

Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2009

[U.S. Accounting Standards]

July 30, 2008

Listed Company: Wacoal Holdings Corp.
 Code Number: 3591 (URL: <http://www.wacoalholdings.jp/ir/>)
 Representative: Position: President and Representative Director
 Name: Yoshikata Tsukamoto
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(Amounts less than 1 million yen have been rounded)

1. First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 – June 30, 2008)

(1) Consolidated Business Results

(% indicates changes from the same period of the previous fiscal year)

| | Sales | | Operating Income | | Pre-tax Net Income | | Net Income | |
|-----------------------------------|-------------|-----|------------------|-----|--------------------|------|-------------|------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| First Quarter ended June 30, 2008 | 42,004 | – | 2,397 | – | 1,861 | – | 1,279 | – |
| First Quarter ended June 30, 2007 | 41,201 | 4.1 | 4,143 | 8.7 | 5,187 | 21.8 | 3,469 | 25.1 |

| | Net Income Per Share | Diluted Net Earnings Per Share |
|-----------------------------------|----------------------|--------------------------------|
| | Yen | Yen |
| First Quarter ended June 30, 2008 | 8.92 | – |
| First Quarter ended June 30, 2007 | 24.68 | – |

(2) Consolidated Financial Condition

| | Total Assets | Total Shareholders' Equity | Total Shareholders' Equity Ratio | Shareholders' Equity Per Share |
|-----------------------------------|--------------|----------------------------|----------------------------------|--------------------------------|
| | Million Yen | Million Yen | % | Yen |
| First Quarter ended June 30, 2008 | 233,947 | 181,215 | 77.5 | 1,264.24 |
| First Quarter ended June 30, 2007 | 241,619 | 185,113 | 76.6 | 1,291.41 |

2. Status of Dividends

| (Record Date) | Dividend Per Share | | | | |
|---|----------------------|-----------------------|----------------------|----------|--------|
| | End of First Quarter | End of Second Quarter | End of Third Quarter | Year-End | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal Year Ended March 31, 2008 | – | – | – | 25.00 | 25.00 |
| Fiscal Year Ending March 31, 2009 | – | – | – | – | – |
| Fiscal Year Ending March 31, 2009 (Estimates) | – | – | – | 25.00 | 25.00 |

(Note) Revision of estimated dividends during the First Quarter: None

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2009 (April 1, 2008 - March 31, 2008)

(% indicates changes from prior fiscal year for annual and from six-month period ended September 30, 2007 for the six-month period)

| | Sales | | Operating Income | | Pre-tax Net Income | | Net Income | | Net Income Per Share |
|--|-------------|------|------------------|--------|--------------------|--------|-------------|------|----------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| Six-Month Period Ending September 30, 2008 | 92,000 | 8.9 | 7,400 | (17.6) | 5,800 | (43.1) | 3,500 | 86.7 | 24.42 |
| Annual | 183,000 | 10.4 | 12,500 | (7.7) | 11,200 | (22.0) | 7,000 | 41.0 | 48.83 |

(Note) Revision of forecast of consolidated business results during the First Quarter: None

4. Others

- (1) Changes in significant subsidiaries in the first quarter of the current fiscal year (change in scope of consolidation): None
- (2) Application of simplified accounting methods and specific accounting methods in preparing quarterly consolidated financial statements: Yes
(Note) For details, please see Section 4 “Others” in the “Qualitative Information / Financial Statements” on page 6.
- (3) Changes in accounting principles, procedures and indication method relevant in preparing quarterly consolidated financial statements (those indicated as changes in basic significant matters in preparation of quarterly consolidated financial statements):
 - (i) Changes due to modifications in accounting standards, etc.: Yes
 - (ii) Changes other than (i) above: None
 (Note) For details, please see Section 4 “Others” in the “Qualitative Information / Financial Statements” on page 6.
- (4) Number of Issued Shares (Common Stock)

| | First Quarter ended June 30, 2008 | Fiscal Year ended March 31, 2008 |
|---|--------------------------------------|---|
| (i) Number of issued shares (including treasury stock) as of the end of: | 143,378,085 shares | 143,378,085 shares |
| (ii) Number of shares held as treasury stock as of the end of: | 39,384 shares | 35,998 shares |
| (iii) Average number of shares during (Consolidated First Quarter ended June 30): | 143,339,937 shares | 140,575,384 shares (First Quarter ended June 30, 2007) |

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

Please see Section 3 “Qualitative Information regarding Forecast of Consolidated Business Results” on page 5.

Cautionary Statement regarding Forward Looking Statements

Statements made in this report regarding Wacoal’s or management’s intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on Wacoal’s and managements’ current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding fiscal year 2009 revenues and operating and net profitability, are subject to various risks, uncertainties and other factors that could cause Wacoal’s actual results to differ materially from those contained in any forward-looking statement.

These risks, uncertainties and other factors include: the impact of weak consumer spending in Japan and our other markets on our sales and profitability; the impact on our business of anticipated continued weakness of department stores and other general retailers in Japan; our ability to successfully develop, manufacture and market products in Japan and our other markets that meet the changing tastes and needs of consumers, including younger women and mature women and to deliver high quality products; the highly competitive nature of our business and the strength of our competitors; our ability

to successfully expand our network of specialty retail stores and achieve profitable operations at these stores; our ability to further develop our catalog and Internet sales capabilities; our ability to effectively manage our inventory levels; our ability to reduce costs by consolidating our activities in Japan, increasing our product sourcing and manufacturing in lower-cost countries such as China and Vietnam, and other efforts to reduce costs; effects of seasonality on our business and performance; risks related to conducting our business internationally, including political and economic instability, unexpected legal or regulatory changes, changes in tax laws, difficulties managing widespread operations, changes in exchange rates, differing protection of intellectual property and public health crises; risks from acquisitions and other strategic transactions with third parties, including the difficulty of assimilating operations, technology and personnel of any acquired business and our ability to retain management, employees, customers and suppliers of any acquired business; the impact of weakness in the Japanese equity markets on our holdings of Japanese equity securities; and the impact of any natural disaster or epidemic on our business; and other risks referred to from time to time in Wacoal's filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission.

QUALITATIVE INFORMATION / FINANCIAL STATEMENTS

1. Qualitative Information Regarding Consolidated Business Results

During the first quarter of the current fiscal year, a stagnation in corporate profits due to the economic slowdown in the U.S. and steep rises in the price of crude oil have led to a deceleration of the Japanese economy. Consumer activity also continued to struggle as consumer confidence has been hit by increases in gasoline and food prices. Domestically, business results have been sluggish across many sectors, including department stores and mass merchandisers, due to a decline in consumer spending as a result of a growing anxiety among consumers and focus on their basic living needs. Results in the women's fashion and clothing industry have also been slow.

In this environment, our group (primarily Wacoal Corp., which is the core operating entity in our group) sought to improve the strength of its products and endeavored to develop products that are sensitive to market trends.

In Wacoal Corp.'s Wacoal brand business department, sales of our spring campaign product, LALAN, were below plan. Although LALAN products launched during the summer showed performance that was more in line with expectations, sales of LALAN products overall were significantly below our initial plan due to the poor spring results. On the other hand, we prepared a sales plan based on the results of the previous fiscal year for our new functionality underwear Style Science series, the sales of which declined significantly during the previous fiscal year. As a result, sales of our Style Science series exceeded our expectations. The overall sales of our high value-added brand products, however, which target the middle-aged and senior markets, were weak. As a result of these factors, the overall sales of our Wacoal brand business department were below the results from the previous fiscal year due to the overall decline in the sales of our core brassieres products, including the campaign products.

In our Wing brand business department, although our spring campaign products, V-Style Bra and New Natural Up Bra, achieved our sales plan, the sales of our summer campaign product Sara Hada Bra were below our initial sales plan, and sales of other brassiere products were weak as well. Our Style Science series exceeded our initial sales plan, but did not achieve the same level of sales as the previous fiscal year. The Cross-Walker, a Style Science product for men, showed favorable sales and achieved our initial annual sales plan within approximately three months of launch. For this reason, we expect this line to expand in the future. Assisted by the favorable Cross-Walker performance, the overall sales of the Wing brand business department remained unchanged from the results of the previous fiscal year.

Regarding our specialty retail store business conducted through Wacoal Corp.'s direct retail store business and our Une Nana Cool subsidiary, both exceeded the results from the previous fiscal year.

As for our catalog sales business, sales significantly exceeded the results from the previous fiscal year due to strong Internet sales and success in our catalog promotion which resulted in the acquisition of new consumers and an increase in average spending per customer.

During the previous fiscal year, Peach John Co., Ltd. ("Peach John") became a wholly owned subsidiary. Although order intake numbers for the spring and summer catalogs declined, catalog sales exceeded the results from the previous fiscal year due to an improvement in the number of summer catalog products. On the other hand, with respect to direct retail stores, the sales of the existing shops were weak and fell below the results from the previous fiscal year. As a result, the overall sales of Peach John remained unchanged from the results of the previous fiscal year.

As for our overseas business, despite factors such as the economic slowdown, a decline in over-the-counter sales followed by a decline in consumer spending and inventory adjustments, sales in the United States were unchanged from the previous fiscal year on a local currency basis. However, U.S. sales declined on a yen basis due to the effect of foreign currency exchange. Earnings were thus down significantly due to the decrease in sales on a yen basis and decreased profitability as a result of store discounts. Our business in China continued to show steady performance as it did in the previous fiscal year. In addition to the expansion of Wacoal brand products, we have begun to expand our youth-oriented brand, Amphi, and endeavored to strengthen its product appeal. Furthermore, starting this July, we have signed up Ayumi Hamasaki, an artist who is popular in Japan, China and other Asian countries, as our new image girl for a joint marketing promotion in Asian countries. In China, in addition to the marketing promotion with Ayumi Hamasaki, we are also working to improve our brand recognition and expand market share by actively expanding our store spaces.

As a result, consolidated business results for the first quarter of the current fiscal year were as follows: sales were 42,004 million yen (an increase of 1.9% from the same period of the previous fiscal year); operating income was 2,397 million yen (a decrease of 42.1% from the same period of the previous fiscal year); income before equity in net income of affiliated companies and minority interests was 1,861 million yen (a decrease of 64.1% from the same period of the previous fiscal year); and net income was 1,279 million yen (a decrease of 63.1% from the same period of the previous fiscal year). The overall cost to sales ratio in the current first quarter improved 0.4% from the previous fiscal year as a

result of a reduction in Wacoal Corp.'s store inventory and a decrease of returned products. On the other hand, income has significantly decreased at each level compared to the results from the previous fiscal year. The decrease in our operating income was due to several factors, including an increase of approximately 20 million yen for pension expenses of Wacoal Corp., a decrease of approximately 70 million yen in sales for the first quarter of the current fiscal year because a slight delay in our promotional sale will push some of the resulting sales into the second quarter of the current fiscal year, a loss of approximately 60 million yen in connection with the dissolution of Tokai Wacoal Sewing Corp. as of the end of June and the effect of a one time gain of approximately 20 million yen during the first quarter of the previous fiscal year from the sale of fixed assets. Our income before equity in net income of affiliated companies and minority interests was affected mainly by approximately 1 billion yen of valuation loss on investment in securities as a result of the decline in stock prices of shares held by the Company as well as the effect of a one time gain of approximately 50 million yen from the sale of investment securities during the first quarter of the previous fiscal year. These special factors and one-time events have been incorporated into our forecast of consolidated business results released on May 9, 2008.

2. Qualitative Information regarding Consolidated Financial Condition

(1) Status of Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated first quarter was 233,947 million yen, a decrease of 7,672 million yen from the end of previous consolidated fiscal year, as a result of a decrease in time deposits and certificates of deposit and a decrease in investments in affiliated companies due to currency exchange fluctuations.

In terms of liabilities, our current liabilities were 50,528 million yen, a decrease of 3,627 million yen from the end of previous consolidated fiscal year, as a result of decreases in accounts payable, accrued bonuses in connection with summer bonuses, and accrued taxes due to the payment of corporate taxes, etc.

Shareholders' equity was 181,215 million yen, a decrease of 3,898 million yen from the end of previous fiscal year due to the payment of dividends and foreign currency exchange adjustments.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated first quarter was 77.5%, an increase of 0.9% from the end of previous fiscal year.

(2) Cash Flow Status

Cash and cash equivalents as of the end of the first quarter of the current fiscal year were 22,127 million yen, a decrease of 5,916 million yen from the end of the previous consolidated fiscal year.

(Cash Flow Used in Operating Activities)

Cash flow used in operating activities was 1,123 million yen due to an increase in inventories and the payment of bonuses and corporate taxes which more than offset contributions from net income and depreciation and amortization.

(Cash Flow Provided by Investing Activities)

Cash flow provided by investing activities was 114 million yen due to proceeds from the redemption of marketable securities.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 4,283 million yen due to a cash dividend payment.

3. Qualitative Information regarding Forecast of Consolidated Business Results

We have not amended our forecast of consolidated business results released on May 9, 2008.

The economic slowdown is gradually accelerating due to the sub-prime mortgage crisis, steep rises in the price of crude oil, foreign currency fluctuations and increased inflation concerns around the world, and we expect that we will continue to face a difficult business environment, including a decline in consumer spending.

As for our domestic business, we will continue to make efforts to develop and further expand the sales of our LALAN products and our Wacoal brand campaign brassieres despite the difficult business environment. As for our new functionality underwear Style Science series, we will develop Cross-Walker products for women and will aim to achieve

synergetic effect and try to continue expanding sales through television advertising to market the products both for men and women and conduct joint store campaigns.

During the autumn/winter season this year, we expect that the interest of consumers in saving energy and in thermal garments will be enhanced due to the inflating oil prices. Therefore, we plan to expand our Sugoi line, a line of lingerie which recorded sales largely exceeding our expectations during the previous fiscal year, to include garments for men and children, and will aim to exceed the level of sales recorded during the previous fiscal year.

As for our overseas business, Wacoal Luxe, our brand sold at upscale department stores, gained the support of our business partners and is showing steady sales in the United States. We will also make efforts to improve our profit margin and restore our business performance by reducing the cost of materials. We will also strengthen our efforts in China by opening shops for our youth orientated brand, Amphi, which has entered full-fledged development, through a three-brand structure, including the high value-added brand Salute. We will thereby meet the needs of our diversified consumers and further aim to penetrate the Chinese market with the Wacoal brand and expand market share by actively developing our advertising activities with Ayumi Hamasaki, the new image girl of Wacoal.

4. Others

- (1) Changes in significant subsidiaries in the first quarter of the current fiscal year (change in scope of consolidation): Not applicable.
- (2) Application of simplified accounting methods and specific accounting methods in preparing quarterly consolidated financial statements: Not applicable.
- (3) Changes in accounting principles, procedures and indication method relevant in preparing quarterly consolidated financial statements:

- (i) Fair Value Measurements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Standard No. 157, “Fair Value Measurements”. FASB Standard No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. FASB Standard No. 157 is applicable under other accounting standards which demand or accept fair value measurements and therefore is not intended to introduce new fair value measurements. FASB Standard No. 157 will be effective for our financial statements for the current consolidated fiscal year. The adoption of FASB Standard No. 157 is not expected to have a material impact on the Company’s financial position, business results or cash flow status.

- (ii) Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FSAB Standard No. 115

In February 2007, the FASB issued FASB Standard No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Standard No. 115”. FASB Standard No. 159 permits an entity to choose to measure certain financial assets and liabilities at fair value with changes in fair value recognized through earnings. FASB Standard No. 159 also prescribes the terms for indications and disclosures in order to simplify comparisons among entities that adopt different measuring method for similar assets and/or liabilities. FASB Standard No. 159 will be effective for our financial statements for the current consolidated fiscal year. However, the Company has chosen not to elect the fair value option for financial assets and financial liabilities and, for this reason, the adoption of this statement will not have an impact on the Company’s financial position, business results and cash flow status.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

| Accounts | Current Consolidated First Quarter as of June 30, 2008 | Previous Fiscal Year as of March 31, 2008 | Increase/(Decrease) |
|---|--|--|---------------------|
| (Assets) | Million Yen | Million Yen | Million Yen |
| I. Current assets: | | | |
| Cash and bank deposits | 15,209 | 15,857 | (648) |
| Time deposits and certificate of deposit | 6,918 | 12,186 | (5,268) |
| Marketable securities | 11,403 | 12,614 | (1,211) |
| Receivables: | | | |
| Notes receivable | 509 | 353 | 156 |
| Accounts receivable - trade | <u>20,183</u> | <u>22,337</u> | <u>(2,154)</u> |
| | 20,692 | 22,690 | (1,998) |
| Allowance for returns and doubtful receivables | <u>(3,202)</u> | <u>(3,145)</u> | <u>(57)</u> |
| | 17,490 | 19,545 | (2,055) |
| Inventories | 30,986 | 30,020 | 966 |
| Deferred tax assets | 6,050 | 5,411 | 639 |
| Other current assets | 3,200 | 3,212 | (12) |
| Total current assets | 91,256 | 98,845 | (7,589) |
| II. Tangible fixed assets: | | | |
| Land | 20,582 | 20,711 | (129) |
| Buildings and structures | 58,246 | 58,575 | (329) |
| Machinery and equipment | 14,014 | 14,448 | (434) |
| Construction in progress | <u>40</u> | <u>99</u> | <u>(59)</u> |
| | 92,882 | 93,833 | (951) |
| Accumulated depreciation | (42,347) | (42,285) | (62) |
| Net tangible fixed assets | 50,535 | 51,548 | (1,013) |
| III. Other assets: | | | |
| Investments in affiliated companies | 17,005 | 18,942 | (1,937) |
| Investments | 39,649 | 38,056 | 1,593 |
| Goodwill | 11,203 | 11,203 | - |
| Other intangible fixed assets | 12,767 | 13,216 | (449) |
| Prepaid pension cost | 4,910 | 3,444 | 1,466 |
| Deferred tax assets | 1,117 | 1,462 | (345) |
| Others | 5,505 | 4,903 | 602 |
| Total other assets | 92,156 | 91,226 | 930 |
| Total Assets | 233,947 | 241,619 | (7,672) |

| Accounts | Current Consolidated First Quarter as of June 30, 2008 | Previous Fiscal Year as of March 31, 2008 | Increase/(Decrease) |
|---|--|--|---------------------|
| (Liabilities) | Million Yen | Million Yen | Million Yen |
| I. Current liabilities: | | | |
| Short-term bank loans | 4,866 | 5,572 | (706) |
| Payables: | | | |
| Notes payable | 2,340 | 1,935 | 405 |
| Accounts payable - trade | <u>9,426</u> | <u>9,394</u> | <u>32</u> |
| | 11,766 | 11,329 | 437 |
| Accounts payable | 4,778 | 6,327 | (1,549) |
| Accrued payroll and bonuses | 5,075 | 6,645 | (1,570) |
| Accrued taxes | 1,631 | 3,872 | (2,241) |
| Other current liabilities | 3,643 | 2,265 | 1,378 |
| Total current liabilities | 31,759 | 36,010 | (4,251) |
| II. Long-term liabilities: | | | |
| Reserves for retirement benefits | 2,093 | 2,181 | (88) |
| Deferred tax liabilities | 15,284 | 14,527 | 757 |
| Other long-term liabilities | 1,392 | 1,437 | (45) |
| Total long-term liabilities | 18,769 | 18,145 | 624 |
| (Minority Interests) | | | |
| Minority interests | 2,204 | 2,351 | (147) |
| (Shareholders' Equity) | | | |
| I. Common stock | 13,260 | 13,260 | - |
| II. Additional paid-in capital | 29,262 | 29,262 | - |
| III. Retained earnings | 134,284 | 136,589 | (2,305) |
| IV. Accumulated other comprehensive income (loss): | | | |
| Foreign currency exchange adjustment | (3,813) | 248 | (4,061) |
| Unrealized gain/(loss) on securities | 7,108 | 5,295 | 1,813 |
| Pension liability adjustment | 1,174 | 514 | 660 |
| V. Treasury stock | (60) | (55) | (5) |
| Total shareholders' equity | 181,215 | 185,113 | (3,898) |
| Total liabilities, minority interests and shareholders' equity | 233,947 | 241,619 | (7,672) |

(2) Consolidated Quarterly Income Statements

[Consolidated First Quarter]

| Accounts | Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008) | | Consolidated First Quarter of Previous Fiscal Year (April 1, 2007 to June 30, 2007) | | Increase/ (Decrease) |
|---|--|-------|--|-------|-------------------------|
| | Million Yen | % | Million Yen | % | |
| I. Sales | 42,004 | 100.0 | 41,201 | 100.0 | 803 |
| II. Operating expenses | | | | | |
| Cost of sales | 20,202 | 48.1 | 19,975 | 48.5 | 227 |
| Selling, general and administrative expenses | 19,405 | 46.2 | 17,083 | 41.4 | 2,322 |
| Total operating expenses | 39,607 | 94.3 | 37,058 | 89.9 | 2,549 |
| Operating income | 2,397 | 5.7 | 4,143 | 10.1 | (1,746) |
| III. Other income and (expenses): | | | | | |
| Interest income | 65 | 0.2 | 62 | 0.1 | 3 |
| Interest expense | (21) | (0.0) | (16) | (0.0) | (5) |
| Dividend income | 413 | 1.0 | 352 | 0.9 | 61 |
| Gain on sale and exchange of marketable securities and/or investment securities | 2 | 0.0 | 556 | 1.3 | (554) |
| Valuation loss on investment in securities | (1,026) | (2.5) | (6) | (0.0) | (1,020) |
| Other profit and (loss), net | 31 | 0.0 | 96 | 0.2 | (65) |
| Total other income (expenses) | (536) | (1.3) | 1,044 | 2.5 | (1,580) |
| Income before income taxes, equity in net income of affiliated companies and minority interests | 1,861 | 4.4 | 5,187 | 12.6 | (3,326) |
| Income taxes | 921 | 2.2 | 2,184 | 5.3 | (1,263) |
| Income before equity in net income of affiliated companies and minority interests | 940 | 2.2 | 3,003 | 7.3 | (2,063) |
| Equity in net income of affiliated companies | 381 | 0.9 | 503 | 1.2 | (122) |
| Minority interests | (42) | (0.1) | (37) | (0.1) | (5) |
| Net income | 1,279 | 3.0 | 3,469 | 8.4 | (2,190) |
| Earnings per share | 8.92 yen | | 24.68 yen | | |

(Note) Applying Statement of Financial Accounting Standards No. 130: Reporting Comprehensive Income, the increase/decrease of capital accounts other than capital transactions (comprehensive income) for (1) the first quarter of the fiscal year ending March 31, 2009 and (2) the first quarter of the fiscal year ended March 31, 2008 was a decrease of 309 million yen and an increase of 3,945 million yen, respectively.

(3) Consolidated Cash Flow Statements

| Accounts | Current Consolidated First Quarter (April 1, 2008 to June 30, 2008) | Previous Consolidated First Quarter (April 1, 2007 to June 30, 2007) |
|---|---|--|
| | Million Yen | Million Yen |
| I. Operating activities | | |
| 1. Net income | 1,279 | 3,469 |
| 2. Adjustments of net income to cash flow from operating activities | | |
| (1) Depreciation and amortization | 1,042 | 934 |
| (2) Allowance for returns and doubtful receivables | 144 | (367) |
| (3) Deferred taxes | (879) | 599 |
| (4) Gain/(loss) on sale of fixed assets | 32 | (206) |
| (5) Impairment loss on fixed assets | 29 | - |
| (6) Valuation loss on investment in securities | 1,026 | 6 |
| (7) Gain (loss) on sale and exchange of marketable securities and investment securities | (2) | (556) |
| (8) Equity in net income of affiliated companies (after dividend income) | (171) | (137) |
| (9) Changes in assets and liabilities | | |
| Decrease in receivables | 1,629 | 532 |
| Increase in inventories | (1,696) | (403) |
| Decrease (increase) in other current assets | (63) | 105 |
| Decrease in payables and accounts payable | (375) | (2,946) |
| Decrease in reserves for retirement benefits | (432) | (626) |
| Increase (decrease) in accrued expenses and other liabilities | (2,359) | 395 |
| (10) Others | (327) | 44 |
| Net cash flow from (used in) operating activities | (1,123) | 843 |
| II. Investing activities | | |
| 1. Proceeds from sales and redemption of marketable securities | 1,304 | 2,300 |
| 2. Acquisition of marketable securities | (83) | (1,999) |
| 3. Proceeds from sales of fixed assets | 77 | 346 |
| 4. Acquisition of tangible fixed assets | (907) | (451) |
| 5. Acquisition of intangible fixed assets | (214) | (119) |
| 6. Proceeds from sale of investments | - | 1,328 |
| 7. Acquisition of investments | (2) | (502) |
| 8. Others | (61) | (40) |
| Net cash flow provided by (used in) investing activities | 114 | 863 |
| III. Financing activities | | |
| 1. Net increase (decrease) in short-term bank loans | (694) | (441) |
| 2. Purchase of treasury stock | (5) | (4) |
| 3. Dividends paid in cash | (3,584) | (3,093) |
| Net cash flow provided by (used in) financing activities | (4,283) | (3,538) |
| IV. Effect of exchange rate on cash and cash equivalents | (624) | (125) |
| V. Increase (decrease) in cash and cash equivalents | (5,916) | (1,957) |
| VI. Initial balance of cash and cash equivalents | 28,043 | 19,816 |
| VII. Period end balance of cash and cash equivalents | 22,127 | 17,859 |

Additional Information

| | | |
|--|-------|-----|
| Cash paid for: | | |
| Interest | 16 | 16 |
| Income taxes, etc. | 3,751 | 428 |
| Investment activities without cash disbursement: | | |
| Acquisition amount of investment securities through stock swap | 9 | - |

(4) Notes on Going Concern

Not applicable.

(5) Segment Information**(i) Segment Information by Type of Business**

Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)

(Unit: Million Yen)

| | Textile goods and related products | Others | Total | Elimination or corporate | Consolidated |
|-----------------------------------|------------------------------------|--------|--------|--------------------------|--------------|
| Sales | | | | | |
| (1) Sales to outside customers | 39,341 | 2,663 | 42,004 | — | 42,004 |
| (2) Internal sales among segments | — | 847 | 847 | (847) | — |
| Total | 39,341 | 3,510 | 42,851 | (847) | 42,004 |
| Total operating expenses | 36,553 | 3,628 | 40,181 | (574) | 39,607 |
| Operating income (loss) | 2,788 | (118) | 2,670 | (273) | 2,397 |

Previous Consolidated First Quarter (From April 1, 2007 to June 30, 2007)

(Unit: Million Yen)

| | Textile goods and related products | Others | Total | Elimination or corporate | Consolidated |
|-----------------------------------|------------------------------------|--------|--------|--------------------------|--------------|
| Sales | | | | | |
| (1) Sales to outside customers | 38,206 | 2,995 | 41,201 | — | 41,201 |
| (2) Internal sales among segments | — | 881 | 881 | (881) | — |
| Total | 38,206 | 3,876 | 42,082 | (881) | 41,201 |
| Total operating expenses | 33,778 | 3,977 | 37,755 | (697) | 37,058 |
| Operating income (loss) | 4,428 | (101) | 4,327 | (184) | 4,143 |

- (Note) 1. Based on the type, quality, and similarity in sales markets for their respective products, we divide our businesses into two segments: (1) textile goods and related products and (2) others.
2. Core products of the 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.

(ii) Segment Information by Location

Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)

(Unit: Million Yen)

| | Japan | Asia | Europe/U.S. | Total | Elimination or corporate | Consolidated |
|-----------------------------------|--------|-------|-------------|--------|--------------------------|--------------|
| Sales | | | | | | |
| (1) Sales to outside customers | 36,116 | 1,967 | 3,921 | 42,004 | — | 42,004 |
| (2) Internal sales among segments | 319 | 2,094 | — | 2,413 | (2,413) | — |
| Total | 36,435 | 4,061 | 3,921 | 44,417 | (2,413) | 42,004 |
| Total operating expenses | 34,680 | 3,589 | 3,478 | 41,747 | (2,140) | 39,607 |
| Operating income | 1,755 | 472 | 443 | 2,670 | (273) | 2,397 |

Previous Consolidated First Quarter (From April 1, 2007 to June 30, 2007)

(Unit: Million Yen)

| | Japan | Asia | Europe/U.S. | Total | Elimination or corporate | Consolidated |
|-----------------------------------|--------|-------|-------------|--------|--------------------------|--------------|
| Sales | | | | | | |
| (1) Sales to outside customers | 34,759 | 1,997 | 4,445 | 41,201 | — | 41,201 |
| (2) Internal sales among segments | 286 | 1,594 | — | 1,880 | (1,880) | — |
| Total | 35,045 | 3,591 | 4,445 | 43,081 | (1,880) | 41,201 |
| Total operating expenses | 31,663 | 3,319 | 3,772 | 38,754 | (1,696) | 37,058 |
| Operating income | 3,382 | 272 | 673 | 4,327 | (184) | 4,143 |

- (Note) 1. Countries or areas are classified according to geographical proximity.
2. Major countries and areas included in the respective segments other than Japan:
Asia: various countries of East Asia and Southeast Asia
Europe/U.S.: the U.S. and various European countries

(iii) Overseas Sales

Current Consolidated First Quarter (From April 1, 2008 to June 30, 2008)

(Unit: Million Yen)

| | Asia | Europe/U.S. | Total |
|--|-------|-------------|--------|
| I. Overseas sales | 1,967 | 3,921 | 5,888 |
| II. Consolidated sales | — | — | 42,004 |
| III. Ratio of overseas sales in consolidated sales | 4.7% | 9.3% | 14.0% |

Previous Consolidated First Quarter (From April 1, 2007 to June 30, 2007)

(Unit: Million Yen)

| | Asia | Europe/U.S. | Total |
|--|-------|-------------|--------|
| I. Overseas sales | 1,997 | 4,445 | 6,442 |
| II. Consolidated sales | — | — | 41,201 |
| III. Ratio of overseas sales in consolidated sales | 4.8% | 10.8% | 15.6% |

- (Note) 1. Countries or areas are classified according to geographical proximity.
2. Major countries and areas included in the respective segments other than Japan:
Asia: various countries of East Asia and Southeast Asia
Europe/U.S.: the U.S. and various European countries

(6) Notes on Significant Changes in the Amount of Total Shareholders' Equity

Not applicable.

(7) Status of Production and Sales**(i) Production Results**

| Segment name by type of business | Current First Quarter Ended June 30, 2008 | | Previous First Quarter Ended June 30, 2007 | | Increase/(Decrease) | |
|---------------------------------------|--|--------------------|---|--------------------|----------------------|--------------------|
| | Amount | Distribution Ratio | Amount | Distribution Ratio | Amount | Distribution Ratio |
| Textile goods and related products | Million Yen 16,518 | % 100.0 | Million Yen 17,033 | % 100.0 | Million Yen (515) | % (3.0) |

(ii) Sales Results

| Segment name by type of business | | Current First Quarter Ended June 30, 2008 | | Previous First Quarter Ended June 30, 2007 | | Increase/(Decrease) | |
|--|--|--|--------------------|---|--------------------|---------------------|--------------------|
| | | Amount | Distribution Ratio | Amount | Distribution Ratio | Amount | Distribution Ratio |
| Textile goods and related products | Innerwear | Million Yen | % | Million Yen | % | Million Yen | % |
| | Foundation and lingerie | 29,332 | 69.8 | 30,522 | 74.1 | (1,190) | (3.9) |
| | Nightwear | 3,106 | 7.4 | 3,299 | 8.0 | (193) | (5.9) |
| | Children's underwear | 533 | 1.3 | 553 | 1.3 | (20) | (3.6) |
| | Subtotal | 32,971 | 78.5 | 34,374 | 83.4 | (1,403) | (4.1) |
| | Outerwear/Sport swear | 4,179 | 10.0 | 2,227 | 5.4 | 1,952 | 87.7 |
| | Hosiery | 426 | 1.0 | 506 | 1.2 | (80) | (15.8) |
| | Other textile goods and related products | 1,765 | 4.2 | 1,099 | 2.7 | 666 | 60.6 |
| | Total | 39,341 | 93.7 | 38,206 | 92.7 | 1,135 | 3.0 |
| Others | | 2,663 | 6.3 | 2,995 | 7.3 | (332) | (11.1) |
| Total | | 42,004 | 100.0 | 41,201 | 100.0 | 803 | 1.9 |