	109,583
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,711	224
Deferred gain (loss) on hedge	(81)	19
Revaluation differences on land	(54)	(54)
Foreign currency translation adjustments	1,248	745
Accumulated adjustments related to retirement benefits	(1,261)	(1,011)
Total accumulated other comprehensive income	2,561	(76)
Stock acquisition rights	281	260
Non-controlling interests	706	1,301
Total net assets	112,129	111,068
Total liabilities and net assets	171,273	169,632

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

Consolidated Statements of Income

(Millions of yen)

	FY2017 (Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)
Net sales	140,521	140,706
Cost of sales	100,548	99,812
Gross profit	39,972	40,893
Selling, general & administrative expenses	33,733	34,203
Operating income	6,239	6,690
Non-operating income		
Interest income	70	58
Dividend income	404	459
Rental income	265	319
Exchange gain	-	71
Gain on valuation of derivatives	37	111
Other	418	222
Total non-operating income	1,196	1,242
Non-operating expenses		
Interest expenses	203	229
Rental expenses	234	308
Exchange loss	296	-
Other	253	242
Total non-operating expenses	988	780
Ordinary income	6,446	7,152
Extraordinary income		
Gain on sale of fixed assets	396	690
Gain on sale of investment securities	14	182
Gain on sale of shares of affiliated companies	214	-
Other	-	3
Total extraordinary income	625	877
Extraordinary loss		
Loss on sale or disposal of fixed assets	670	801
Loss on sale of shares of affiliated companies	84	450
Loss on valuation of shares of affiliated companies	-	277
Impairment loss	597	-
Business structure improvement expenses	281	-
Other	163	205
Total extraordinary loss	1,797	1,733
Income before income and other taxes	5,275	6,295
Income, residential and enterprise taxes	821	1,730
Adjustment for income and other taxes	853	323
Total income and other taxes	1,674	2,053
Net income	3,600	4,242
Net income attributable to non-controlling interests	113	154
Net income attributable to owners of the parent	3,486	4,087

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2017 (Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)
Net income	3,600	4,242
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	2,774	(2,487)
Deferred gain (loss) on hedge	(81)	101
Foreign currency translation adjustments	260	(539)
Adjustments related to retirement benefits	72	250
Total other comprehensive income (loss)	3,025	(2,675)
Comprehensive income	6,625	1,566
<Breakdown>		
Comprehensive income attributable to owners of the parent	6,487	1,439
Comprehensive income attributable to non-controlling interests	137	126

(3) 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 gain (loss) on available-for-sale securities	Deferred gain (loss) 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

FY2018 (April 1, 2018 to March 31, 2019)

(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	13,942	79,718	(11,152)	108,579
Changes in the period					
Dividends from retained earnings			(1,654)		(1,654)
Net income attributable to owners of the parent			4,087		4,087
Change in scope of consolidation			(101)		(101)
Acquisition of treasury stock				(1,686)	(1,686)
Disposal of treasury stock		(40)		399	358
Cancellation of treasury stock		(7,146)		7,146	-
Net changes of items other than shareholders' equity					
Total changes in the period	-	(7,187)	2,331	5,859	1,003
Balance at the end of the period	26,071	6,754	82,050	(5,293)	109,583

	Accumulated other comprehensive income (loss)					
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) 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	2,711	(81)	(54)	1,248	(1,261)	2,561
Changes in the period						
Dividends from retained earnings						
Net income attributable to owners of the parent						
Change in scope of consolidation						
Acquisition of treasury stock						
Disposal of treasury stock						
Cancellation of treasury stock						
Net changes of items other than shareholders' equity	(2,487)	101	-	(502)	250	(2,638)
Total changes in the period	(2,487)	101	-	(502)	250	(2,638)
Balance at the end of the period	224	19	(54)	745	(1,011)	(76)

FY2018 (April 1, 2018 to March 31, 2019)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	281	706	112,129
Changes in the period			
Dividends from retained earnings			(1,654)
Net income attributable to owners of the parent			4,087
Change in scope of consolidation			(101)
Acquisition of treasury stock			(1,686)
Disposal of treasury stock			358
Cancellation of treasury stock			-
Net changes of items other than shareholders' equity	(20)	595	(2,064)
Total changes in the period	(20)	595	(1,060)
Balance at the end of the period	260	1,301	111,068

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2017 (Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from operating activities		
Income before income and other taxes	5,275	6,295
Depreciation and amortization	6,455	6,532
Impairment loss	597	-
Amortization of goodwill	73	118
Increase (decrease) in allowance for doubtful accounts	0	159
Increase (decrease) in liabilities related to retirement benefits	549	626
Increase (decrease) in allowance for employees' bonuses	64	76
Increase (decrease) in allowance for loss on guarantees	-	43
Interest and dividend income	(474)	(517)
Interest expenses	203	229
Exchange loss (gain)	241	(67)
Loss (gain) on valuation of derivatives	(37)	(111)
Loss (gain) on sale or disposal of fixed assets	274	110
Loss (gain) on sale or valuation of investments in securities	(9)	(157)
Loss (gain) on sale of shares of affiliated companies	(130)	450
Loss on valuation of shares of affiliated companies	-	277
Loss (gain) on liquidation of affiliated companies	50	-
Business structure improvement expenses	281	-
Gain on negative goodwill	-	(0)
Other extraordinary losses (gains)	-	(3)
Other losses (gains)	(34)	(15)
Decrease (increase) in notes and accounts receivable	(2,430)	(450)
Decrease (increase) in inventories	259	(1,247)
Decrease (increase) in other current assets	(510)	246
Increase (decrease) in notes and accounts payable	40	(163)
Increase (decrease) in deposits and guarantee deposits	(107)	4
Increase (decrease) in other current liabilities	30	(524)
Increase (decrease) in other long-term liabilities	(218)	(93)
Subtotal	10,445	11,820
Interest and dividends received	484	517
Interest paid	(194)	(232)
Income tax refund (paid)	(1,728)	(614)
Net cash provided by (used in) operating activities	9,007	11,491

(Millions of yen)

	FY2017 (Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from investing activities		
Payments for purchase of fixed assets	(5,333)	(5,891)
Proceeds from sale of fixed assets	767	857
Payments for disposition of fixed assets	(396)	(406)
Payments for acquisition of investment securities	(1,252)	(1,081)
Proceeds from sale of investment securities	721	1,132
Payments for purchase of investments in subsidiaries	-	(1,685)
Payments for acquisition of business	-	(469)
Net decrease (increase) in loans	(377)	99
Payments for sale of a subsidiary's shares accompanied by changes in scope of consolidation	-	(108)
Other	(83)	178
Net cash provided by (used in) investing activities	(5,954)	(7,373)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	2,353	40
Proceeds from issuance of long-term debt	6,456	3,000
Repayments of long-term debt	(6,934)	(5,363)
Payments for purchase of treasury stock	(2,097)	(1,327)
Cash dividends paid	(1,399)	(1,648)
Dividends paid to non-controlling interests	(1)	(7)
Other	(159)	(175)
Net cash provided by (used in) financing activities	(1,783)	(5,483)
Effect of exchange rate changes on cash & cash equivalents	(1,364)	(581)
Increase (decrease) in cash and cash equivalents	(94)	(1,946)
Cash and cash equivalents at the beginning of the period	9,670	9,477
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	(98)	571
Cash and cash equivalents at the end of the period	9,477	8,102

(5) Notes to Consolidated Financial Statements

Notes Regarding Assumptions of a Going Concern

None applicable

Change in Presentation

(Change Accompanying the Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

Effective from the first quarter of the current consolidated fiscal year ended March 31, 2019, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16, 2018). Accordingly, the Company presents deferred tax assets under “investments and other assets” and deferred tax liabilities under “long-term liabilities.”

As a result, deferred tax assets amounting to ¥1,095 million under “current assets” in the Consolidated Balance Sheets for the previous consolidated fiscal year ended March 31, 2018 are now included in “deferred tax assets” of ¥2,601 million under “investments and other assets.”

Additional Information

(Granting Company Stock to Employees, etc. through a Trust)

The Company has 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

FY2018: ¥441 million, 66,000 shares

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

FY2017: ¥756 million

FY2018: ¥500 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 as well as threads and accessories. 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

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.

FY2018 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	53,159	72,382	15,163	140,706	-	140,706
Intersegment sales and transfers	75	226	121	423	(423)	-
Total	53,234	72,609	15,285	141,129	(423)	140,706
Segment profit	6,160	2,507	1,241	9,908	(3,218)	6,690
Segment assets	47,763	58,086	35,995	141,845	27,786	169,632
Other items						
Depreciation & amortization	2,592	1,297	2,074	5,963	568	6,532
Amortization of goodwill	73	45	-	118	-	118
Impairment loss	-	-	0	0	-	0
Increase in tangible and intangible fixed assets	3,152	1,335	2,096	6,585	761	7,346

Notes:

1. Adjustment comprises the following:

- (1) The segment profit adjustment of – (minus) ¥3,218 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 ¥27,786 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

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.

FY2018 (April 1, 2018 to March 31, 2019)

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
116,133	24,572	140,706

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

(2) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
59,557	6,926	66,483

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

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

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

FY2018 (April 1, 2018 to March 31, 2019)

None applicable

Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment

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.

FY2018 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Corporate/ Elimination	Consolidated
	Functional solutions	Apparel	Lifestyle creations	Total		
Amortization during the period	73	45	—	118	—	118
Balance at the end of the period	369	337	—	706	—	706

Information on Gain on Negative Goodwill of Each Reportable Segment

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

None applicable

FY2018 (April 1, 2018 to March 31, 2019)

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

Per Share Information

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
Net assets per share (¥)	6,084.46	6,059.06
Earnings per share (¥)	189.30	225.60
Diluted earnings per share (¥)	188.08	224.26

Notes:

- 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.
- Earnings per share and diluted earnings per share were calculated on the following basis:

	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)
Earnings per share		
Net income attributable to owners of the parent (¥ millions)	3,486	4,087
Amounts not allocated to common shareholders (¥ millions)	—	—
Net income attributable to owners of the parent allocated to common stock (¥ millions)	3,486	4,087
Average number of shares of common stock outstanding during each term (thousand shares)	18,417	18,117
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (¥ millions)	—	—
Increase in common stock (thousand shares)	120	108
[Stock acquisition rights] (thousand shares)	[120]	[108]

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

	FY2017 (Mar. 31, 2018)	FY2018 (Mar. 31, 2019)
Total net asset value (¥ millions)	112,129	111,068
Deduction from net assets (¥ millions)	987	1,562
[Non-controlling interests] (¥ millions)	[706]	[1,301]
[Stock acquisition rights] (¥ millions)	[281]	[260]
Term-end net asset value allocated to common stock (¥ millions)	111,141	109,506
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	18,266	18,073

- 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 numbers of shares of treasury stock outstanding during the period under review, which were deducted for the calculation of earnings per share and diluted earnings per share, are 26,000 shares and 92,000 shares, respectively. The numbers of shares of treasury stock at the end of the previous fiscal year and the period under review, which were deducted for the calculation of net assets per share, are 112,000 shares and 66,000 shares, respectively.

Significant Subsequent Events

None applicable.

4. Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- The functional solutions business recorded increases in sales and profits, thanks to strong performance mainly in the areas of plastic films and engineering plastics.
- The apparel business posted decreases in sales and profits due to the negative impact of increasing budget-mindedness among consumers and unfavorable weather conditions. Although stronger efforts were made to expand sales of differentiated innerwear products and promote high-growth sales channels, legwear sales remained sluggish.
- The lifestyle creation business posted decreases in sales and profits. Although the real estate business remained firm thanks to local community-based operations, the sports club business suffered from sluggish performance due to increasingly intense competition.

<Special Treatments>

- Loss on sale of shares of affiliated companies (¥400 million)
- Loss on valuation of shares of affiliated companies (¥200 million)

<Cash Flows>

- Cash from operating activities: ¥11.4 billion (an increase of ¥2.4 billion from previous year)

<Dividends>

- Scheduled dividend payment for current fiscal year: ¥110 per share

<FY2019 Forecast>

- The Company will promote the development of new products in the plastic film category, while expanding medical materials business by turning Medical U&A, Inc. into a subsidiary. Moreover, efforts will be concentrated on expanding sales of differentiated value-added products in the innerwear category and promoting production innovation. These efforts are all expected to drive up sales and profits.
- Scheduled dividend payment for fiscal 2019 is ¥115 per share.

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

(Millions of yen)

	FY2018	Forecasts	FY2017	Change	
				<Upper figures in brackets %>	
				vs. forecasts	vs. FY2017
Net Sales	140,706	145,000	140,521	<(3.0)> (4,294)	<0.1> 184
Operating Income	6,690	7,000	6,239	<(4.4)> (310)	<7.2> 450
Ordinary Income	7,152	7,000	6,446	<2.2> 152	<11.0> 705
Net income attributable to owners of the parent	4,087	4,000	3,486	<2.2> 87	<17.2> 600
Total Assets	169,632		171,273		<(1.0)> (1,640)
Inventories	31,132		29,763		<4.6> 1,369
Fixed Assets	96,602		98,503		<(1.9)> (1,901)
Net Assets	111,068		112,129		<(0.9)> (1,060)
Financing Income/Expenses	288		271		16
Interest/Dividends Received	517		474		42
Interest Expenses	(229)		(203)		(25)
Capital Expenditures	7,346		5,536		1,810
Depreciation and Amortization	6,650		6,528		121

Acquisition of treasury stock, etc.

(Thousands of shares)

(Amount)

Treasury stock acquired	261	¥1,686 million
Treasury stock disposed	68	¥399 million
Treasury stock cancelled	1,700	¥7,146 million
Treasury stock held at the end of the previous fiscal year	2,727	¥11,152 million
Treasury stock held at the end of the period	1,220	¥5,293 million

* Treasury stock acquired includes 260 thousand shares purchased at ¥1,677 million as resolved at the Board of Directors meeting.

* The number of shares of treasury stock includes shares of Company stock held by the GUNZE Group Employee Shareholding Association Exclusive Trust.

(2) Results by Business Segment

(Millions of yen)

Segment	FY2018		FY2017		Change		
	Amount	Weight	Amount	Weight	Amount	Change (%)	
Net Sales	Functional Solutions	53,234	37.7	50,828	36.1	2,406	4.7
	Apparel	72,609	51.4	74,012	52.5	(1,403)	(1.9)
	Lifestyle Creations	15,285	10.9	16,122	11.4	(837)	(5.2)
	Subtotal	141,129	100.0	140,964	100.0	165	0.1
	Elimination	(423)		(442)		19	-
	Consolidated	140,706		140,521		184	0.1
Operating Income	Functional Solutions	6,160	62.2	5,381	57.3	778	14.5
	Apparel	2,507	25.3	2,628	28.0	(121)	(4.6)
	Lifestyle Creations	1,241	12.5	1,386	14.7	(145)	(10.5)
	Subtotal	9,908	100.0	9,396	100.0	511	5.4
	Elimination	(3,218)		(3,157)		(61)	-
	Consolidated	6,690		6,239		450	7.2

(3) Significant Financial Indicators

Item		FY2018	FY2017	Change
Operating Income to Total Assets Ratio	%	3.9	3.7	0.2
Ordinary Income to Total Assets Ratio	%	4.2	3.8	0.4
Operating Income to Net Sales Ratio	%	4.8	4.4	0.4
Ordinary Income to Net Sales Ratio	%	5.1	4.6	0.5
Turnover of Total Assets	times	0.83	0.82	0.01
Equity Ratio	%	64.6	64.9	(0.3)
ROE	%	3.7	3.2	0.5
Earnings per Share	¥	225.60	189.30	36.30
Diluted Earnings per Share	¥	224.26	188.08	36.18
Net Assets per Share	¥	6,059.06	6,084.46	(25.40)

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2018	FY2017	Change	Breakdown of Major Components
Operating Activities	11,491	9,007	2,484	Income before income and other taxes: 6,295; Depreciation and amortization: 6,532; Increase in inventories: (1,247)
Investing Activities	(7,373)	(5,954)	(1,419)	Purchase of fixed assets: (5,891); Acquisition of investments in a subsidiary: (1,685)
Financing Activities	(5,483)	(1,783)	(3,699)	Proceeds from issuance of long-term debt: 3,000; Repayment of long-term debt: (5,363); Dividends paid: (1,648); Acquisition of treasury stock: (1,327)
Foreign Currency Translation Adjustments	(581)	(1,364)	782	
Increase (Decrease) in Cash and Cash Equivalents	(1,946)	(94)	(1,852)	
Increase (Decrease) due to Change in Scope of Consolidation	571	(98)	669	
Cash and Cash Equivalents - End of Period	8,102	9,477	(1,375)	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item	FY2018		FY2017		Y-over-Y Change	FY2019 Plan		Y-over-Y Change
	Amount	Weight	Amount	Weight		Amount	Weight	
Capital Expenditures * Incl. intangible fixed assets	<International>	<288>		<263>		<300>		
	Functional Solutions	3,152	42.9	1,991	36.0	4,800	50.5	1,648
	<International>	<398>		<253>		<400>		
	Apparel	1,335	18.2	1,176	21.2	1,600	16.8	265
	Lifestyle Creations	2,096	28.5	1,040	18.8	2,600	27.4	504
	Corporate	761	10.4	1,327	24.0	500	5.3	(261)
	<International>	<686>		<516>		<700>		
	Total	7,346	100.0	5,536	100.0	9,500	100.0	2,154
Depreciation and Amortization * Incl. amortization of goodwill	Functional Solutions	2,665	40.1	2,667	40.9	2,400	36.9	(265)
	Apparel	1,342	20.2	1,413	21.6	1,500	23.1	158
	Lifestyle Creations	2,073	31.2	1,880	28.8	1,800	27.7	(273)
	Corporate	568	8.5	566	8.7	800	12.3	232
	Total	6,650	100.0	6,528	100.0	6,500	100.0	(150)

Main Investment Plans for FY2019

- Engineering plastics production equipment: ¥2,800 million
- Improvement of commercial facilities and construction of new rental housing: ¥2,500 million
- Plastic film production equipment: ¥1,800 million
- Innerwear production equipment: ¥800 million

(6) FY2019 Forecast

(Millions of yen)

Item	FY2019 Forecast	FY2018	Change	
			Amount	Change (%)
Net Sales	147,000	140,706	6,294	4.5
Operating Income	7,000	6,690	310	4.6
Ordinary Income	6,800	7,152	(352)	(4.9)
Net income attributable to owners of the parent	4,300	4,087	213	5.2

(7) Forecast of Results by Segment

(Millions of yen)

Item	FY2019 Forecast		FY2018 Results		Change		
	Amount	Weight	Amount	Weight	Amount	Change (%)	
Net Sales	Functional solutions	58,300	39.5	53,234	37.7	5,066	9.5
	Apparel	73,300	49.7	72,609	51.4	691	1.0
	Lifestyle creations	15,900	10.8	15,285	10.9	615	4.0
	Subtotal	147,500	100.0	141,129	100.0	6,371	4.5
	Elimination	(500)		(423)		(77)	-
	Consolidated	147,000		140,706		6,294	4.5
Operating Income	Functional solutions	6,300	59.4	6,160	62.2	140	2.3
	Apparel	3,000	28.3	2,507	25.3	493	19.7
	Lifestyle creations	1,300	12.3	1,241	12.5	59	4.8
	Subtotal	10,600	100.0	9,908	100.0	692	7.0
	Elimination	(3,600)		(3,218)		(382)	-
	Consolidated	7,000		6,690		310	4.6