Consolidated Financial Statements for the Year Ended March 2005
(U.S. Accounting Standards)

May 10, 2005

Listed Company: Wacoal Corp. Stock Exchanges: Tokyo, Osaka
Code Number: 3591 Location of Principal Office: Kyoto
(URL http://www.wacoal.co.jp/)
Representative: Position: President and Director
Name: Yoshikata Tsukamoto
For Inquiries: Position: Corporate Officer, Director of Finance, Corporate Planning
Name: Ikuo Otani Tel: (075) 682-1010
Date of Meeting of Board of Directors to Approve Financial Statements: May 10, 2005
Application of U.S. Accounting Standards: Yes

1. Consolidated Results for the Year Ended March 2005 (April 1, 2004 to March 31, 2005)

(1) Consolidated Business Results (Note) Amounts less than 1 million yen have been rounded.

	Sales		Operating Income		Pre-tax Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Year Ended March 2005	160,968	(1.3)	11,766	290.1	12,079	166.5
Year Ended March 2004	163,155	(0.3)	3,016	(58.5)	4,532	(1.6)

	Net Income		Net Income Per Share	Diluted Net Earnings Per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Pre-tax Net Income to Total Assets	Ratio of Pre-tax Net Income to Sales
	Million Yen	%	Yen	Yen	%	%	%
Year Ended March 2005	6,790	134.0	47.17	-	3.9	5.4	7.5
Year Ended March 2004	2,902	0.1	19.85	-	1.8	2.0	2.8

(Note) (i) Equity in income/loss of equity-method investment:
Year ended March 2005: 871 million yen Year ended March 2004: 1,032 million yen
(ii) Average number of outstanding shares during the year ended (consolidated):
March 2005: 143,956,284 shares March 2004: 146,226,674 shares
(iii) Changes in accounting method: None
(iv) Percentages indicated under sales, operating income, pre-tax current year net income, and current year net income represent the increase/decrease compared to the previous year.

(2) Consolidated Financial Condition

	Total Assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
Year Ended March 2005	226,196	175,746	77.7	1,220.93
Year Ended March 2004	224,803	170,758	76.0	1,186.12

(Note) Number of outstanding shares at end of the year (consolidated):
March 2005: 143,944,440 shares March 2004: 143,963,825 shares

(3) Consolidated Cash Flow Status

	Cash Flow from Operating Activities	Cash Flow provided by (used in) Investing Activities	Cash Flow used in Financing Activities	Balance of Cash and Cash Equivalents at End of Year
	Million Yen	Million Yen	Million Yen	Million Yen
Year Ended March 2004	2,045	(5,528)	296	24,195
Year Ended March 2004	5,201	1,328	(6,138)	27,443

(4) Items related to the Consolidation Criteria and Equity Method Application
Number of consolidated subsidiaries: 36 companies
Number of non-consolidated subsidiaries subject to equity method: None
Number of affiliated companies subject to equity method: 9 companies

(5) Changes in the Consolidation Criteria and Equity Method Application
Consolidated: (new) None; (exception) 1 company   Equity Method: (new) None; (exception) None

2. Forecast of Consolidated Results for the Year Ending March 2006 (April 1, 2005 to March 31, 2006)

	Sales	Operating Income	Pre-tax Net Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
Interim Period	84,500	6,000	6,000	3,800
Annual	164,000	8,400	8,500	5,600

(Reference) Expected net earnings per share (annual basis): 38.90 yen
* The foregoing estimates are made based on information available as of the date this data was released, and actual results may differ from estimates due to various factors arising in the future. Please refer to "Forecast for the Next Fiscal Year" on page 23 for information relating to the foregoing estimates.

I. Status of Corporate Group

Our corporate group consists of Wacoal Corp. (the "Company"), 36 subsidiaries and 9 affiliated companies, and is principally engaged in the manufacture and wholesale distribution of innerwear (mainly women's foundation wear, lingerie, nightwear and children's underwear), outerwear, sportswear, and other textile goods and related products, as well as the wholesale and direct sales of certain products to consumers. The corporate group also conducts business in the areas of restaurant, culture, services and interior design.

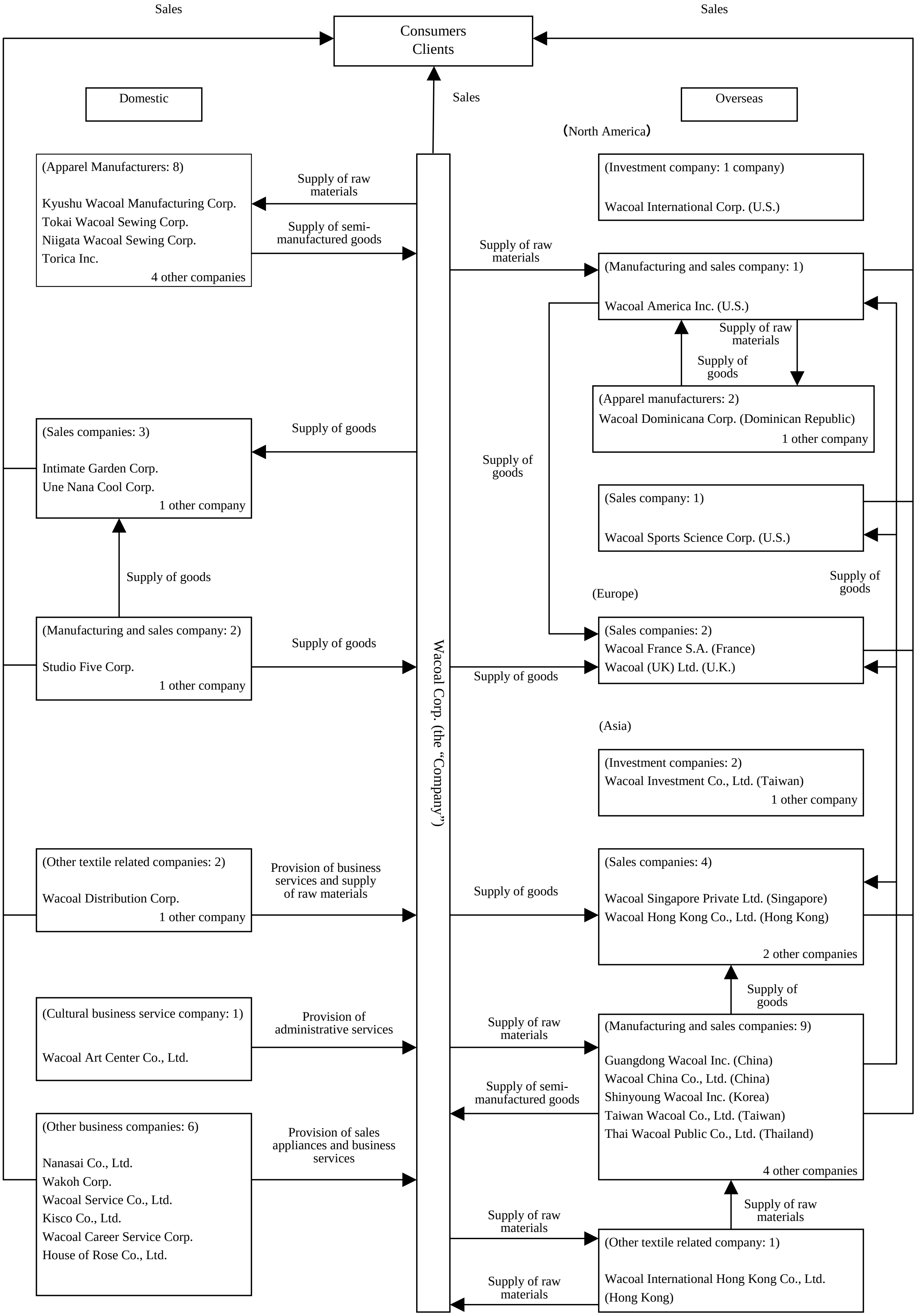
Segment information and a summary of Wacoal companies is as follows:

Business Segment	Operating Segment	Major Companies	
Textile Goods and Related Products	Manufacturing and Sales Companies	Domestic	Wacoal Corp., Studio Five Corp. 1 Other Company (Total: 3 Companies)
		Overseas	Wacoal America Inc., Wacoal China Co., Ltd. Shinyoung Wacoal Inc. (South Korea) Taiwan Wacoal Co., Ltd. Thai Wacoal Public Co., Ltd. 3 Other Companies (Total: 8 Companies)
	Sales Companies	Domestic	Intimate Garden Corp. Une Nana Cool Corp. 1 Other Company (Total: 3 Companies)
		Overseas	Wacoal Singapore Private Ltd. Wacoal Hong Kong Co., Ltd. Wacoal France S.A. Wacoal (UK) Ltd. 3 Other Companies (Total: 7 Companies)
	Apparel Manufacturers	Domestic	Kyushu Wacoal Manufacturing Corp. Tokai Wacoal Sewing Corp. Niigata Wacoal Sewing Corp. Torica Inc. 4 Other Companies (Total: 8 Companies)
		Overseas	Wacoal Dominicana Corp. (Dominican Republic) *[1] Guandong Wacoal Inc. 2 Other Companies (Total: 4 Companies)
	Other Textile Related Companies	Domestic	Wacoal Distribution Corp. 1 Other Company (Total: 2 Companies)
		Overseas	Wacoal International Hong Kong Co., Ltd. (Total: 1 Company)
Others	Cultural Business Service Companies	Domestic	Wacoal Corp. Wacoal Art Center Co., Ltd. (Total: 2 Companies)
	Other Business Companies	Domestic	Wacoal Corp. Nanasai Co., Ltd.

*[1] "Saradona Mfg Corp." changed its name to "Wacoal Dominicana Corp." in May 2004.

			Wakoh Corp. Wacoal Service Co., Ltd. Kisco Co., Ltd. Wacoal Career Service Corp. House of Rose Co., Ltd. (Total: 7 Companies)
		Overseas	Wacoal International Corp. (U.S.) Wacoal Investment Co., Ltd. (Taiwan) 1 Other Company (Total: 3 Companies)

The business distribution diagram is as follows:



II. Management Policies

1. Basic Business Policy

As a “Female Sympathetic Company”, our group endeavors to support a beautiful lifestyle for women. By capturing both body and mind, and by working to support each and every woman’s expression of their own inner and outer beauty, we are working actively to develop our “body designing business.” In order to put this theme into action, and to gain the loyalty of our customers, we will provide “authentic value” through beauty, comfort and health products and services in our “Intimate Apparel” and “Wellness” businesses. We believe that such business activities will appeal to customers and enhance their loyalty to our “Wacoal” corporate brand. We believe that becoming a continually growing company by gaining customer support through these business activities, will also lead to an increase in shareholder value. Under the assumption that the expansion of business operations will increase profits and contribute to employee job satisfaction, we will endeavor to seize markets and create new value.

In the meantime, we recognize that it is essential to engage in CSR (“corporate social responsibility”) activities--such as involvement in environmental issues--in order to gain the trust and support of society. We believe that operating our business with due attention to CSR, and promoting activities that contribute to society in areas where we can make the most of Wacoal’s originality, is part of improving our brand power and establishing our competitive position.

2. Basic Policy Regarding the Distribution of Profits

With respect to our profit distribution to shareholders, our basic policy is to pay steady dividends and to increase earnings per share, all the while giving consideration to the improvement of corporate value through active investment that will result in increased profitability. As for our retained earnings, in light of the improvement of our corporate value, we have actively invested in developing new “SPA” (special retailer of private label apparel) stores, developing points of contact with customers, and actively investing in overseas businesses, as well as concentrating on new business investments such as the entry into new business areas, strategic business alliances and M&A activities. We hope that these efforts will benefit our shareholders by improving future profits.

3. Policy Regarding Lowering the Price of Our Investment Units

It is important that our group promote the long-term stable retention of our company shares by investors, while also broadening our investor base. We believe that lowering the price of our investment units for the benefit of individual investors will be an effective way of achieving this. Going forward, taking stock market trends into consideration and examining the necessary costs and effects of this policy, we will proceed to take careful measures while attaching great importance to shareholders.

4. Measures for Business Targets

For the near future, our target is to achieve an ROE (return on equity) of 6% or higher and an operating income margin of 9% or higher.

5. Our Medium- and Long-Term Business Strategy

To take the full advantage of limited management resources, we will undertake the “selection and focus of our business operations” by concentrating management resources on competitive areas to increase profits, while also expanding our business operations by broadening the scope of such competitive areas and fields. In this respect, we have been conducting a positioning analysis of our business portfolio based on profitability and growth potential. As key factors in our future growth, we aim to further strengthen the market position of our Wacoal and Wing brand intimate apparel businesses, which are both highly profitable and have shown stable growth, and at the same time increase the profitability of our catalogue, wellness and SPA businesses, which we believe have growth potential, but which have yet to achieve full profitability.

In addition, with an aim towards corporate sustainability and social responsibility, we are proceeding to develop a framework to address corporate ethics and environmental issues.

Current Priority Policies

(1) Core brands (Wacoal and Wing)

For our Wacoal brand, we will expand our points of contact with, and services to, customers by improving existing sales counters and developing “theme solution” operations (sales counters specially prepared to meet the specific needs of customers) aimed at the middle-aged and senior market. Moving outside of the intimate apparel category, we will differentiate ourselves and enhance our competitiveness by creating sales locations in the same complexes as our Wellness business. Through these activities, we will address decreasing sales in certain channels, and aim to improve operating profit margin by promoting structural reforms.

For our Wing brand, including products that are part of our promotional campaigns, we will actively expand points of contact with customers by utilizing our catalogue and Internet channels and launching direct sales stores in urban areas. As we look for new sales channels, we will invest in brand quality in order to maintain our position and competitiveness outside of existing chain stores, and we will seek to expand sales while maintaining our current operating profit ratio.

(2) Promotion of SPA business

We will increase the number of stores for four existing brands (une nana cool, Subito, Amphi and Sur la plage) and aim to achieve a profit in the fiscal year ending March 2007.

(3) Promotion of Wellness business

We will concentrate providing value in “comfort” and “health,” and create points of contact and sales counters based on each of these themes that go beyond product categories. Area of business operations will be expanded to include “competitive sport” and “care” in addition to the current core area of “conditioning.” We will actively invest in the core brand “CW-X” to promote it as a worldwide strategic product. By implementing these policies, we aim to increase sales and improve our operating profit ratio.

(4) Promotion of Catalogue and Internet Sales

In addition to catalogue sales, we plan on taking advantage of the rapid spread of the Internet to build new points of contact with customers, while also maintaining our operating profit ratio and working to increase sales.

(5) Strategic Investment in the Chinese Market

We do not intend to merely compete for sales in the current Chinese market environment. We regard it as a future leading market in Asia and plan on investing in marketing to ensure high brand recognition. We will expand our business in China, with the aim to achieve a profit in the fiscal year ending March 2007.

Corporate Social Responsibility

(1) Business Compliance Practices

We believe that the practice of business compliance includes observance of laws and social standards, complying with internal controls based on our basic corporate principles, and sincerely responding to various social requirements. Since its establishment, Wacoal has strictly prohibited unlawful activities, and going forward we will work to further strengthen our internal compliance system. Based on our “Corporate Ethics--Wacoal’s Action Agenda,” established for reviewing various corporate activities from the viewpoint of business compliance, and our “Code of Ethics for Officers and Employees,” established in response to the U.S. Sarbanes-Oxley Act, we will work to fully ensure business compliance.

(2) Promotion of Environmental Management

Since fiscal year 2000, Wacoal has been working to build an environmental management system. In February 2001, we obtained ISO 14001 certification for both our offices in the Kyoto area and Nagasaki Wacoal Sewing Corp. (currently Kyushu Wacoal Manufacturing Corp.). Going forward, we will promote our environmental management system group-wide, with an aim towards giving the highest level of attention to environmental matters in the industry.

(3) Promotion of Social Contribution Activities

Since 1974, we have been engaged in the "Remamma" business, providing innerwear and swimsuits developed for women who underwent mastectomy for breast cancer as well as free consultation and trial fittings throughout the country. Further, as a "Company that Coexists with Women", we have been engaged in social contribution activities through our "Pink Ribbon Project" (activities to promote the early detection of breast cancer).

6. Tasks to Be Dealt With by the Company

As the internationalization of our business proceeds in the future, we believe that one of the most important tasks for the Company's survival in this competitive age will be to improve our corporate value by determining our own stable path from a global viewpoint, considering our consumers and other stakeholders all over the world. It will be critical that we select a development model (business area, distribution channel, target customers) from a long-term standpoint, and we recognize the necessity of adopting a new management strategy for the purpose of accelerating our growth well beyond a mere extrapolation of our current position. To that end, we initiated a cross-organizational project called "CAP 21," aimed at the creation of a mid to long-term strategy for the improvement of our corporate value. (CAP stands for corporate activation project.)

7. Status of and Basic Policy Regarding Corporate Governance

(1) Basic Policy Regarding Corporate Governance

The goal of our basic corporate governance policy is to promote our corporate values in a stable manner, by improving management efficiency and transparency from the viewpoint of all stakeholders, including customers and shareholders.

(2) Status of Corporate Governance

<u>Organization of the Company and Status of Internal Control System</u>

The Company has adopted a statutory auditor system, which supervises and monitors the business operations through the board of directors and board of statutory auditors. We are now preparing for an improved corporate governance structure under the current system and do not plan an immediate shift to a "three committee system" (*iinkai-to-secchi-kaisha*), although we will continue to consider the implementation of such system concurrently with our current approach.

In June 2002, the Company introduced a new corporate officer system, to accelerate decision-making and reinforce the supervising authority of the board of directors and to clarify responsibility for business operations. Responsible officers for each business and administrative division, which were previously assumed by directors, are now assumed by corporate officers, and accordingly the number of directors has been decreased.

The board consists of 8 directors (all in-house) and 4 statutory auditors (including 2 outside statutory auditors) and is responsible for management policy, strategy and other important business decisions, as well as matters stipulated by law and the Company's articles of incorporation.

The board of statutory auditors consists of 4 statutory auditors and is responsible for the supervision and monitoring of management.

Moreover, the Company has established a Chief Executive Meeting consisting of directors and senior corporate officers, which examines matters concerning corporate-wide strategy, corporate-wide management and other major management issues, and preliminarily reviews matters to be discussed at board meetings.

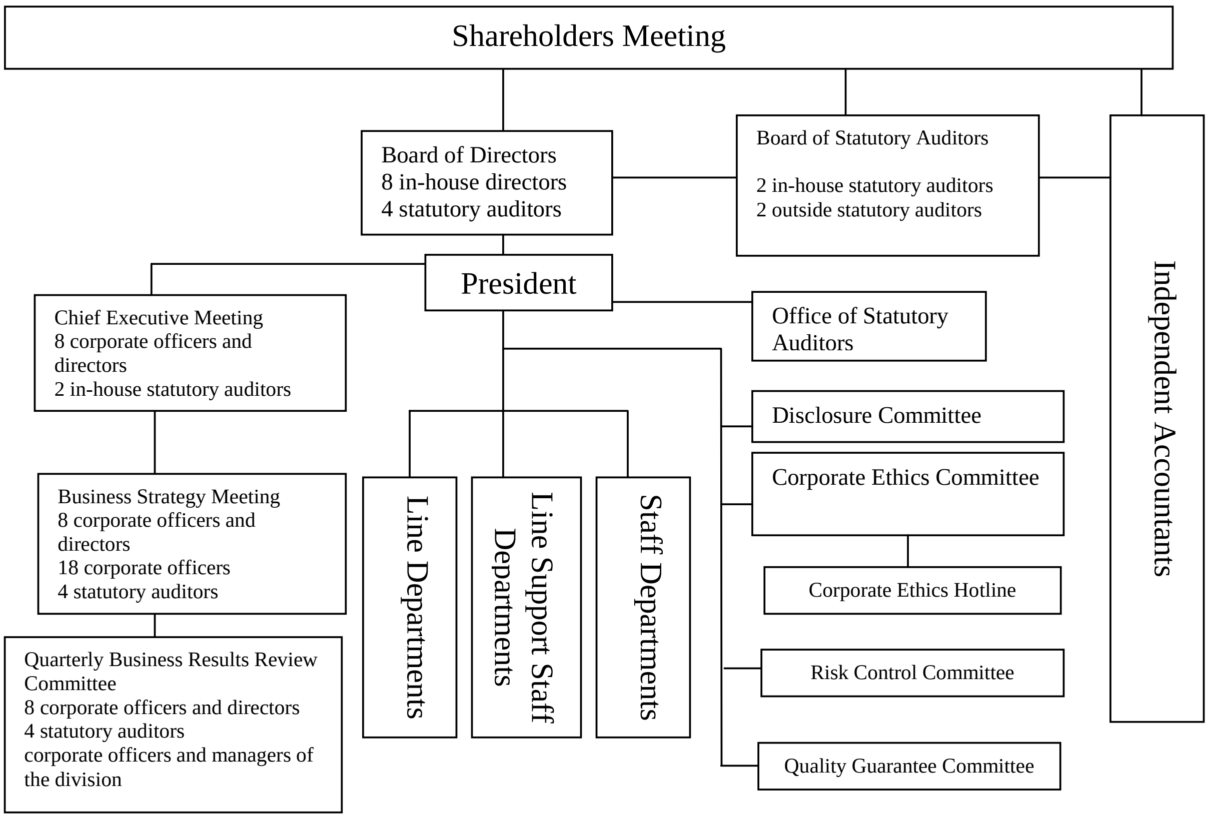
With respect to business plan execution, a corporate officers committee, consisting of 18 corporate officers, directors and statutory auditors, and a quarterly business results review committee for each division, consisting of corporate officers and managers of such division, directors and statutory auditors, hold regular meetings to confirm important corporate-wide matters and the status of business and business plans. Moreover, the Company has established an office of statutory auditors to audit the appropriateness and efficiency of the business process, and monitor our business, including all affiliates.

Furthermore, the Company established a disclosure committee in August 2003 to develop corporate governance and ensure the creditability of financial information that is disclosed. The disclosure committee confirms the appropriateness of disclosure controls and internal controls of the Company and the accuracy of disclosures, and prepares an affidavit in connection with our annual report on form 20-F, submitted to the U.S. Securities and Exchange Commission by the representative director and the director in charge of finance, in accordance with Section 302 of the Sarbanes-Oxley Act. The Company undertakes the same procedures for our annual securities reports and our semi-annual securities reports to confirm their appropriateness.

Regarding the risk management and compliance development systems, in April, 2002, we inaugurated our corporate ethics implementation committee, and enacted "Corporate Ethics - Wacoal's Action Agenda" as a guideline for directors, corporate officers and employees. At the same time, we launched a corporate ethics hotline for the consultation and reporting of any inquiries of, or actions against, such guidelines. It is aimed at the prevention of any breach of guidelines or laws by directors and employees, and to discover any such breach at an early stage and take immediate actions to ensure the Company's soundness. In addition, in July 2004 we reorganized the corporate ethics implementation committee into the corporate ethics committee led by the president to reinforce its function. In May 2004 we enacted a "code of ethics for directors and employees" in response to the U.S. Sarbanes-Oxley Act.

The following chart shows our system of corporate governance.

(As of April 1, 2005)



(Note) After the ordinary general meeting of shareholders to be held in June 2005, 2 outside directors will be newly appointed and the number of outside statutory auditors will be increased from 2 to 3. Therefore, a majority of the board of statutory auditors will be outside statutory auditors. In addition, the Company will make the transition to a holding company structure from October 2005. With the new structure, Wacoal as a group will be able to more effectively make strategic decisions and allocate resources, and each operating company held by the holding company will be able to actively execute its own business strategy with clear responsibility and authority.

Accounting audit

The Company has appointed Tohmatsu & Co. as its accounting auditor under the Commercial Code and executed an accounting audit agreement under the Securities and Exchange Law. Tohmatsu & Co. and its engagement partners who will be responsible for the accounting audit of the Company are independent from the Company. Moreover, Tohmatsu & Co. has already taken its own measures to prevent engagement partners from involving in the audit of the Company exceeding a certain period. Names of the public accountants who executed the audit during this term and composition of the audit assistants are as follows.

Names of the public accountants who executed the audit:

Assigned partner: Engagement Partners; Koji Yabuki (5 years), Takamitsu Nishiura (2 years), Hiroyuki Asaga (3 years)

Composition of the audit assistants:

Certified public accountants 8; Assistant certified public accountants 5; Others 1

Remuneration of directors and statutory auditors and audit remuneration, etc.

Remuneration of directors and statutory auditors of the Company and audit remuneration to audit corporation during this term are as follows.

- Remuneration of directors and statutory auditors

Remuneration of directors:	318 million yen
Remuneration of statutory auditors:	62 million yen

(Note) Above remuneration amount includes employees' salary and bonus paid to directors having duties in employee's capacity and bonus and retirement benefits paid to directors and statutory auditors.

- Audit remuneration

Remuneration for audit certificates under the accounting audit agreement:	58 million yen
Other remuneration:	41 million yen

(3) Personal, capital or transactional relationships and other interests between the Company and its outside directors and outside statutory auditors

Currently the Company has no outside directors. There is no special relationship between outside statutory auditors and the Company.

III. Business Results and Financial Condition

1. Business Results

During the fiscal year ended March 31, 2005, the Japanese economy was recovering with improvement in corporate profits as well as strong consumer spending, such as the demand for home electronics products associated with the Olympic games. During the second half of the year, economic recovery was rather modest due to slow consumer spending for temporary reasons such as a series of typhoons, natural disasters such as earthquakes and an unseasonably warm winter. Overseas, the U.S. economy has shown steady recovery and the Asian economy is moving from recovery to expansion.

On the other hand, business results in the women's fashion industry were affected by lower turnout due to various climate factors including a long rainy season, a summer heat wave, an unseasonably warm winter and a series of typhoons. As a result, overall business results were low.

In this environment, we sought to improve the strength of our products and to develop products centered on consumer needs focusing on innerwear while developing new points of contact with customers through directly managed stores and catalogue sales. With respect to the Wacoal brand, None of our spring, summer or autumn campaigns achieved anticipated sales volume, as they were improved versions of products from the previous season and were not appealing enough as new products. As the overall retail industry faced lower turnout, our core product group, including our campaign productsc showed slow sales. Our high quality brands "Parfage" and "Salute," promoted through department store and boutique channels, our high quality brand "Tréfle" and our high value-added brands "La Vie Aisée" and "Gra-P" innerwear, targeting the middle-aged and senior market, are showing steady results. As for our Wing brand, the spring campaign product "Natural Up Bra" and "Natural Fit Bra" were slightly below sales targets, while the summer campaign product "T-Shirts Bra" and our autumn campaign product "Arrange Bra," "Natural Fit Bra" and "Kyutto Up Bra" performed well.

Aimed at developing new channels and points of contact with customers, the SPA business is starting to show steady development, with increased brand recognition and an increase in both the number of stores and sales amount.

In other areas, for our catalogue business, outerwear, accounting for 40% of total sales, struggled and fell short of last year's results, whereas innerwear increased by at a double-digit rate from the last year, and now accounts for 30% of total sales. In our Wellness business, our main product, sports conditioning wear "CW-X," showed steady increase thanks to active expansion of sales floors. In addition, "Wacoal Panty Stocking," a collaborative product with Seven-Eleven Japan, Co., Ltd. that was launched in spring 2004, showed favorable sales exceeding targets.

In line with the Company's selection and concentration of business aimed at utilization of limited management resources, Point Up Inc., a subsidiary engaged in the manufacture and sale of outerwear, terminated operations on January 31, 2005 and liquidation was begun on March 31, 2005.

With regard to our overseas business, in Asian countries the "T-Shirt Bra NAMI NAMI" Asian campaign, involving the sale of the same product to China, Hong Kong and Taiwan simultaneously with Japan, performed well during the first half of the year. However, during the second half of the year, sales were below anticipation due to slow sales of our campaign products. In the U.S. market, sales at middle and upscale department stores were favorable, which contributed favorably to Wacoal America's sales, since it sold through those channels.

Consolidated sales for this fiscal year were 160,968 million yen, a 1.3% decrease compared to the previous year.

In terms of profit, in September 2004 we returned the substitutional portion of our employee pension fund to the Japanese government and reported 7,100 million yen as government subsidy and 928 million yen as additional net periodic pension cost. As for our non-consolidated financial statements, 5,577 million yen was reported as extraordinary gains during the previous fiscal year as gain from the return of the substitutional portion of the employee pension fund. As a result, operating income for this fiscal year was 11,766 million yen, a 290.1% increase compared to the previous fiscal year.

Pre-tax net income for the current fiscal year was 12,079 million yen, a 166.5% increase compared to the previous fiscal year, and net income for the current fiscal year was 6,790 million yen, a 134.0% increase compared to the previous fiscal year.

Regarding sales by business category, current fiscal year sales of textile goods and related products were 145,234 million yen, an 1.2% decrease compared to the previous fiscal year. Other sales during the current fiscal year were 15,734 million yen, a 2.9% decrease compared to the previous fiscal year.

Regarding sales by location, Japan represented 142,993 million yen, accounting for 88.8% of group sales, whereas Asia accounted for 3.2% and Europe and the U.S. accounted for 8.0%.

2. FINANCIAL CONDITION

While the quarterly net income from operating activities increased, this includes gains from the return of the substitutional portion of our employee pension fund which does not add to cash flow. Therefore, cash flow from operating activities during this fiscal year was 2,045 million yen, a decrease of 3,156 million yen from the previous fiscal year.

Cash flow relating to investing activities amounted to an expenditure of 5,528 million yen due mainly to the purchase of land for Western Japan Distribution Center in Moriyama City, Shiga Prefecture, etc.

Cash flow related to financing activities amounted to an increase of 296 million yen, due mainly to the increase of short-term bank loans and the payment of dividends.

The balance of cash and cash equivalent for the end of this fiscal year, calculated by the above total deducted by the exchange difference on cash and cash equivalents, was 24,195 million yen, a 3,248 million yen decrease compared to the previous fiscal year.

Free cash flow, which has been calculated by subtracting the amount of capital investment from operating activities cash flow, amounted to an expenditure of 3,373 million yen.

Trends in certain cash-flow indicators - Unaudited

	Fiscal Year ended March 31, 2003	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005
Equity ratio (%)	73.7	76.0	77.7
Equity ratio based on the market value (%)	58.5	67.9	90.6
Debt redemption years (years)	0.8	0.8	3.3
Interest coverage ratio (times)	51.0	45.6	24.1

Equity ratio = shareholders' equity/total assets
Equity ratio based on the market value = aggregate market value of shareholders' equity/total assets
Debt redemption years = interest-bearing debt/cash flow from operating activities
Interest coverage ratio = cash flow from operating activities/interest payment
From this term, cash interset payment amount in the Additional Information of Consolidated Cash Flow Statement (page 28) is used for the above interest coverage calculation.

3. RISK FACTORS

Our business, performance and financial condition are subject to risks and uncertainties, including those described in the risk factors below. These risks and uncertainties could result in a material adverse effect on Wacoal, and a material decline in the trading price of our common stock.

(1) Continued weak consumer spending in Japan would prevent an increase of our sales and revenues.

(2) Continued difficulties faced by department stores and other general retailers in Japan, to which majority of our sales are made, would have a negative effect on our business results and financial condition.

(3) Our success depends on our ability to effectively anticipate and respond to changing consumer tastes, preferences and demands, and to translate market trends into products that consumers want to buy at prices that will allow us to be profitable.

(4) Markdowns of inventory may be used if inventory exceeds customer demand, or if it is determined that the inventory in stock will not sell at its currently marked price. Such markdowns may have an adverse impact on earnings.

(5) Our business results and financial condition will depend in large part on our ability to reduce costs.

(6) Our experience in expanding our SPA business is limited and we cannot guarantee if we can resolve risks associated with it.

(7) We may experience difficulties in successfully increasing our catalog and Internet sales as we face intense competition.

(8) The sale of intimate and other apparel is highly competitive, and increased penetration of lower priced garments in the market may affect our profitability.

(9) Our business performance and results largely depend on the success of seasonal and campaign products. Sales of those products are affected by changes in weather patterns.

(10) We may face new risks relating to conducting business and manufacturing internationally.

(11) We hold equity securities in a number of publicly traded Japanese companies. A significant drop in the value of these securities could have an adverse impact on our financial results in the relevant reporting period.

(12) Our product supply depends on a stable supply of materials from manufacturers. As the domestic material manufacturing business shrinks due to a shift overseas, material supplies may become unstable. Moreover, if any of our domestic or overseas material suppliers were to fall into bankruptcy, certain products or materials may become unavailable.

(13) Regarding benefit obligations and plan assets, we fund and accrue the cost of benefits to a level that we believe is sufficient based on conservative accounting policies. However, if returns from investment assets decrease, additional funding and accruals may be required, and such funding and accruals may adversely affect our financial results and condition.

(14) Due to the rapid expansion of information networks, confidential or personal information may be inadvertently disclosed if our information security system is inadequate.

(15) There are a lot of similar products in the market, and we may be subject to lawsuits resulting from infringement by other parties of our intellectual property rights, such as trademarks, patents, trade secrets and industrial design, or from our unintentional breach of the intellectual property rights of others.

4. FORECAST FOR THE NEXT FISCAL YEAR

Regarding overall business conditions, while corporate revenues improve, the business sentiment and consumer spending remain unchanged and the domestic economy is still leveling off. As for other countries, the economies in Europe, the U.S. and Asia have moved from recovery to expansion.

In the domestic women's fashion industry, sales of apparel in large-size retail stores are still low, and harsh market conditions are expected to continue. However, considering the negative effect of natural disasters and climates of the previous year, we can expect recovery in business results.

Under these circumstances, the Wacoal group will make further efforts to develop products that are specific to each generation of consumers, and we will aggressively pursue our goal of increasing our points of contact with consumers based on our mid-term business plan.

Our target for the next fiscal year end is to achieve sales of 164,000 million yen, operating income of 8,400 million yen, pre-tax net income of 8,500 million yen, and net income of 5,600 million yen.

IV-1. Consolidated Balance Sheet (unaudited)

Accounts	Current Year As of March 31, 2005	Previous Year As of March 31, 2004	Amount Increased/Decreased
(Assets)	Million Yen	Million Yen	Million Yen
Current assets			
Cash and bank deposits	7,173	6,847	326
Time deposits	17,022	20,596	(3,574)
Marketable securities	43,396	44,316	(920)
Receivables			
Notes receivable	677	1,226	(549)
Accounts receivable-trade	20,879	19,053	1,826
	21,556	20,279	1,277
Allowance for returns and doubtful receivables	(2,214)	(2,140)	(74)
	19,342	18,139	1,203
Inventories	26,785	26,060	725
Deferred tax assets	4,811	5,219	(408)
Other current assets	1,771	1,868	(97)
Total current assets	120,300	123,045	(2,745)
Tangible fixed assets			
Land	21,382	19,910	1,472
Buildings and structures	56,719	55,879	840
Machinery and equipment	12,918	12,413	505
Construction in progress	634	370	264
	91,653	88,572	3,081
Accumulated depreciation	(39,827)	(38,640)	(1,187)
Net tangible fixed assets	51,826	49,932	1,894
Other assets			
Investments in affiliated companies	13,543	12,838	705
Investments	31,479	29,872	1,607
Deferred tax assets	649	959	(310)
Lease deposits and others	8,399	8,157	242
Total other assets	54,070	51,826	2,244
Total Assets	226,196	224,803	1,393

Accounts	Current Year As of March 31, 2005	Previous Year As of March 31, 2004	Amount Increased/Decreased
(Liabilities, minority interests and shareholders' equity)	Million Yen	Million Yen	Million Yen
Current Liabilities			
Short-term bank loans	6,752	3,954	2,798
Payables			
Notes payable	2,657	2,885	(228)
Accounts payable-trade	10,299	9,343	956
	12,956	12,228	728
Accounts payable	6,384	5,340	1,044
Accrued payroll and bonuses	6,580	6,895	(315)
Accrued corporate taxes, etc.	370	2,724	(2,354)
Current portion of long-term debt	60	374	(314)
Other current liabilities	1,868	1,579	289
Total current liabilities	34,970	33,094	1,876
Long-term liabilities			
Long-term debt	99	122	(23)
Customer deposits	-	805	(805)
Reserves for retirement benefit	7,083	14,794	(7,711)
Deferred tax liability	6,213	3,424	2,789
Total long-term liabilities	13,395	19,145	(5,750)
Minority interests	2,085	1,806	279
Shareholders' equity			
Common stock	13,260	13,260	-
Additional paid-in capital	25,242	25,242	-
Retained earnings	134,572	129,941	4,631
Accumulated other comprehensive income (loss)			
Foreign currency exchange adjustment	(3,820)	(3,512)	(308)
Unrealized gain on securities	6,565	6,831	(266)
Additional minimum pension liability	-	(954)	954
Treasury stock	(73)	(50)	(23)
Total shareholders' equity	175,746	170,758	4,988
Total liabilities, minority interests and shareholders' equity	226,196	224,803	1,393

IV-2. Consolidated Income Statement (unaudited)

Accounts	Current Year From April 1, 2004 To March 31, 2005		Previous Year From April 1, 2003 To March 31, 2004		Amount Increased/Decreased
	Million Yen	%	Million Yen	%	Million Yen
Sales	160,968	100.0	163,155	100.0	(2,187)
Operating expenses (income)					
Cost of sales	84,041	52.2	84,638	51.9	(597)
Selling, general and administrative Expenses	72,261	44.9	72,927	44.7	(666)
Government subsidy	(7,100)	(4.4)	-	-	(7,100)
Impairment loss on fixed assets	-	-	2,574	1.6	(2,574)
Total operating expenses	149,202	92.7	160,139	98.2	(10,937)
Operating income	11,766	7.3	3,016	1.8	8,750
Other income and (expenses)					
Interest income	186	0.1	225	0.1	(39)
Interest expense	(79)	(0.0)	(113)	(0.0)	34
Dividend income	271	0.2	256	0.2	15
Gain on sale of investment	571	0.3	932	0.6	(361)
Valuation loss on investment in securities	(618)	(0.4)	(142)	(0.1)	(476)
Others (net)	(18)	(0.0)	358	0.2	(376)
Other income, net	313	0.2	1,516	1.0	(1,203)
Income before income taxes, equity in net income of affiliated companies and minority interests	12,079	7.5	4,532	2.8	7,547
Income taxes					
Current	3,041	1.9	5,774	3.5	(2,733)
Deferred	2,759	1.7	(3,254)	(2.0)	6,013
Total income taxes	5,800	3.6	2,520	1.5	3,280
Income before equity in net income of affiliated companies and minority interests	6,279	3.9	2,012	1.3	4,267
Equity in net income of affiliated companies	871	0.5	1,032	0.6	(161)
Minority interests	(360)	(0.2)	(142)	(0.1)	(218)
Net income	6,790	4.2	2,902	1.8	3,888
Earnings per share	47.17 yen		19.85 yen		

IV-3. Consolidated Comprehensive Income Statement (unaudited)

Accounts	Current Year From April 1, 2004 To March 31, 2005	Previous Year From April 1, 2003 To March 31, 2004	Amount Increased/Decreased
	Million Yen	Million Yen	Million Yen
Net income	6,790	2,902	3,888
Other comprehensive income (loss) – after adjustment of tax effect			
Foreign currency exchange adjustment	(308)	(1,565)	1,257
Net unrealized gain on securities	(266)	7,677	(7,943)
Minimum pension liability adjustment	954	5,339	(4,385)
Total of other comprehensive income	380	11,451	(11,071)
Comprehensive income	7,170	14,353	(7,183)

IV-4. Consolidated Shareholders' Equity Statement (unaudited)

Current year

	No. of shares held outside of company	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive income	Treasury stock
	Thousand Shares	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
As of April 1, 2004	143,964	13,260	25,242	129,941	2,365	(50)
Net income				6,790		
Other comprehensive income					380	
Cash dividends paid (15.0 yen per 1 share)				(2,159)		
Purchase of treasury stock	(20)					(23)
As of March 31, 2005	143,944	13,260	25,242	134,572	2,745	(73)

Previous year

	No. of shares held outside of company	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive income	Treasury stock
	Thousand Shares	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
As of April 1, 2003	146,570	13,260	25,242	131,466	(9,086)	(43)
Net income				2,902		
Other comprehensive income					11,451	
Cash dividends paid (13.5 yen per 1 share)				(1,978)		
Retirement of treasury stock	(2,600)			(2,449)		
Purchase of treasury stock	(6)					(7)
As of March 31, 2004	143,964	13,260	25,242	129,941	(2,365)	(50)

IV-5. Consolidated Cash Flow Statement (unaudited)

Accounts	Current Year From April 1, 2004 To March 31, 2005	Previous Year From April 1, 2003 To March 31, 2004	Amount Increased/ Decreased
	Million Yen	Million Yen	Million Yen
I. Operating activities			
1. Net income	6,790	2,902	3,888
2. Adjustment of net income to cash flow from operating activities			
(1) Depreciation and amortization	3,312	3,081	231
(2) Deferred taxes	2,759	(3,254)	6,013
(3) Loss on sale of fixed assets	94	455	(361)
(4) Impairment loss on fixed assets	-	2,574	(2,574)
(5) Government subsidy	(7,100)	-	(7,100)
(6) Valuation loss on investment in securities	618	142	476
(7) Gain on sale of investment securities	(571)	(932)	361
(8) Equity in net income of affiliated companies (after deduction of dividend income)	(448)	(726)	278
(9) Changes in assets and liabilities			
Increase in receivables	(1,350)	(46)	(1,304)
Iincrease in inventories	(878)	(2,124)	1,246
Increase in other current assets	(1,007)	(346)	(661)
Increase in payables	1,198	1,020	178
Increase in reserves for retirement benefits	1,193	3,212	(2,019)
Decrease in accrued expenses and other current liabilities	(2,655)	(657)	(1,998)
(10) Others	90	(100)	190
Net cash flow provided by operating activities	2,045	5,201	(3,156)
II. Investing activities			
1. Proceeds from sale and redemption of marketable securities	51,990	59,977	(7,987)
2. Acquisition of marketable securities	(51,111)	(56,019)	4,908
3. Proceeds from sales of fixed assets	340	369	(29)
4. Acquisition of tangible fixed assets	(5,418)	(2,338)	(3,080)
5. Proceeds from sale and redemption of investments	926	2,130	(1,204)
6. Acquisition of investments in affiliated companies	(16)	(1,690)	1,674
7. Acquisition of investments	(2,985)	(776)	(2,209)
8. Decrease (increase) in other assets	746	(325)	1,071
Net cash flow (used in) provided by investing activities	(5,528)	1,328	(6,856)
III. Financing activities			
1. Decrease in short-term bank loans	2,813	(1,595)	4,408
2. Proceeds from long-term debt	45	49	(4)
3. Repayment of long-term debt	(380)	(158)	(222)
4. Purchase of treasury stock	(23)	(2,456)	2,433
5. Dividend payment	(2,159)	(1,978)	(181)
Net cash flow provided by (used in) financing activities	296	(6,138)	6,434
IV. Effect of exchange rate on cash and cash equivalents	(61)	(194)	133
V. Increase/decrease in cash and cash equivalents	(3,248)	197	(3,445)
VI. Initial balance of cash and cash equivalents	27,443	27,246	197
VII. Year end balance of cash and cash equivalents	24,195	27,443	(3,248)

Additional Information

Cash paid for			
Interest	85	114	(29)
Income taxes, etc.	5,395	5,846	(451)

IV-6. Basic Matters in Preparing Consolidated Financial Statements

1. Matters Regarding the Scope of Consolidation and Application of the Equity Method

Major consolidated subsidiaries:
Studio Five Corp., Kyushu Wacoal Manufacturing Corp., Nanasai Co., Ltd., Torica Inc., Wacoal International Corp., Wacoal America Inc., Wacoal France S.A., Wacoal International Hong Kong Co., Ltd., Wacoal Hong Kong Co., Ltd., Vietnam Wacoal Corp.,Wacoal Investment Co., Ltd. and Wacoal China Co., Ltd.

Major Affiliated Companies:
Shinyoung Wacoal Inc., Taiwan Wacoal Co., Ltd. and Thai Wacoal Public Co., Ltd.

2. Matters Regarding New Subsidiaries and Affiliates

Consolidated (excluded): Kumamoto Wacoal Sewing Corp.

3. Standard of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared based on terms, format and preparation methods in compliance with accounting standards generally accepted in the United States (hereinafter referred to as the "U.S. Accounting Standards") except for segment information which is prepared using Accounting Standards Generally Accepted in Japan. Various laws and ordinances relating to accounting in the U.S. include Regulation S-X, Accounting Series Releases regarding reporting to the Security Exchange Commission, the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), and Accounting Research Bulletin (ARB) of the Committee on Accounting Procedures, among others.

4. Significant Accounting Policies

(1) Valuation Standard of Inventories

The average cost method was mainly used for goods, products and supplies, and the first-in first-out method was used for raw materials, for purposes of determining cost. Inventories are valued at the lower of cost or market.

(2) Valuation Standard of Tangible Fixed Assets and Method of Depreciation

Tangible fixed assets are valued at the acquisition cost. Depreciation expenses are calculated mainly using the straight-line method based on the estimated useful lives of assets (the lease term or useful life, whichever is shorter, is used for capitalized leased assets).

(3) Valuation Method of Marketable Securities and Investment Securities

Based on the provisions of FASB Standard No. 115, marketable securities and investment securities have been classified as available for sale securities, and valued at a fair value. Moreover, unrealized valuation profit/loss is classified and included in other comprehensive income within shareholders' equity.

(4) Reserve for Retirement Benefits

This is accounted for based on the provisions of FASB Standard No. 87. With respect to return of the substitutional portion of the employee pension fund to the Japanese government, FASB Emerging Issue Task Force Issue 03-2 "Accounting For the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities" was adopted.

(5) Lease Transactions

Based on the provisions of FASB Standard No. 13, capital leases have been capitalized at fair value of the lease payments.

(6) Accounting Procedure for Consumption Tax, etc.

Accounting procedure for consumption tax, etc., is based on the tax-excluded method.

(7) Consolidated Cash Flow Statement

Upon preparing the consolidated cash flow statements, time deposits and certificate of deposits with original maturities of three (3) months or less have been included in cash and cash equivalents.

(Notes)

1. Market Value, etc. of Securities

(Unit: Million Yen)

	Current Year As of March 31, 2005				Previous Year As of March 31, 2004			
	Acquisition Cost	Total Unrealized Profit	Total Unrealized Loss	Fair Value	Acquisition Cost	Total Unrealized Profit	Total Unrealized Loss	Fair Value
Securities								
National and Local Government Bonds	5,521	16	0	5,537	2,722	2	4	2,720
Corporate Bonds	19,920	21	15	19,926	22,962	19	4	22,977
Bank Bonds	13,412	88	3	13,497	12,781	87	5	12,863
Trust Fund	4,404	43	11	4,436	5,722	43	9	5,756
Total	43,257	168	29	43,396	44,187	151	22	44,316
Investment								
Equities	17,294	13,398	18	30,674	15,457	13,805	6	29,256
Total	17,294	13,398	18	30,674	15,457	13,805	6	29,256

2. Reserve for Retirement Benefits

Employee Retirement Benefit Plans

We and our subsidiaries have several retirement benefit plans. We have adopted a defined-contribution pension fund plan, and some subsidiaries have adopted an eligible pension plan.

The market value of estimated future payments, increase and decrease of fair value of pension assets, and related information are as follows:

	March 31, 2005	March 31, 2004
Increase/decrease of fair value of estimated future payment		
Initial balance of fair value of estimated future payment	54,618 million yen	55,115 million yen
Service expense	1,811	1,589
Interest rate expense	1,063	1,302
Contribution of employees	114	131
Actuarial losses	(1,113)	(1,964)
Balance based on prior service liabilities	-	(68)
Pension benefits paid from plan assets	(218)	(1,018)
Settlement paid from plan assets	(1,846)	(169)
Settlement paid	(354)	(300)
Return of substitutional portion of employee pension fund	(17,594)	--
Current year end balance of fair value of estimated future payment	36,481	54,618
Increase/Decrease of fair value of pension assets		
Initial balance of pension assets	29,481	26,137
Actual increase	1,455	2,488
Pension contributed from company	2,668	1,912
Contribution from employees	114	131
Pension benefits	(218)	(1,018)
Settlement paid	(1,846)	(169)
Return of substitutional portion of employee pension fund	(8,777)	--
Current year end balance of pension assets	22,877	29,481
Initial balance of pension benefit trusts	6,032	3,054
Actual increase	(533)	2,978
Current year end balance of pension benefit trusts	5,499	6,032
Excess over pension assets of estimated future payment	8,105	19,105
Unrecognized actuarial differences	(3,327)	(8,616)
Unrecognized prior service liabilities (decrease in liabilities)	1,690	1,896
Balance of net amount recognized	6,468	12,385
Breakdown of net amount recognized on consolidated balance sheet		
Reserve for retirement benefits	6,468	14,188
Accumulated other comprehensive income (before deduction of tax effect)	-	(1,803)
Total	6,468	12,385

	Year Ended March 2005	Year Ended March 2004
Current year retirement benefit expense		
Service expense	1,728	1,589
Interest rate expense	1,063	1,302
Expected performance benefit from pension assets	(629)	(642)
Amortized and deferred net unrecognized liability	1,020	3,153
Derecognition of previously accrued salary progression	(1,716)	-
Settlement loss	2,644	-
Total	4,110	5,402

	Year Ended March 2005	Year Ended March 2004
Assumptions		
Actuarial assumptions - retirement benefit obligations		
Reduction ratio	2.5%	2.5%
Expected promotion ratio of wage standard	0.5	0.4
Actuarial assumptions - net pension cost for the term		
Reduction ratio	2.5	2.5
Expected promotion ratio of wage standards	0.4	0.4
Long-term performance benefit of pension assets	2.5	2.5

Unrecognized loss has been amortized over the length of average remaining service (12 years), and the transition adjustment from adopting the provisions of FASB Standard No. 87 is amortized over 15 years.

Officers' Retirement Benefit Plans

The reserve for officers' retirement benefits is included in the reserve for retirement benefits. Balance of reserves for officers' retirement benefits for the year ended March 31, 2005 and the year ended March 31, 2004 are 615 million yen and 606 million yen, respectively.

3. Income Taxes

The effective corporate tax rate is different from the legal tax rate owing to the following reasons:

	Year Ended March 2005	Year Ended March 2004
Legal tax rate	40.7%	41.1%
Reasons increased (decreased)		
Expense excluded from nontaxable expenses	2.2	8.1
Valuation allowance	3.6	7.6
Corporate tax for the previous year	-	16.8
Undistributed earnings of foreign subsidiaries and affiliates	0.5	(2.7)
Use of tax loss carryforwards	(1.4)	(8.4)
Others	2.4	(6.9)
Effective corporate tax rate	48.0	55.6

The effect of temporary differences, etc. for deferred tax assets/liabilities is as follows.

	March 31, 2005		March 31, 2004	
	Deferred tax assets (million yen)	Deferred tax liabilities (million yen)	Deferred tax assets (million yen)	Deferred tax liabilities (million yen)
Sales returns	812		754	
Allowance for doubtful receivables	-		497	
Inventory valuation	1,269		1,244	
Intercompany profits	187		191	
Accrued bonuses	1,360		1,499	
Valuation loss on investment securities	624		794	
Gain on sales of fixed assets		1,819		1,631
Undistributed earnings of foreign subsidiaries and affiliates		2,002		1,890
Net unrealized gain on securities		5,502		5,652
Net realized gain on exchange of equity securities		1,996		2,015
Capitalized supplies	365		390	
Enterprise taxes	62		225	
Compensated absences	909		922	
Pension expense	2,455		5,170	
Excess over depreciation and amortization and impairment loss	1,657		1,642	
Tax loss carryforwards	1,717		1,486	
Other temporary differences	799	5	845	532
Total	12,216	11,324	15,659	11,720
Valuation allowance	(1,645)		(1,185)	
Total	10,571	11,324	14,474	11,720

4. Contract Amount, Market Value and Valuation Profit/Loss of Derivative Transactions

In order to prepare for the fluctuation risk of the foreign currency exchange rate and interest, forward exchange contracts have been utilized as financial derivative products. There are forward exchange transactions (dollar-buying, yen-selling) which are non-market transactions. Nevertheless, indications thereof have been omitted as the valuation profit/loss and contract amounts are of little importance.

V. Segment Information

(1) Segment Information by Type of Business

Current year (April 1, 2004 to March 31, 2005)

(Unit: Million Yen)

	Textile goods and related products	Others	Total	Elimination or corporate	Consolidated
I. Sales					
(1) Sales to outside customers	145,234	15,734	160,968	-	160,968
(2) Internal sales among segments	-	4,172	4,172	(4,172)	-
Total	145,234	19,906	165,140	(4,172)	160,968
Operating expenses	140,299	19,562	159,861	(10,659)	149,202
Operating income (Loss)	4,935	344	5,279	6,487	11,766
II. Assets, depreciation and amortization and capital expenditure					
Assets	111,329	19,289	130,618	95,578	226,196
Depreciation and amortization	3,014	209	3,223	89	3,312
Capital expenditure	6,263	22	6,285	-	6,285

Previous year (April 1, 2003 to March 31, 2004)

(Unit: Million Yen)

	Textile goods and related products	Others	Total	Elimination or corporate	Consolidated
I. Sales					
(1) Sales to outside customers	146,945	16,210	163,155	-	163,155
(2) Internal sales among segments	-	3,697	3,697	(3,697)	-
Total	146,945	19,907	166,852	(3,697)	163,155
Operating expenses	140,729	21,447	162,176	(2,037)	160,139
Operating income (Loss)	6,216	(1,540)	4,676	(1,660)	3,016
II. Assets, depreciation and amortization and capital expenditure					
Assets	111,368	16,106	127,474	97,329	224,803
Depreciation and amortization	2,772	212	2,984	97	3,081
Impairment loss	84	1,910	1,994	580	2,574
Capital expenditure	2,356	65	2,421	-	2,421

(Note)
1. Segment information is prepared based on the "consolidated financial statement regulations".
2. Business classification is classified into textile goods and related products and others based on the type, quality, and resemblance in the sales market of such products.
3. Core products of respective businesses:
   Textile goods and related products: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.
   Others: mannequins, shop design and implementation, restaurant, culture, services, etc.

(2) Segment Information by Location

Current year (April 1, 2004 to March 31, 2005)

(Unit: Million Yen)

	Japan	Asia	Europe/U.S.	Total	Elimination or corporate	Consolidated
I. Sales						
(1) Sales to outside customers	142,993	5,176	12,799	160,968	-	160,968
(2) Internal sales among segments	993	4,090	0	5,083	(5,083)	-
Total	143,986	9,266	12,799	166,051	(5,083)	160,968
Operating expenses	140,455	8,732	11,585	160,772	(11,570)	149,202
Operating income	3,531	534	1,214	5,279	6,487	11,766
II. Assets	118,723	19,947	7,360	146,030	80,166	226,196

Previous year (April 1, 2003 to March 31, 2004)

(Unit: Million Yen)

	Japan	Asia	Europe/U.S.	Total	Elimination or corporate	Consolidated
I. Sales						
(1) Sales to outside customers	144,896	4,957	13,302	163,155	-	163,155
(2) Internal sales among segments	912	3,895	1	4,808	(4,808)	-
Total	145,808	8,852	13,303	167,963	(4,808)	163,155
Operating expenses	143,033	8,338	11,916	163,287	(3,148)	160,139
Operating income	2,775	514	1,387	4,676	(1,660)	3,016
II. Assets	116,736	18,572	7,094	142,402	82,401	224,803

(Note) 1. Segment information is prepared based on the “consolidated financial statement regulations”.
2. Main countries and areas belonging to classifications other than Japan
Asia: various countries of East Asia and Southeast Asia
Europe/U.S.: the U.S. and various European countries

(3) Overseas Sales

Current year (April 1, 2004 to March 31, 2005)

(Unit: Million Yen)

	Asia	Europe/U.S.	Total
I. Overseas sales	5,176	12,799	17,975
II. Consolidated sales			160,968
III. Ratio of overseas sales in consolidated sales	3.2%	8.0%	11.2%

Previous year (April 1, 2003 to March 31, 2004)

(Unit: Million Yen)

	Asia	Europe/U.S.	Total
I. Overseas sales	4,957	13,302	18,259
II. Consolidated sales			163,155
III. Ratio of overseas sales in consolidated sales	3.0%	8.2%	11.2%

(Note) 1. Segment information is prepared based on the “consolidated financial statement regulations”.
2. Main countries and areas belonging to classifications other than Japan
Asia: various countries of East Asia and Southeast Asia
Europe/U.S.: the U.S. and various European countries

VI. Status of Production and Sales

(1) Production Results

Segment name by type of business	Current Year From April 1, 2004 To March 31, 2005		Previous Year From April 1, 2003 To March 31, 2004	
	Amount	Distribution Ratio	Amount	Distribution Ratio
	Million Yen	%	Million Yen	%
Textile goods and related products	66,614	100.0	70,572	100.0

(2) Sales Results

Segment name by type of business		Current Year From April 1, 2004 To March 31, 2005		Previous Year From April 1, 2003 To March 31, 2004	
		Amount	Distribution Ratio	Amount	Distribution Ratio
		Million Yen	%	Million Yen	%
Textile goods and related products	Innerwear				
	Foundation and lingerie	114,895	71.4	115,674	70.9
	Nightwear	10,746	6.7	11,823	7.2
	Children's underwear	2,317	1.4	2,583	1.6
	Subtotal	127,958	79.5	130,080	79.7
	Outerwear/Sportswear, etc.	9,628	6.0	10,409	6.4
	Hosiery	2,398	1.5	1,798	1.1
	Other textile goods and related products	5,250	3.2	4,658	2.9
	Total	145,234	90.2	146,945	90.1
Others		15,734	9.8	16,210	9.9
Total		160,968	100.0	163,155	100.0

VII. Summary of Non-Consolidated Financial Statements for the Year Ended March 2005

May 10, 2005

Listed Company: Wacoal Corporation Stock Exchanges: Tokyo, Osaka
Code Number: 3591 Location of Principal Office: Kyoto
(URL http://www.wacoal.co.jp/)
Representative: Position: President and Director
Name: Yoshitaka Tsukamoto
For Inquiries: Position: Corporate Officer, Director of Finance, Corporate Planning
Name: Ikuo Otani Tel: (075) 682-1010
Date of Meeting of Board of Directors to Approve Financial Statements: May 10, 2005
Scheduled Date of Commencement of Dividend Payment: June 30, 2005
Date of Ordinary General Meeting of Shareholders: June 29, 2005
Existence of Interim Dividend System: None
Adoption of Unit Share System: Yes (1 Unit: 1,000 shares)

1. Results for the Year Ended March 2005 (April 1, 2004 to March 31, 2005)

(1) Business Results (Note) Amounts less than 1 million yen have been rounded off.

	Sales		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Year Ended March 2005	128,243	(0.2)	4,111	(28.8)	5,919	(17.2)
Year Ended March 2004	128,496	(0.1)	5,775	(29.3)	7,152	(24.8)

	Net Income		Net Income Per Share	Diluted Net Earnings Per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Sales
	Million Yen		Yen	Yen	%	%	%
Year Ended March 2005	3,098	(23	21.33	-	1.9	3.0	4.6
Year Ended March 2004	4,035	33	27.34	-	2.5	3.7	5.6

(Note) (i) Average number of shares during the year ended:
March 2005: 143,956,284 shares March 2004: 146,226,674 shares
(ii) Changes in accounting method: No
(iii) Percentages indicated under sales, operating income, ordinary income and net income represent the increase/decrease compared to the previous year.

(2) Status of Dividends

	Annual Dividend Per Share	Interim	End of Year	Total Dividends (Annual)	Dividend Tendency	Dividend Ratio for Shareholders' Equity
	Yen	Yen	Yen	Million Yen	%	%
Year Ended March 2005	20.00	-	20.00	2,878	93.8	1.8
Year Ended March 2004	15.00	-	15.00	2,159	53.5	1.3

(3) Financial Status

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
Year Ended March 2005	196,641	162,637	82.7	1,129.67
Year Ended March 2004	198,070	162,311	81.9	1,127.18

(Note) (i) Number of outstanding shares at end of the year:

March 2005: 143,944,440 shares March 2004: 143,963,825 shares

(ii) Number of treasury stock at end of the year:

March 2005: 72,245 shares March 2004: 52,860 shares

2. Forecast of Business Results for the Year Ending March 2006 (April 1, 2005 to March 31, 2006)

	Sales	Current Income	Net Income	Annual Dividend Per Share		
				Interim	End of Year	
	Million Yen	Million Yen	Million Yen	Yen	Yen	Yen
Interim Period	68,500	5,500	3,000	-	-	-
Annual				-	20.00	20.00

(Reference) Expected net income per share (annual basis): ____ yen

(Note) The Company will spin-off all of the operation and become a holding company as of October 1, 2005. Therefore, we will not announce the forecast of non-consolidated business results for the year ending March 2006 as it is difficult to make accurate forecasts as of the date of release.

* The foregoing estimates are made based on information available as of the date this data was released, and actual results may differ from estimates due to various factors arising in the future.

VIII-1. Balance Sheet

Accounts	Current Year As of March 31, 2005		Previous Year As of March 31, 2004		Amounts Increased/Decreased
(Assets)	Million Yen	%	Million Yen	%	Million Yen
I. Current Assets	83,486	42.5	91,602	46.2	(8,115)
Cash and bank deposits	19,165		22,307		(3,142)
Trade notes	287		467		(179)
Trade accounts	15,627		13,975		1,652
Marketable securities	21,065		24,705		(3,640)
Finished products	18,173		17,915		258
Raw materials	244		211		32
Work in process	120		1		119
Materials held by Subcontractors	2,070		1,871		199
Short-term loans	3,800		6,336		(2,536)
Deferred income taxes	3,923		4,055		(131)
Others	536		759		(222)
Reserve for bad debts	(1,530)		(1,005)		(524)
II. Fixed Assets	113,155	57.5	106,468	53.8	6,686
1. Tangible fixed assets	42,520	21.6	41,346	20.9	1,173
Buildings	20,015		20,860		(845)
Structures	407		428		(21)
Machinery	64		16		48
Vehicles	32		34		(1)
Equipment and tools	2,525		2,579		(54)
Land	18,840		17,427		1,413
Temporary account for Construction	634		-		634
2. Intangible fixed assets	3,277	1.7	3,079	1.6	198
Goodwill	91		229		(137)
Leasehold right	585		585		-
Software	2,514		2,179		335
Others	86		84		1
3. Investment and other assets	67,357	34.2	62,042	31.3	5,314
Investment securities	56,465		52,169		4,295
Equity investment in Subsidiaries	6,687		6,067		619
Long-term loans	435		543		(108)
Lease deposits	2,214		1,768		446
Others	1,781		2,362		(580)
Reserve for bad debts	(226)		(869)		642
Total Assets	196,641	100.00	198,070	100.00	(1,429)

Accounts	Current Year As of March 31, 2005		Previous Year As of March 31, 2004		Amounts Increased/Decreased
(Liabilities)	Million Yen	%	Million Yen	%	Million Yen
I. Current Liabilities	26,798	13.6	27,678	14.0	(879)
Notes payable	814		875		(60)
Accounts payable-trade	11,444		10,753		691
Accrued liability	6,887		5,790		1,097
Accrued expenses	418		464		(45)
Accrued corporate taxes, etc.	232		2,442		(2,209)
Accrued bonuses	2,850		3,000		(150)
Allowance for returns	1,650		1,500		150
Others	2,501		2,853		(351)
II. Long-term Liabilities	7,205	3.7	8,081	4.1	(875)
Deferred tax liability	5,107		5,529		(422)
Reserve for retirement benefits	890		1,332		(441)
Reserve for officers retirement benefit	473		464		8
Others	734		755		(20)
Total Liabilities	34,004	17.3	35,759	18.1	(1,755)
(Shareholders' Equity)					
I. Common stock	13,260	6.7	13,260	6.7	-
II. Additional paid-in capital	25,273	12.9	25,273	12.7	-
Capital reserve	25,273		25,273		-
III. Retained earnings	113,522	57.7	112,621	56.9	900
Retained earnings reserve	3,315		3,315		-
Additional paid-in capital	105,271		105,339		(67)
Undistributed profits	4,935		3,967		968
IV. Other securities valuation difference	10,654	5.4	11,205	5.6	(551)
V. Treasury stock	(72)	(0.0)	(49)	(0.0)	(22)
Total Shareholders' Equity	162,637	82.7	162,311	81.9	326
Total Liabilities and Shareholders' Equity	196,641	100.00	198,070	100.00	(1,429)

VIII-2. Income Statement

Accounts	Current Year From April 1, 2004 To March 31, 2005		Previous Year From April 1, 2003 To March 31, 2004		Amounts Increased/Decreased
	Million Yen	%	Million Yen	%	
I. Sales	128,243	100.00	128,496	100.00	(252)
II. Cost of sales	66,738	52.0	65,941	51.3	796
Total income on sales	61,505	48.0	62,554	48.7	(1,049)
III. Selling, general and administrative expenses	57,393	44.8	56,778	44.2	614
Operating income	4,111	3.2	5,775	4.5	(1,664)
IV. Non-operating income	2,019	1.6	1,633	1.3	386
Interest income	218		254		(35)
Dividends received	812		769		42
Others	988		609		378
V. Non-operating expenses	211	0.2	256	0.2	(45)
Interest expense	1		1		(0)
Others	210		255		(44)
Current income	5,919	4.6	7,152	5.6	(1,232)
VI. Extraordinary gains	990	0.8	6,808	5.3	(5,817)
Gains on sales of fixed assets	19		28		(8)
Gain on sale of investment securities	596		1,202		(605)
Gain on transfer of substitutional portion of welfare pension fund	-		5,577		(5,577)
Amended gain on subsidiary support of previous year	374		-		374
VII. Extraordinary loss	1,411	1.1	5,655	4.4	(4,243)
Loss on sale of fixed assets	137		445		(308)
Impairment loss	-		3,046		(3,046)
Valuation loss of investment securities	15		-		15
Additional charge for optional retirement	718		167		551
Pension for subsidiary allowance for doubtful receivables	395		926		(531)
Valuation loss of subsidiary stock	145		466		(321)
Subsidiary support loss	-		603		(603)
Pre-tax net income	5,498	4.3	8,305	6.5	(2,807)
Corporate tax, resident tax and enterprise tax	2,183	1.7	4,008	3.1	(1,824)
Previous fiscal year corporate tax, residence tax, and enterprise tax	-	-	760	0.6	(760)
Adjustment of corporate tax, etc.	216	0.2	(498)	(0.3)	714
Net income	3,098	2.4	4,035	3.1	(937)
Profit carryforwards from previous year	1,837		2,379		(541)
Retirement of treasury stock	-		2,448		(2,448)
Undistributed profits	4,935		3,967		968

VIII-3. Income Statement

Accounts	Current Year From April 1, 2004 To March 31, 2005	Previous Year From April 1, 2003 To March 31, 2004	Amounts Increased/Decreased
	Million Yen	Million Yen	Million Yen
Current year undistributed income	4,935	3,967	968
Liquidated amount of reduced reserve for fixed assets	52	67	(15)
Total	4,987	4,034	953
Dividends to shareholders	2,878	2,159	719
	(20.0 yen per share)	(15.00 yen per share)	
Directors and auditors bonuses	28	37	(9)
(Directors)	(25)	(35)	((9))
(Statutory auditors)	(2)	(2)	
Profit carryforwards to next year	2,081	1,837	243

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<Basic Matters in Preparation of Non-Consolidated Financial Statements>

1. Valuation Standards and Method of Assets

(1) Valuation standards and method of securities

Stock of subsidiaries and affiliated companies: Cost accounting method based on moving average method
Other securities:
Securities with market value: Market value method based on market price on closing day for the end of the year (Variance in valuation is based on method of directly including all shareholders' equity, and cost of sales is calculated based on moving average method)
Securities without market value: Cost accounting method based on moving average method

(2) Valuation standard and method of inventories: Lower cost accounting method based on first-in first-out method

2. Depreciation Method of Fixed Assets

(1) Tangible fixed assets: Constant percentage method (fixed amount method for buildings (excluding fixtures incidental to buildings) acquired on or after April 1, 1998). Durable years for major items are as follows.

Buildings and structures: 5 to 50 years
Machinery and vehicles: 6 to 12 years
Equipment and tools: 5 to 20 years

(2) Intangible fixed assets: Fixed amount method. For the internal use of software in the Company, the fixed amount method based on the available period (5 years) is used.

3. Reserves

(1) Reserve for bad debts: In order to prepare for bad debt loss of accounts receivable and loans receivable, the estimated uncollectable amounts are reserved using the bad debt ratio for general accounts and consideration of collections of individual accounts for those accounts specified as being at risk of becoming uncollectable accounts.

(2) Accrued bonuses: In order to provide bonuses to employees, accrued bonuses are reserved based on the anticipated amount to be paid.

(3) Reserve for adjustment of returned goods: In order to clarify the corresponding relationship of sales and returns, consideration is given to prior returned goods and the estimated loss accompanying future returned goods is reserved.

(4) Reserve for retirement benefits: In order to prepare for retirement benefits for employees, based on retirement pay liabilities and pension assets as of the end of the current year, such amount is reserved.

(5) Reserve for officers retirement benefit: In order to prepare for expenditure of reserve for officers retirement benefit, a necessary year end supply amount based on internal regulations relating to the supply of officers retirement benefit is reserved.

4. Processing Method of Lease Transactions

Finance lease transactions, other than those in which the ownership of the leased item is acknowledged to be transferred to the borrower, are pursuant to accounting procedures based on the method according to an ordinary lease transaction.

5. Material Matters in Preparation of Other Financial Statements

Accounting procedures for consumption tax, etc.

Accounting procedures for consumption tax, etc. is as per the tax-excluded method.

6. <Notes>

		(Current Year)	(Previous Year)
1.	Accumulated depreciation in tangible fixed assets	30,852 million yen	29,603 million yen
2.	Matters relating to lease transactions		
	Financial lease other than transfer of ownership		
(i)	Acquisition cost equivalent, cumulative depreciation equivalent, and year end balance equivalent	(Tools and equipment)	(Tools and equipment)
	Acquisition cost equivalent	56 million yen	417 million yen
	Cumulative depreciation equivalent	45	368
	Year end balance equivalent	10	49
(ii)	Year end balance equivalent of lease obligation		
	Within one year	17 million yen	71 million yen
	Over one year	5	23
	Total	23	94

Since the tangible fixed assets represent a small percentage of the lease obligation, the foregoing amounts have been calculated including interest portion.

		(Current Year)	(Previous Year)
(iii)	Lease fee paid		
	Lease fee paid	71 million yen	149 million yen
	Depreciation expense equivalent	38	105
3.	Breakdown of decrease in number of current year outstanding shares		
	Retirement of treasury stock by profit	- thousand shares	2,600 thousand shares
	Total stock acquisition cost	- million yen	2,448 million yen
4.	Shares of affiliated companies with market value		
	Appropriation on balance sheet	2,699 million yen	2,699 million yen
	Market value	6,201	5,623
	Balance	3,501	2,923
5.	Breakdown of deferred tax assets and deferred tax liabilities		
	Deferred tax assets		
	Inventory valuation	1,041 million yen	1,034 million yen
	Valuation loss on investment securities	891	1,044
	Excess over allowed limit of reserve for retirement benefits	586	471
	Officers retirement benefit	192	190
	Excess over allowed limit of reserve for bonus payment	1,159	1,233
	Excess over allowed limit of reserve for returns as expenses	632	582
	Capitalized supplies	364	390
	Accrued enterprise tax	39	171
	Excess over allowed limit of allowance for doubtful receivables as expense	676	654
	Excess over depreciation and amortization and impairment loss	1,569	1,565
	Others	545	605
	Total deferred tax asset	7,700	7,943
	Deferred tax liabilities		
	Other securities valuation difference	(7,312)	(7,819)
	Reserve for deferred gain on sales of fixed assets	(1,523)	(1,585)
	Others	(47)	(12)
	Total deferred tax liability	(8,883)	(9,417)
	Net deferred tax asset (liability)	(1,183)	(1,473)

6. Difference in corporate and other tax rates between legal tax rate and the legal tax rate after application of tax effect accounting

	(current year)	(previous year)
Legal tax rate	40.7%	41.1%
Reasons increased (decreased)		
Tax deduction	(1.0)	(2.2)
Income excluding profit	(1.9)	(1.0)
Expenses excluding loss	4.7	3.2
Per capita inhabitants tax	1.1	0.7
Previous fiscal year corporate and other taxes	-	9.2
Other	0.1	0.4
Effective corporate and other tax rates after application of tax effect	43.7	51.4

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IX. Changes to Directors and Corporate Officers (June 29, 2005)

The scheduled changes to Directors and Auditors after the conclusion of the 57th Ordinary General Meeting of Shareholders to be held on June 29, 2005 are as follows.

1. Directors

(1) Candidates for new Directors

Kazuo Inamori (Part-time)
Mamoru Ozaki (Part-time)

Messrs. Kazuo Inamori and Mamoru Ozaki are candidates for outside directors as prescribed in Item 7-2, Paragraph 2, Article 188 of the Commercial Code.

(2) Resignation of Directors (scheduled)

Hiroshi Sakagami (Executive Vice President and Director)
Kazuaki Ichihashi (Senior Managing Director)
Susumu Miyamoto (Director)

2. Statutory Auditors

(1) Candidate for new Statutory Auditor

Yoko Takemura (Part-time)

Ms. Yoko Takemura is a candidate for outside statutory auditor as prescribed in Paragraph 1, Article 18 of the Law concerning Special Measures under the Commercial Code with respect to Audit, etc., of Joint Stock Corporations (Kabushiki Kaisha).

Further, after the conclusion of the Ordinary General Meeting, special positions for Directors will be abolished, and the special positions (Senior Corporate Officer, Managing Corporate Officer) will be established for Corporate Officers.

Management and Administrative Organization for the 58th Fiscal Year

New positions for Corporate Officers will be established after the conclusion of the 57th Ordinary General Meeting of Shareholders to be held on June 29, 2005. New management and administrative organization will be as follows:

Director	Corporate Officer	Name	Responsibility
Representative Director	President and Corporate Officer	Yoshikata Tsukamoto	
Director	Senior Corporate Officer (promoted)	Shoichi Suezawa	Corporate Staff
Director	Senior Corporate Officer (promoted)	Yuzo Ito	Block No. 1
Director	Managing Corporate Officer (promoted)	Masayuki Yamamoto	Business Support Staff
Director	Managing Corporate Officer (promoted)	Tatsuya Kondo	General Manager of Direct Marketing Operation Division and in charge of Wellness Department and Housing Design Department
Director (outside director)		Kazuo Inamori	
Director (outside director)		Mamoru Ozaki	
	Managing Corporate Officer (promoted)	Tsuneo Shimizu	General Manager of Wacoal Brand Operation Division
	Corporate Officer	Ikuo Otani	General Manager of Corporate Planning Division
	Corporate Officer	Tadashi Yamamoto	General Manager of Personnel and Administration Department
	Corporate Officer	Ichiro Katsura	Chief of President's Office
	Corporate Officer	Akio Shinozaki	Chief of Human Science Research Center
	Corporate Officer	Ryu Yamada	Chief of Marketing Control Office
	Corporate Officer	Tsutomu Fukui	General Manager of Technology and Production Strategy Division
	Corporate Officer	Junichiro Sato	General Manager of Distribution Control Department and President of Wacoal Distribution Corp.
	Corporate Officer	Tadashi Yamamoto	General Manager of International Operation Division
	Corporate Officer	Nobuhiro Matsuda	General Manager of Management Control Department, Wacoal Brand Operation Division
	Corporate Officer	Hiroshi Hyogo	General Manager of Innerwear Control Department, Wacoal Brand Operation Division
	Corporate Officer	Kimiaki Shiraishi	General Manager of Department Store Control Department, Wacoal Brand Operation Division
	Corporate Officer	Minehiro Sato	Deputy General Manager of Department Store Control Department, Wacoal Brand Operation Division
	Corporate Officer	Masami Itaya	General Manager of Specialty Store Control Department, Wacoal Brand Operation Division
	Corporate Officer	Shigeki Honma	General Manager of Chain Store Control Office, Wacoal Brand Operation Division
	Corporate Officer	Hironobu Yasuhara	General Manager of Wing Brand Operation Division
	Corporate Officer	Masakazu Kitagawa	General Manager of Kyoto Sales Office,

			Wing Brand Operation Division
	Corporate Officer	Masahiro Joshin	General Manager of Tokyo Sales Office, Wing Brand Operation Division
Statutory Auditor		Michihiko Kato	
Statutory Auditor		Hajime Kotake	
Statutory Auditor (outside statutory auditor)		Riichiro Okano	
Statutory Auditor (outside statutory auditor)		Noboru Unabara	
Statutory Auditor (outside statutory auditor)		Yoko Takemura	

Reference Material for the Financial Statements for the Fiscal Year Ended March 31, 2005

I. Consolidated Result

I-1. Changes in business results (five fiscal years)

(Unit: Million Yen)

	Fiscal Year ended March 31				
	2001	2002	2003	2004	2005
Sales	162,023	162,829	163,709	163,155	160,968
Cost of sales	87,493	86,567	85,306	84,638	84,041
Percentage of cost in sales	54.0%	53.2%	52.1%	51.9%	52.2%
Selling, general and administrative expenses (Note)	64,906	69,076	70,583	72,927	72,261
Percentage of selling, general and administrative expenses in sales	40.1%	42.4%	43.1%	44.7%	44.9%
Government subsidy	—	—	—	—	7,100
Operating income	9,624	7,186	7,264	3,016	11,766
Net income	10,889	4,983	2,898	2,902	6,790

(Note) Selling, general and administrative expenses does not include impairment charges on long-lived assets (fiscal year ended March 31, 2003 556 million yen, fiscal year ended March 31, 2004 2,574 million yen).

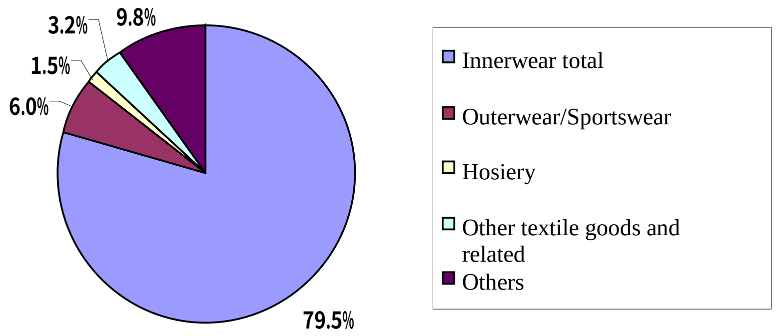
I-2. Changes in sales by product category (five fiscal years)

(Unit: Million Yen, %)

	Fiscal Year ended March 31														
	2001			2002			2003			2004			2005		
	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period
Foundation and lingerie	115,072	71.0	97	116,096	71.3	101	116,741	71.3	101	115,674	70.9	99	114,895	71.4	99
Nightwear	12,634	7.8	96	12,714	7.8	101	12,710	7.8	100	11,823	7.2	93	10,746	6.7	91
Children's underwear	2,755	1.7	90	2,470	1.5	90	2,515	1.5	102	2,583	1.6	103	2,317	1.4	90
Innerwear Subtotal	130,461	80.5	97	131,280	80.6	101	131,966	80.6	101	130,080	79.7	99	127,958	79.5	98
Outerwear/Sportswear, etc.	9,337	5.8	95	9,588	5.9	103	9,440	5.8	98	10,409	6.4	110	9,628	6.0	92
Hosiery	1,638	1.0	95	1,777	1.1	108	1,672	1.0	94	1,798	1.1	108	2,398	1.5	133
Other textile goods and related products	4,282	2.6	88	3,793	2.3	89	4,299	2.6	113	4,658	2.9	108	5,250	3.2	113
Others	16,305	10.1	108	16,391	10.1	101	16,332	10.0	100	16,210	9.9	99	15,734	9.8	97
Total	162,023	100.0	98	162,829	100.0	100	163,709	100.0	101	163,155	100.0	100	160,968	100.0	99

("Others" include mannequins, shop design and implementation, restaurant, culture, services, etc.)

Percentage of sales by product category (fiscal year ended March 31, 2005)



II. Non-Consolidated Result

II-1. Changes in business results (five fiscal years)

(Unit: Million Yen)

	Fiscal Year ended March 31				
	2001	2002	2003	2004	2005
Sales	128,566	128,431	128,641	128,496	128,243
Cost of sales	67,081	67,069	66,296	65,941	66,738
Percentage of cost in sales	52.2%	52.2%	51.5%	51.3%	52.0%
Selling, general and administrative expenses	53,427	53,607	54,175	56,778	57,393
Percentage of selling, general and administrative expenses in sales	41.5%	41.8%	42.1%	44.2%	44.8%
Operating income	8,057	7,754	8,169	5,775	4,111
Net income	4,741	4,804	3,013	4,035	3,098

II-2. Changes in sales by sales channels (five fiscal years)

(Unit: Million Yen, %)

	Fiscal Year ended March 31														
	2001			2002			2003			2004			2005		
	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period	Amount	Percentage	Percentage over the previous period
Department stores	46,503	36.2%	92	47,678	37.1%	103	47,488	36.9%	100	44,428	34.6%	94	42,940	33.5%	97
General merchandising stores	46,105	35.9%	103	45,739	35.6%	99	46,912	36.5%	103	46,544	36.2%	99	47,697	37.2%	102
Boutiques and retail stores	18,698	14.5%	89	17,881	13.9%	96	16,605	12.9%	93	16,382	12.7%	99	16,152	12.6%	99
Mail order, direct sales and others	17,260	13.4%	112	17,133	13.3%	99	17,636	13.7%	103	21,142	16.5%	120	21,454	16.7%	101
Total	128,566	100.0%	97	128,431	100.0%	100	128,641	100.0%	100	128,496	100.0%	100	128,243	100.0%	100

* “Mail order, direct sales and others” include sales at the company’s own stores, catalogue sales, Remamma, Dublevé and cultural projects.