

The logo for GSI Creos, featuring the text "GSI Creos" in white. "GSI" is in a bold, sans-serif font, and "Creos" is in a larger, italicized serif font. The logo is set against a dark teal horizontal bar that is part of a larger graphic design consisting of several overlapping vertical and horizontal bars in various shades of teal and light blue.

GSI *Creos*

Produce the Future

Business Report for Fiscal 2010

From April 1, 2010 to March 31, 2011

GSI Creos Corporation

Financial Performance for Fiscal 2010

Although the Japanese economy during fiscal 2010 showed some signs of recovery of corporate earnings thanks to the effect of economic measures and recovery of exports, the situation remained challenging with a prolonged spell of deflation and decline in consumption.

Under these circumstances, the Group worked to achieve its profit target and strengthen its business structure based on its policy of improving profitability and increasing overseas sales.

During fiscal 2010, net sales increased ¥3,987 million or 3.6% to ¥116,024 million compared with the previous year due to the expansion of overseas sales, particularly sales in Asia.

Gross profit grew ¥33 million or 0.3% to ¥12,795 million due to the increase in net sales. Thanks to a decrease in selling and general administrative expenses, operating income grew by ¥197 million or 11.7% to ¥1,891 million. Ordinary income grew ¥215 million or 17.8% to ¥1,427 million. After recording ¥254 million as extraordinary loss, net income was roughly the same as the previous year at ¥828 million.

Outlook for Fiscal 2011

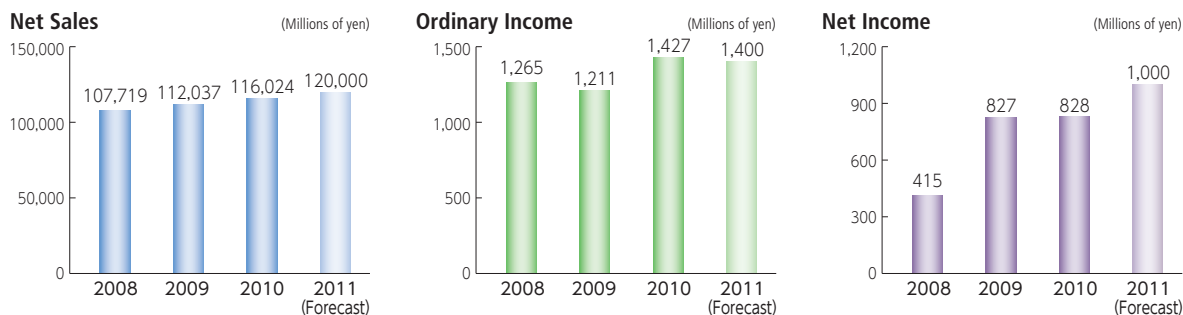
In our outlook of the future business environment, although we expect a gradual recovery to continue in the global economy, particularly in the emerging countries, we still are unable to take an optimistic view of the Japanese economy considering a slowing business recovery and uncertain recovery in individual consumption due to the impact of the Great East Japan Earthquake.

Under such a business environment, we will strengthen its revenue-earning capability, and improve its financial standing by following its policy of improving profitability and increasing overseas sales.

For fiscal 2011, we are forecasting net sales of ¥120,000 million, operating income of ¥1,800 million, ordinary income of ¥1,400 million and net income of ¥1,000 million, all on a consolidated basis.

In the nanotechnology business, our product, "Carbere," has a unique structure, which is a cup stacked carbon nanotube. We have been achieving positive results not only with regard to paint and composite materials that use Carbere, but also in the development of catalysts for fuel cells. Focusing on these promising fields, we will strengthen alliances with business partners and expand this business.

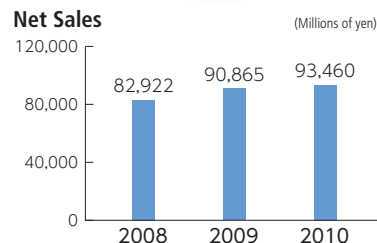
Consolidated Financial Performance



Textile Materials Division Principal merchandise: Textile materials, Textile fabrics, Legwear / Innerwear and Underwear, Outerwear, etc.

(Net sales ¥93,460 million 2.9% increase year on year)
 (Operating income ¥1,611 million 2.9% decrease year on year)

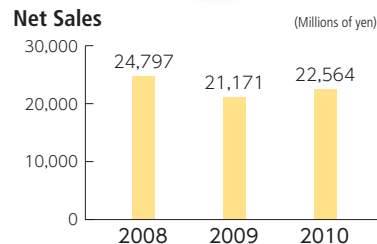
- Sales of high-functional yarn and its textiles for innerwear increased greatly and sales have remained strong for our lingerie and foundation designed based on consumer needs. However, sales of clothing essentials such as underwear, socks and pantyhose continued to be weak due to consumers looking for the cheapest prices or holding off on making new purchases.
- Export sales of piece goods for outerwear to the US and Korea increased. On the other hand, despite efforts to strengthen sales and improve the earnings structure in retail stores, the women's apparel business experienced greater struggles due not only to the slow sales in autumn and winter from unseasonable weather but also the impact from the Great East Japan Earthquake. Similarly, revenues from the OEM business remained low due not only to the slow sales by apparel and other makers but also the rising costs of production in China.



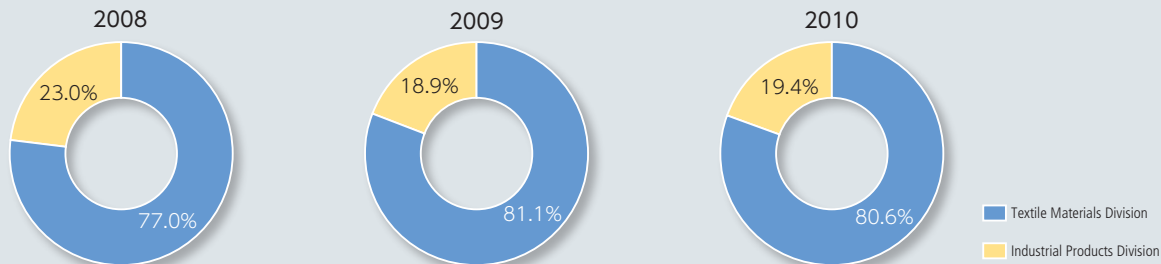
Industrial Products Division Principal merchandise: Machinery, Chemicals, Scientific instruments, Plastic models and related products.

(Net sales ¥22,564 million 6.6% increase year on year)
 (Operating income ¥822 million 1.3% increase year on year)

- Sales of industrial materials such as resin increased due to the progress of production adjustments and recovery in capital investment. In particular, sales of electronic-related materials and US sales of chemical products were firm. In addition, improved the revenue of raw materials highly differentiated in function for cosmetics thanks to the impact of the strong yen on import sales.
- With regard to sales of products related to plastic-model paints, although paint sales declined, sales of some painting implements grew due to their expanded use in purposes other than painting.



Composition of Sales



Acquisition of environmental certification (KES certification)

The Company obtained an environmental certification called KES (Environmental Management System Standard Step 2), its requirement is almost the same as the international standard "ISO14001" for its head office in March 2011.

We chose to obtain this certification as an environmental conservation measure based on the Company's business philosophy. While aiming to be a more reliable company, we are promoting environmentally friendly corporate activities through these measures, working together with more people and more organizations.

We will continue to further improve our environmental conservation by sequentially expanding our activities to acquire the same certification for all our business locations and continuing to place utmost importance on education for environmental improvement for employees.

Also, reflecting a general focus on reducing impact on the environment, such as by conserving electricity in response to the electricity shortages that have resulted from the Great East Japan Earthquake, we aim to create new businesses by using this opportunity of certification acquisition.

Note: KES is an environmental management system standard that is administered by NPO KES Environmental Organization based in Kyoto.



KES Registration Certificate

Strengthening our efforts towards the natural-style brand "mashu kashu"

The Company is strengthening efforts towards the natural-style, women's casual brand "mashu kashu."

Amid a rising demand for natural-style fashion made by cotton, linen and other natural fibers, "mashu kashu" was established to target women in their 20s and 30s. Through the establishment of this brand, the Company aims to acquire a new generation of customers, and to expand sales by broadening vendors to include select shop. To enable the business to develop from the same perspective of its target customers, the Company entrusts the product planning, production and sales to a team made up of female employees in their 20s.

In fiscal 2010, new measures were implemented such as mail-order sales in the natural-style, women's fashion magazine "Linierie" and operation of temporary stores in major department stores. The Company plans to continue its active sales promotion, enhance brand recognition and cultivate new sales channels.



2011 Summer Collection



Temporary store
(At Hanshin Department Store, Umeda Main Building)

Consolidated Financial Statements

Consolidated Balance Sheets (Summary) (Millions of yen)

Account title	2010	2009
	As of March 31, 2011	As of March 31, 2010
Current assets	44,388	42,968
Cash and cash equivalents	9,425	9,838
Trade notes and accounts receivable	25,792	24,709
Inventories	8,333	7,777
Other current assets	837	642
Fixed assets	10,642	11,001
Tangible fixed assets	5,590	5,688
Intangible fixed assets	116	81
Investments and other assets	4,935	5,232
Total assets	55,031	53,970
Current liabilities	38,303	41,448
Trade notes and accounts payable	18,828	16,869
Short-term loans payable	16,791	21,870
Other current liabilities	2,683	2,707
Long-term liabilities	5,798	2,056
Long-term loans payable	4,481	582
Other long-term liabilities	1,317	1,474
Total liabilities	44,102	43,504
Shareholders' equity	12,133	11,306
Common stock	7,186	7,186
Capital surplus	908	908
Retained earnings	4,092	3,264
Treasury stock	△54	△52
Accumulated other comprehensive income	△1,277	△932
Minority interests	72	90
Total net assets	10,928	10,465
Total liabilities and net assets	55,031	53,970

Consolidated Statements of Income (Summary) (Millions of yen)

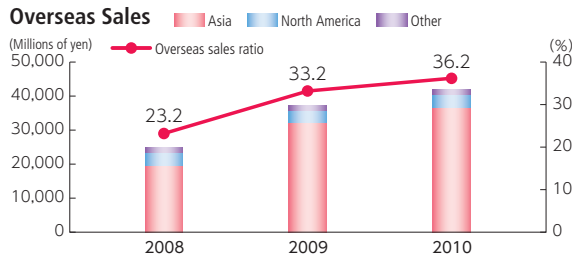
Account title	2010	2009
	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010
Net sales	116,024	112,037
Cost of sales	103,228	99,275
Gross profit	12,795	12,761
Selling and general administrative expenses	10,903	11,067
Operating income	1,891	1,694
Non-operating income	279	282
Non-operating expenses	744	764
Ordinary income	1,427	1,211
Extraordinary gains	24	55
Extraordinary losses	354	136
Income before income taxes and minority interests	1,096	1,131
Total income taxes	267	298
Income before minority interests	829	—
Minority interests	1	4
Net income	828	827

Consolidated Statements of Cash Flows (Summary) (Millions of yen)

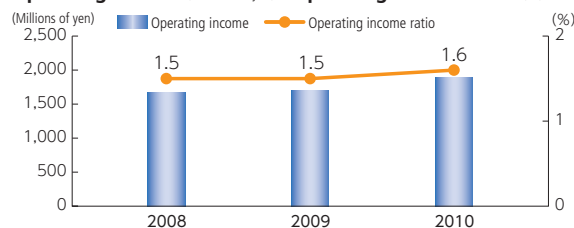
Account title	2010	2009
	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010
Cash flows from operating activities	1,049	3,141
Cash flows from investing activities	△178	△159
Cash flows from financing activities	△1,194	△1,550
Cash and cash equivalents at the end of the year	9,425	9,838

Consolidated Performance Indicators

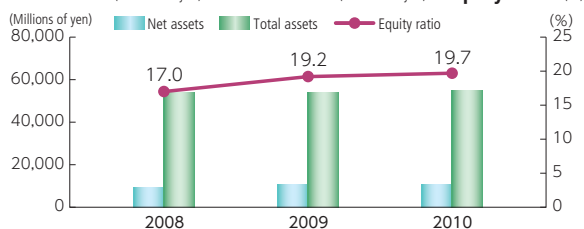
Overseas Sales



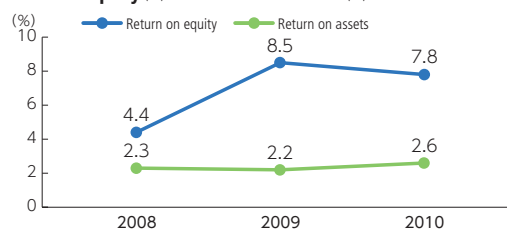
Operating Income (Millions of yen) / Operating Income Ratio (%)



Net Assets (Millions of yen) / Total Assets (Millions of yen) / Equity Ratio (%)



Return on Equity (%) / Return on Assets (%)



Non-consolidated Financial Statements

Non-consolidated Balance Sheets (Summary) (Millions of yen)

Account title	2010	2009
	As of March 31, 2011	As of March 31, 2010
Current assets	34,963	34,137
Fixed assets	11,400	11,877
Total assets	46,363	46,014
Current liabilities	31,984	35,690
Long-term liabilities	5,178	1,297
Total liabilities	37,162	36,987
Total net assets	9,200	9,027
Total liabilities and net assets	46,363	46,014

Non-consolidated Statements of Income (Summary) (Millions of yen)

Account title	2010	2009
	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010
Net sales	84,331	81,701
Gross profit	8,722	8,912
Selling and general administrative expenses	8,068	8,297
Operating income	654	615
Ordinary income	841	451
Net income	342	487

Company's Profile

Company's Profile (as of March 31, 2011)

Company Name	GSI Creos Corporation
Head Office	3-1, Kudan-minami 2-chome, Chiyoda-ku, Tokyo
Established	October 31, 1931
Capital	¥7,186 million
Employees	517 (Consolidated)
Offices	Head Office (Chiyoda-ku, Tokyo) Osaka Branch (Chuo-ku, Osaka) Yanagibashi Office (Taito-ku, Tokyo) Gotanda Office (Shinagawa-ku, Tokyo) Fukuoka Office (Hakata-ku, Fukuoka) Hokuriku Office (Fukui-shi, Fukui) Nano Carbon Development Center (Kawasaki-ku, Kawasaki) Tokyo Bay Distribution Center (Funabashi-shi, Chiba)
Overseas Operational Bases	13 (Subsidiaries and expatriate business offices overseas)

Consolidated Subsidiaries

(as of March 31, 2011)

Domestic
Central Scientific Commerce, Inc.
Daisan Shika Kogyo Co., Ltd.
Office-Mate Corporation
G-Mark, Inc.
Izumi Corporation
Maruichi Sangyo Co., Ltd.
Overseas
GSI Holding Corporation
GSI Exim America, Inc.
GSI Trading Hong Kong Ltd.
GSI (Shanghai) Ltd.

Directors, Auditors and Corporate Officers

(as of June 29, 2011)

Chairman of the Board	Motonobu Kato
Representative Director, President	Yoshihiro Fukase
Representative Director, Executive Managing Director	Koji Nakashima
Managing Director	Mitsuru Miyazaki
Managing Director	Yasuhiko Matsushita
Director	Tadaaki Yoshinaga
Director	Masamichi Tanaka
Director	Masateru Nakayama
Executive Auditor	Hitoshi Ishikawa
Auditor	Eiichi Anezaki
Auditor (Outside)	Kenji Yamaguchi
Auditor (Outside)	Noriyoshi Iwata
Corporate Officers	
Mikio Asano	Yoji Okita
Yasushi Araki	

Shares (as of March 31, 2011)

Total number of shares authorized to be issued:	200,000,000 shares
Total number of shares issued and outstanding:	64,359,399 shares (excluding 290,316 shares of treasury stock)
Number of shareholders:	7,213

Major Shareholders (Top 10) (as of March 31, 2011)

Shareholder's name	Number of shares (Thousand shares)	Shareholding (%)
GUNZE LIMITED	9,321	14.48
Mizuho Bank, Ltd.	3,182	4.94
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,172	4.93
Japan Trustee Services Bank, Ltd. (Trust Account)	2,775	4.31
Nippon Life Insurance Company	2,586	4.02
Toray Industries, Inc.	1,982	3.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,266	1.97
NIPPONKOA Insurance Company, Limited	1,119	1.74
State Street Bank and Trust Company 505103	702	1.09
Japan Securities Finance Co., Ltd.	684	1.06

Note: Shareholding is calculated by excluding 290,316 shares of treasury stock and rounded off to two decimal places.