

# Consolidated Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2012 [U.S. GAAP]

January 31, 2012

Listed Company: Wacoal Holdings Corp.

Stock Exchanges: Tokyo, Osaka

Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)

Representative: Position: President and Representative Director

Name: Yoshikata Tsukamoto

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Scheduled submission date of quarterly report: February 14, 2012

Scheduled start date of dividend payment: -

Supplementary materials regarding quarterly business results: None

Explanatory meeting regarding quarterly business results: None

(Amounts less than 1 million yen have been rounded)

## 1. Third Quarter of the Fiscal Year Ending March 31, 2012 (April 1, 2011 – December 31, 2011)

### (1) Consolidated Business Results

(% indicates increase (decrease) from the corresponding period of the previous fiscal year)

|  | Net Sales   |     | Operating Income |      | Pre-tax Net Income <sup>1</sup> |      | Net Income<br>Attributable to<br>Wacoal Holdings<br>Corp. |      |
|--|-------------|-----|------------------|------|---------------------------------|------|---|------|
|  | Million Yen | %   | Million Yen      | %    | Million Yen                     | %    | Million Yen   | %    |
| Third Quarter ended<br>December 31, 2011 | 132,144     | 2.9 | 11,888           | 29.3 | 11,594                          | 33.0 | 7,345   | 58.4 |
| Third Quarter ended<br>December 31, 2010 | 128,373     | 3.1 | 9,195            | 52.0 | 8,717                           | 57.9 | 4,637   | 23.2 |

(Note) Quarterly comprehensive income: 4,711 million yen (increase of 154.4%) for the third quarter ended December 31, 2011  
1,852 million yen (decrease of 70.7%) for the third quarter ended December 31, 2010

|  | Net Income<br>Attributable to<br>Wacoal Holdings<br>Corp. Per Share | Diluted Net Earnings<br>Attributable to<br>Wacoal Holdings<br>Corp. Per Share |
|--|---|---|
|  | Yen   | Yen   |
| Third Quarter ended<br>December 31, 2011 | 52.15   | 52.09   |
| Third Quarter ended<br>December 31, 2010 | 32.83   | 32.80   |

### (2) Consolidated Financial Condition

|  | Total Assets | Total Equity<br>(Net Assets) | Total<br>Shareholders'<br>Equity | Total<br>Shareholders'<br>Equity Ratio | Shareholders'<br>Equity Per Share |
|--|--------------|------------------------------|----------------------------------|--|-----------------------------------|
|  | Million Yen  | Million Yen                  | Million Yen                      | %                                      | Yen                               |
| As of December 31,<br>2011                       | 217,034      | 170,750                      | 168,846                          | 77.8                                   | 1,198.79                          |
| As of the end of Fiscal<br>Year (March 31, 2011) | 215,345      | 168,867                      | 166,967                          | 77.5                                   | 1,185.44                          |

<sup>1</sup> This item refers to "income before income taxes, equity in net income (loss) of affiliated companies, and net loss (income) attributable to noncontrolling interests" in the consolidated statements of income included in our annual report on Form 20-F for the fiscal year ended March 31, 2011.

## 2. Status of Dividends

|   | Annual Dividend      |                       |                      |          |       |
|---|----------------------|-----------------------|----------------------|----------|-------|
|   | End of First Quarter | End of Second Quarter | End of Third Quarter | Year-End | Total |
|   | Yen                  | Yen                   | Yen                  | Yen      | Yen   |
| Fiscal Year Ended March 31, 2011              | —                    | —                     | —                    | 20.00    | 20.00 |
| Fiscal Year Ending March 31, 2012             | —                    | —                     | —                    |          |       |
| Fiscal Year Ending March 31, 2012 (Estimates) |                      |                       |                      | 23.00    | 23.00 |

(Note) Revision of estimated dividends announced during the latest quarter: No

## 3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2012 (April 1, 2011 - March 31, 2012)

(% indicates increase (decrease) from the previous fiscal year)

(% indicates increase (decrease) from the previous fiscal year)

|                                   | Net Sales   |     | Operating Income |       | Pre-tax Net Income |       | Net Income Attributable to Wacoal Holdings Corp. |       | Net Income Attributable to Wacoal Holdings Corp. Per Share |  |
|-----------------------------------|-------------|-----|------------------|-------|--------------------|-------|--|-------|--|--|
|                                   | Million Yen | %   | Million Yen      | %     | Million Yen        | %     | Million Yen                                      | %     | Yen  |  |
| Fiscal Year Ending March 31, 2012 | 171,000     | 3.2 | 9,500            | 123.3 | 9,200              | 146.1 | 5,400  | 106.5 | 38.34  |  |

(Note) Revision of forecast of consolidated business results announced during the latest quarter: No

## 4. Other

- (1) Changes in significant subsidiaries in the third quarter of the current fiscal year (i.e., changes in specified subsidiaries (*tokutei kogaisha*) which involve change in scope of consolidation): None
- (2) Application of simplified accounting methods and specific accounting methods: None
- (3) Changes in accounting principles:
  - (i) Changes due to modifications in accounting standards, etc.: None
  - (ii) Changes other than (i) above: None
- (4) Number of Issued Shares (Common Stock)

|   | Third Quarter ended December 31, 2011 | Fiscal Year ended March 31, 2011                              |
|---|---------------------------------------|---|
| (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:                      | 2,530,932 shares                      | 2,529,607 shares  |
| (iii) Average number of shares during consolidated third quarter ended December 31: | 140,849,304 shares                    | 141,241,625 shares<br>(third quarter ended December 31, 2010) |

### \*Notes on Implementation of Quarterly Review Procedures

This summary of quarterly financial results is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Law. The review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Law had not been completed at the time of disclosure of this summary of quarterly financial results.

\*Cautionary Statement regarding Forecast of Business Results

The forecast of business results is based on information available as of the date this data were released and, due to various risks, uncertainties and other factors arising in the future, actual results in the future may differ largely from the estimates set out in this document.

These risks, uncertainties and other factors include: the impact of the ongoing global economic downturn and financial crisis; 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, market and sell products in Japan and our other markets that meet the changing tastes and needs of consumers and to deliver high quality products; the highly competitive nature of our business and the strength of our competitors; our ability to successfully expand and operate 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; our ability to attract and retain highly qualified personnel; effects of irregular weather events on our business and performance; risks related to conducting our business internationally; risks from acquisitions and other strategic transactions with third parties; risks from disputes relating to intellectual property; our ability to fully comply with all applicable laws and regulations regarding the protection of customer information and our ability to protect our trade secrets; our ability to establish and maintain effective internal controls; the impact of weakness in the Japanese equity markets on our holdings of Japanese equity securities; direct or indirect adverse effects on the Company of the major earthquake and tsunami that struck Northeast Japan on March 11, 2011 and the impact of any other natural disaster or epidemic on our business; risks of not successfully collecting return of investment in new markets; and other risks referred to from time to time in Wacoal Holdings' filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission.

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## 1. Qualitative Information Regarding Consolidated Performance during the Third Quarter

### (1) Qualitative Information Regarding Consolidated Business Results

#### (i) Performance Overview of the Third Quarter

Our group (primarily Wacoal Corp., our core operating entity) entered the second year of our three-year mid-term plan and sought to improve profitability through structural reform of our domestic business and made efforts to strengthening growth by actively developing our overseas business, mainly in China.

As a result of the above, with respect to our consolidated business results for the third quarter of the current fiscal year, overall sales increased as compared to the corresponding period of the previous fiscal year mainly due to the expansion of sales attributable to our Wacoal brand business, Peach John business and our business in China. Operating income increased as compared to the corresponding period of the previous fiscal year due to increased profits from sales attributable to our Wacoal brand business and due to improvement in the profitability of our domestic subsidiaries.

|   |  |
|---|--|
| Net sales:  | 132,144 million yen<br>(an increase of 2.9% as compared to the corresponding period of the previous fiscal year) |
| Operating income:                                 | 11,888 million yen<br>(an increase of 29.3% as compared to the corresponding period of the previous fiscal year) |
| Pre-tax net income: <sup>2</sup>                  | 11,594 million yen<br>(an increase of 33.0% as compared to the corresponding period of the previous fiscal year) |
| Net income attributable to Wacoal Holdings Corp.: | 7,345 million yen<br>(an increase of 58.4% as compared to the corresponding period of the previous fiscal year)  |

#### (ii) Business Overview of Our Operating Segments

##### a. Wacoal Business (Domestic)

In our Wacoal brand business, sales of core brassieres and bottom products showed favorable performance due to our continued success in appealing to consumers through our product lineup and promotional activities based on our announcement entitled “body aging (physiological changes associated with aging)”, which stemmed from the results of Wacoal Corp. Human Science Research Center’s research. However, this was partially offset by sales of our undergarments, which fell below the results of the previous fiscal year despite the good performance of certain products due to the impact of competitors’ products and unsteady weather conditions. As a result of the above, overall sales of our core Wacoal brand business exceeded the results for the corresponding period of the previous fiscal year as a result of the performance of our brassieres and bottom products.

In our Wing brand business, sales of undergarments showed poor performance due to the large impact of merchandisers’ private-label brand products and the products sold by our competitors as well as the unsteady weather conditions, despite steady performance of our brassieres and bottom products, which was similar to that of our Wacoal brand business. Sales of men’s innerwear fell below the results for the corresponding period of the previous fiscal year due to the reduced sales of our Style Science series products. As a result, although in-store performance was steady, overall sales of our Wing brand business remained unchanged from the results for the corresponding period of the previous fiscal year due to clients’ inventory adjustments, which resulted in fewer deliveries of our products.

Regarding our retail business, sales at our direct retail store AMPHI expanded as a result of the favorable performance of our existing shops due to improvement of brand recognition and the opening of new stores. Sales from our Wacoal Factory Stores was steady in general, despite the partial damage to certain stores as a result of the effects of the earthquake that struck Japan on March 11, 2011 and subsequent tsunami (the “Earthquake”). As a result, overall sales of our retail business also exceeded the results for the corresponding period of the previous fiscal year.

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<sup>2</sup> This item refers to “income before income taxes, equity in net income (loss) of affiliated companies, and net loss (income) attributable to noncontrolling interests” in the consolidated statements of income included in our annual report on Form 20-F for the fiscal year ended March 31, 2011.

In our wellness business, despite the steady performance of sports tights from our sports conditioning wear “CW-X” brand and functionality-focused business pumps, overall sales from our wellness business were below the results for the corresponding period of the previous fiscal year due to a decrease in sales from TV infomercials subsequent to a decrease in the number of TV infomercials run after the Earthquake.

In our catalog sales business, despite the poor performance of catalog sales, overall sales exceeded the results for the corresponding period of the previous fiscal year due to the expansion of internet sales.

As illustrated by the above, overall sales of Wacoal Corp. exceeded the results for the corresponding period of the previous fiscal year due to the favorable performance of our core operating business, Wacoal brand, and the expansion of our retail business. Our operating income also exceeded the results for the corresponding period of the previous fiscal year due to increased net sales and our efforts in reducing deductible expenses and in improving our selling and administrative expenses ratio.

|                   |   |
|-------------------|---|
| Net sales:        | 90,139 million yen<br>(an increase of 3.2% as compared to the corresponding period of the previous fiscal year) |
| Operating income: | 9,304 million yen<br>(an increase of 17.7% as compared to the corresponding period of the previous fiscal year) |

b. Wacoal Business (Overseas)

As for our overseas operations (for the period from January 2011 to September 2011), we actively made efforts in expanding our U.S. market share and enhancing our product lineup at department stores, which are our major clients, as well as in expanding sales in surrounding countries and internet retailing in response to the lack of consumer spending in the United States. Despite the impact of exchange rate fluctuation, sales exceeded the results for the corresponding period of the previous fiscal year as a result of the strong performance of our reasonably-priced brassieres and functional bottom products and our internet sales, which exceeded our original expectations. With respect to profitability, in addition to an increase in net sales, operating income exceeded the results for the corresponding period of the previous fiscal year due to an improvement in our sales-to-profit ratio accompanied with cost reduction efforts. The exchange rate in the third quarter of the current fiscal year was 80 yen per dollar (compared to 89 yen per dollar for the corresponding period of the previous fiscal year).

As for our business in China, consumer spending showed slowed but steady performance, and we continued to make efforts to strengthen our product lineup and promote the opening of new stores mainly in inner mainland China. Although net sales exceeded the results for the corresponding period of the previous fiscal year, the growth thereof slowed due to a significant decline in the number of visitors to department stores, which are our major clients, due to the effect of certain government administrative guidance on the regulations on misleading advertisements and a lack of differentiation of our products from our competitors' products and sales promotions. With respect to profitability, despite our efforts in reassessing costs due to the slowed sales, we suffered an operating loss as a result of an increase in selling and administrative expenses incurred due to an increase in our numbers of stores.

|                   |   |
|-------------------|---|
| Net sales:        | 16,392 million yen<br>(an increase of 6.8% as compared to corresponding period of the previous fiscal year)     |
| Operating income: | 1,818 million yen<br>(an increase of 21.7% as compared to the corresponding period of the previous fiscal year) |

c. Peach John Business

With respect to Peach John Co., Ltd. (“Peach John”) (for the period from March 2011 to November 2011), although our mail-order sales were affected by the suspension of acceptance of orders for our spring edition underwear catalogue due to the Earthquake, sales from our core underwear catalogues for autumn and winter edition showed favorable performance as a result of our successful rescheduling of the timing of publication of the catalogue in line with the change of our sales schedule. Net sales from our direct retail stores exceeded the results for the corresponding period of the previous fiscal year as a result of the favorable performance of our existing shops due to our effective advertising campaigns and an improvement in selection of goods, despite a decrease in the number of shops as compared to the previous fiscal year, in addition to the impact of the Earthquake. As for our directly-managed overseas stores, although the

seven stores operated in China showed rather weak performance, our two directly-managed stores in Hong Kong showed good performance. As a result of the above, our Peach John business exceeded the results for the corresponding period of the previous fiscal year.

With respect to profitability, despite an increase in expenses incurred in connection with our the business development in China and effect of our amortization costs, which we record every fiscal year, our domestic business showed gradual improvement, and we were profitable with respect to our Peach John business as a result of recovered sales, our efforts to cut labor costs and fixed expenses through the integration and elimination of business offices conducted during the previous fiscal year as well as a lower cost-to-sales ratio.

|            |  |
|------------|--|
| Net sales: | 10,117 million yen<br>(an increase of 10.4% as compared to the corresponding period of the previous fiscal year) |
|------------|--|

|                   |   |
|-------------------|---|
| Operating income: | 648 million yen<br>(as compared to 541 million yen of operating loss incurred for the corresponding period of the previous fiscal year) |
|-------------------|---|

d. Other

With respect to the business of Lecien Corporation (“Lecien”), sales from our core innerwear products showed favorable performance as a result of the expansion of offered products jointly developed with our major clients. Conversely, net sales from our apparel business, which offers outerwear products, fell below the results for the previous fiscal year due to a reduction in the number of unprofitable products. Thus, although net sales from Lecien remained at the same level for the corresponding period of the previous fiscal year due to the above, we suffered an operating loss as a result of losses incurred in connection with the withdrawal from our employees’ pension fund, which was only partially offset by improved operating income at the business level.

As for Nanasai Co., Ltd. (“Nanasai”), which engages in the manufacturing, sales and rental business of mannequins and interior design and construction of stores at commercial facilities, net sales were below the results for the corresponding period of the previous fiscal year despite good sales performance our of products. This was due to the completion of the shop renovations of department stores commenced during the previous fiscal year, as well as the poor performance of short-term rental business of mannequins due to the restrained investments and the cancellation of various events by our business partners caused by the impact of the Earthquake. With respect to profitability, we suffered an operating loss in connection with a decrease in sales, despite our efforts to achieve efficiency by cutting expenses.

|            |  |
|------------|--|
| Net sales: | 15,496 million yen<br>(a decrease of 6.2% as compared to the corresponding period of the previous fiscal year) |
|------------|--|

|                   |  |
|-------------------|--|
| Operating income: | 118 million yen<br>(a decrease of 64.9% as compared to the corresponding period of the previous fiscal year) |
|-------------------|--|

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Status of Assets, Liabilities and Total Shareholders’ Equity

Our total assets as of the end of the current consolidated third quarter were 217,034 million yen, an increase of 1,689 million yen from the end of the previous fiscal year, due to an increase in the value of our marketable securities and an increase in accounts receivable.

Our total liabilities were 46,284 million yen, a decrease of 194 million yen from the end of the previous fiscal year, due to a decrease in other payables, a decrease in accrued bonuses as a result of the payment of winter bonuses and a decrease in deferred tax liabilities.

Total Wacoal Holdings Corp. shareholders’ equity was 168,846 million yen, an increase of 1,879 million yen from the end of the previous fiscal year, due to an increase in retained earnings.

As a result of the above, our total shareholders’ equity ratio as of the end of the current consolidated third quarter was 77.8%, an increase of 0.3% from the end of the previous fiscal year.

(ii) Cash Flow Status

Cash and cash equivalents as of the end of the consolidated third quarter of the current fiscal year were 30,730 million yen, an increase of 3,749 million yen from the end of the previous fiscal year.

(Cash Provided by Operating Activities)

Cash flow provided by operating activities was 10,551 million yen, an increase of 678 million yen as compared to the corresponding period of the previous fiscal year, after adjustments of changes in assets and liabilities to our net income of 7,440 million yen plus the adjustments of depreciation expenses and deferred taxes.

(Cash Used in Investment Activities)

Cash flow used in investment activities was 4,476 million yen, an increase of 2,647 million yen as compared to the corresponding period of the previous fiscal year, due to such things as the acquisition of marketable securities and tangible fixed assets, despite proceeds from the sale and redemption of marketable securities.

(Cash Used in Financing Activities)

Cash flow used in financing activities was 1,846 million yen, a decrease of 1,764 million yen as compared to the corresponding period of the previous fiscal year, due to such things as cash dividend payments.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not revised our forecast of consolidated business results for the fiscal year ending March 31, 2012 since our announcement on October 31, 2011.

Although there is a sign of improvement in domestic consumer spending (as compared to the status right after the Earthquake), the condition of Japanese economy is still severe, reflecting anxiety stemming from overseas economic uncertainties due to the debt crisis in Europe, as well as the protracted strong yen and lower stock prices. Under such business environment, we plan to expand sales by continuously developing products with real value.

As for Wacoal Corp., we will continue to seek to improve the profitability structure of our domestic business through structural reform, will promote developing products based on the key-word “body aging”, which stemmed from the results of Wacoal Corp. Human Science Research Center’s research, and will vitalize bottom products, which have shown an upward trend, as well as brassieres, which are our leading products. We will also actively make efforts to expand our retail business and wellness business, which we believe have further growth potential, and will aim to expand our market share in the underwear market in Japan by promoting collaborations with business partners that can exercise the resources of our group, as a whole.

As for our overseas business, although there are growing concerns about the influence of exchange rates on our business in the United States, we will make efforts to further enhance our product lineup including by the launch of high-quality and value-added products, and to improve and expand our sales area and channels. In China, we will make efforts to expand sales and improve profitability in mid- and high-end markets, by strengthening our advertisement and promotional activities, as well as our consultative selling, in order to raise awareness of our products, while adequately responding to changes in the business environment.

## 2. Matters Concerning Summaries (Other Information)

- (1) Summary of Changes in Significant Subsidiaries during the Current Consolidated Quarter:  
Not applicable.
- (2) Application of Simplified Accounting Methods and Specific Accounting Methods:  
Not applicable.
- (3) Summary of Changes in Accounting Principles:  
Not applicable.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

| Accounts  | Previous Fiscal Year<br>as of March 31, 2011 | Current Consolidated<br>Third Quarter<br>as of December 31, 2011 | Increase/(Decrease) |
|---|--|--|---------------------|
| (Assets)  | Million Yen                                  | Million Yen  | Million Yen         |
| I. Current assets:                                |  |  |                     |
| Cash and cash equivalents                         | 26,981                                       | 30,730   | 3,749               |
| Time deposits                                     | 698  | 325  | (373)               |
| Marketable securities                             | 4,819  | 6,431  | 1,612               |
| Trade accounts                                    | 20,871                                       | 21,818   | 947                 |
| Allowance for returns and<br>doubtful receivables | (1,549)                                      | (2,086)  | (537)               |
| Inventories                                       | 30,956                                       | 31,221   | 265                 |
| Deferred income taxes                             | 5,134  | 3,634  | (1,500)             |
| Other current assets                              | 2,586  | 3,310  | 724                 |
| Total current assets                              | 90,496                                       | 95,383   | 4,887               |
| II. Property, plant and equipment:                |  |  |                     |
| Land  | 21,774                                       | 21,766   | (8)                 |
| Buildings and building improvements               | 60,322                                       | 60,354   | 32                  |
| Machinery and equipment                           | 14,023                                       | 13,850   | (173)               |
| Construction in progress                          | <u>93</u>                                    | <u>251</u>   | <u>158</u>          |
|   | 96,212                                       | 96,221   | 9                   |
| Accumulated depreciation                          | (46,467)                                     | (47,141)   | (674)               |
| Net property, plant and equipment                 | 49,745                                       | 49,080   | (665)               |
| III. Other assets:                                |  |  |                     |
| Investments in affiliated companies               | 14,702                                       | 13,807   | (895)               |
| Investments                                       | 32,672                                       | 31,449   | (1,223)             |
| Goodwill  | 10,367                                       | 10,367   | -                   |
| Other intangible assets                           | 10,325                                       | 9,614  | (711)               |
| Prepaid pension expense                           | 158  | 1,013  | 855                 |
| Deferred income taxes                             | 879  | 650  | (229)               |
| Other   | 6,001  | 5,671  | (330)               |
| Total other assets                                | 75,104                                       | 72,571   | (2,533)             |
| Total assets                                      | 215,345                                      | 217,034  | 1,689               |

| Accounts   | Previous Fiscal Year<br>as of March 31, 2011 | Current Consolidated<br>Third Quarter<br>as of December 31, 2011 | Increase/(Decrease) |
|--|--|--|---------------------|
| (Liabilities)                                      | Million Yen                                  | Million Yen  | Million Yen         |
| I. Current liabilities:                            |  |  |                     |
| Short-term bank loans                              | 6,117  | 6,657  | 540                 |
| Notes and accounts payables:                       |  |  |                     |
| Trade notes  | 1,623  | 1,815  | 192                 |
| Trade accounts                                     | 10,507                                       | 9,831  | (676)               |
| Other payables                                     | <u>5,700</u>                                 | <u>4,558</u>   | <u>(1,142)</u>      |
|  | 17,830                                       | 16,204   | (1,626)             |
| Accrued payroll and bonuses                        | 6,201  | 4,710  | (1,491)             |
| Income taxes payable                               | 1,870  | 2,641  | 771                 |
| Other current liabilities                          | 2,405  | 5,359  | 2,954               |
| Total current liabilities                          | 34,423                                       | 35,571   | 1,148               |
| II. Long-term liabilities:                         |  |  |                     |
| Liability for termination and retirement benefits  | 2,200  | 2,147  | (53)                |
| Deferred income taxes                              | 7,441  | 6,466  | (975)               |
| Other long-term liabilities                        | 2,414  | 2,100  | (314)               |
| Total long-term liabilities                        | 12,055                                       | 10,713   | (1,342)             |
| Total liabilities                                  | 46,478                                       | 46,284   | (194)               |
| (Equity)   |  |  |                     |
| I. Common stock                                    | 13,260                                       | 13,260   | -                   |
| II. Additional paid-in capital                     | 29,401                                       | 29,438   | 37                  |
| III. Retained earnings                             | 136,946                                      | 141,474  | 4,528               |
| IV. Accumulated other comprehensive income (loss): |  |  |                     |
| Foreign currency translation adjustment            | (10,344)                                     | (12,599)   | (2,255)             |
| Unrealized gain on securities                      | 2,596  | 1,939  | (657)               |
| Pension liability adjustment                       | (2,002)                                      | (1,775)  | 227                 |
| V. Treasury stock                                  | (2,890)                                      | (2,891)  | (1)                 |
| Total Wacoal Holdings Corp. shareholders' equity   | 166,967                                      | 168,846  | 1,879               |
| VI. Noncontrolling interests                       | 1,900  | 1,904  | 4                   |
| Total equity                                       | 168,867                                      | 170,750  | 1,883               |
| Total liabilities and equity                       | 215,345                                      | 217,034  | 1,689               |

## (2) Consolidated Quarterly Income Statement

| Accounts  | Previous Consolidated<br>Third Quarter<br>(From April 1, 2010<br>to December 31, 2010) |       | Current Consolidated<br>Third Quarter<br>(April 1, 2011<br>to December 31, 2011) |       | Increase/<br>(Decrease) |
|---|--|-------|--|-------|-------------------------|
|   | Million Yen  | %     | Million Yen  | %     | Million Yen             |
| I. Net Sales  | 128,373  | 100.0 | 132,144  | 100.0 | 3,771                   |
| II. Operating costs and expenses  |  |       |  |       |                         |
| Cost of sales   | 62,035   | 48.3  | 61,855   | 46.8  | (180)                   |
| Selling, general and administrative expenses  | 57,302   | 44.6  | 58,340   | 44.2  | 1,038                   |
| Gain (loss) on sales of tangible fixed assets, net  | (159)  | (0.1) | 61   | 0.0   | 220                     |
| Total operating expenses  | 119,178  | 92.8  | 120,256  | 91.0  | 1,078                   |
| Operating income  | 9,195  | 7.2   | 11,888   | 9.0   | 2,693                   |
| III. Other income (expenses):   |  |       |  |       |                         |
| Interest income   | 89   |       | 77   |       | (12)                    |
| Interest expense  | (73)   |       | (73)   |       | 0                       |
| Dividend income   | 623  |       | 702  |       | 79                      |
| Gain (loss) on sale or exchange of marketable securities and investments  | 15   |       | 43   |       | 28                      |
| Valuation loss on investment in marketable securities and/or investment securities  | (1,085)  |       | (916)  |       | 169                     |
| Other profit and (loss), net  | (47)   |       | (127)  |       | (80)                    |
| Total other income (expenses)   | (478)  | (0.4) | (294)  | (0.2) | 184                     |
| Pre-tax net income  | 8,717  | 6.8   | 11,594   | 8.8   | 2,877                   |
| Income taxes  | 4,751  | 3.7   | 5,157  | 3.9   | 406                     |
| Equity in net income of affiliated companies and net income before profit (loss) attributable to noncontrolling interests | 3,966  | 3.1   | 6,437  | 4.9   | 2,471                   |
| Equity in net income of affiliated companies  | 771  | 0.6   | 1,003  | 0.8   | 232                     |
| Net income  | 4,737  | 3.7   | 7,440  | 5.7   | 2,703                   |
| Profit and (loss) attributable to noncontrolling interests  | (100)  | (0.1) | (95)   | (0.1) | 5                       |
| Net income attributable to Wacoal Holdings Corp.  | 4,637  | 3.6   | 7,345  | 5.6   | 2,708                   |

## (3) Consolidated Quarterly Comprehensive Income Statement

| Accounts   | Previous Consolidated<br>Third Quarter<br>(From April 1, 2010<br>to December 31, 2010) |  | Current Consolidated<br>Third Quarter<br>(April 1, 2011<br>to December 31, 2011) |  | Increase/(Decrease) |
|--|--|--|--|--|---------------------|
|  | Million Yen  |  | Million Yen  |  | Million Yen         |
| I. Net income  | 4,737  |  | 7,440  |  | 2,703               |
| II. Other comprehensive profit (loss)<br>- after adjustment of tax effect: |  |  |  |  |                     |
| Foreign currency exchange adjustment                                       | (2,356)  |  | (2,294)  |  | 62                  |
| Net unrealized gain on securities  | (782)  |  | (662)  |  | 120                 |
| Pension liability adjustment   | 253  |  | 227  |  | (26)                |
| Total other comprehensive profit (loss)                                    | (2,885)  |  | (2,729)  |  | 156                 |
| Comprehensive profit (loss)  | 1,852  |  | 4,711  |  | 2,859               |
| Comprehensive profit (loss) attributable to non-controlling interests      | (38)   |  | (51)   |  | (13)                |
| Comprehensive profit (loss) attributable to Wacoal Holdings Corp.          | 1,814  |  | 4,660  |  | 2,846               |

## (4) Consolidated Cash Flow Statements

| Accounts  | Previous Consolidated Third Quarter<br>(April 1, 2010 to December 31, 2010) | Current Consolidated Third Quarter<br>(April 1, 2011 to December 31, 2011) |
|---|---|--|
|   | Million Yen   | Million Yen  |
| <b>I. Operating activities</b>  |   |  |
| 1. Net income   | 4,737   | 7,440  |
| 2. Adjustments of net income to cash flow from operating activities                     |   |  |
| (1) Depreciation and amortization   | 3,554   | 3,481  |
| (2) Allowance for returns and doubtful receivables                                      | 414   | 559  |
| (3) Deferred taxes  | 617   | 1,192  |
| (4) Gain (loss) on sale of fixed assets   | (159)   | 61   |
| (5) Gain (loss) on sale and exchange of marketable securities and investment securities | (15)  | (43)   |
| (6) Valuation loss on investment in marketable securities and investment securities     | 1,085   | 916  |
| (7) Equity in net income of affiliated companies (after dividend income)                | (355)   | (442)  |
| (8) Changes in assets and liabilities   |   |  |
| Increase in receivables   | (975)   | (1,105)  |
| Decrease (increase) in inventories  | 844   | (636)  |
| Increase in other current assets  | (515)   | (751)  |
| Decrease in payables and accounts payable   | (120)   | (1,429)  |
| Decrease in reserves for retirement benefits  | (163)   | (518)  |
| Increase in other liabilities   | 633   | 1,501  |
| (9) Other   | 291   | 325  |
| Net cash flow from (used in ) operating activities                                      | 9,873   | 10,551   |
| <b>II. Investing activities</b>   |   |  |
| 1. Increase in time deposits  | (1,194)   | (625)  |
| 2. Decrease in time deposits  | 831   | 998  |
| 3. Proceeds from sales and redemption of marketable securities                          | 2,495   | 2,800  |
| 4. Acquisition of marketable securities   | (1,425)   | (4,922)  |
| 5. Proceeds from sales of fixed assets  | 540   | 223  |
| 6. Acquisition of tangible fixed assets   | (1,985)   | (1,980)  |
| 7. Acquisition of intangible fixed assets   | (525)   | (482)  |
| 8. Proceeds from sales of investments   | 98  | 95   |
| 9. Acquisition of investments   | (548)   | (601)  |
| 10. Other   | (116)   | 18   |
| Net cash flow provided by (used in) investing activities                                | (1,829)   | (4,476)  |
| <b>III. Financing activities</b>  |   |  |
| 1. Net increase (decrease) in short-term bank loans                                     | (480)   | 569  |
| 2. Financing from long-term debt  | 200   | 500  |
| 3. Repayment of long-term debt  | (69)  | (50)   |
| 4. Increase (decrease) in of treasury stock   | (367)   | (1)  |
| 5. Dividends paid in cash to Wacoal Holdings Corp.                                      | (2,824)   | (2,817)  |
| 6. Dividends paid in cash to the non-controlling interests                              | (70)  | (47)   |
| Net cash flow provided by (used in) financing activities                                | (3,610)   | (1,846)  |
| <b>IV. Effect of exchange rate on cash and cash equivalents</b>                         | (721)   | (480)  |
| <b>V. Increase (decrease) in cash and cash equivalents</b>                              | 3,713   | 3,749  |
| <b>VI. Initial balance of cash and cash equivalents</b>                                 | 24,317  | 26,981   |
| <b>VII. Period end balance of cash and cash equivalents</b>                             | 28,030  | 30,730   |

## Additional Information

|  |       |       |
|--|-------|-------|
| Cash paid for:   |       |       |
| Interest   | 73    | 69    |
| Income taxes, etc.   | 3,651 | 3,604 |
| Investment activities without cash disbursement:               |       |       |
| Acquisition amount of investment securities through stock swap | -     | 126   |

(5) Notes on Going Concern

Not applicable.

(6) Segment Information

(i) Operating Segment Information

Previous Consolidated Third Quarter (From April 1, 2010 to December 31, 2010)

(Unit: Million Yen)

|   | Wacoal business<br>(Domestic) | Wacoal<br>business<br>(Overseas) | Peach John<br>business | Other  | Total   | Elimination<br>or corporate | Consolidated |
|---|-------------------------------|----------------------------------|------------------------|--------|---------|-----------------------------|--------------|
| Net sales   |                               |                                  |                        |        |         |                             |              |
| (1) Net sales to outside<br>customers             | 87,344                        | 15,349                           | 9,161                  | 16,519 | 128,373 | -                           | 128,373      |
| (2) Internal sales or transfers<br>among segments | 1,654                         | 4,549                            | 47                     | 3,278  | 9,528   | (9,528)                     | -            |
| Total   | 88,998                        | 19,898                           | 9,208                  | 19,797 | 137,901 | (9,528)                     | 128,373      |
| Operating income (loss)                           | 7,906                         | 1,494                            | (541)                  | 336    | 9,195   | -                           | 9,195        |

Current Consolidated Third Quarter (From April 1, 2011 to December 31, 2011)

(Unit: Million Yen)

|   | Wacoal business<br>(Domestic) | Wacoal<br>business<br>(Overseas) | Peach John<br>business | Other  | Total   | Elimination<br>or corporate | Consolidated |
|---|-------------------------------|----------------------------------|------------------------|--------|---------|-----------------------------|--------------|
| Net sales   |                               |                                  |                        |        |         |                             |              |
| (1) Net sales to outside<br>customers             | 90,139                        | 16,392                           | 10,117                 | 15,496 | 132,144 | -                           | 132,144      |
| (2) Internal sales or transfers<br>among segments | 2,245                         | 4,574                            | 147                    | 4,182  | 11,148  | (11,148)                    | -            |
| Total   | 92,384                        | 20,966                           | 10,264                 | 19,678 | 143,292 | (11,148)                    | 132,144      |
| Operating income                                  | 9,304                         | 1,818                            | 648                    | 118    | 11,888  | -                           | 11,888       |

(Note) Core products of respective businesses:

Wacoal business (Domestic): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.

Wacoal business (Overseas): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.

Peach John business: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, and other textile-related products, etc.

Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins, shop design and implementation, etc.

## (ii) Segment Information by Region

Previous Consolidated Third Quarter (From April 1, 2010 to December 31, 2010)

(Unit: Million Yen)

|                                | Japan   | Asia  | Europe/N.A. | Consolidated |
|--------------------------------|---------|-------|-------------|--------------|
| Net sales to outside customers | 112,622 | 6,813 | 8,938       | 128,373      |
| Distribution ratio             | 87.7%   | 5.3%  | 7.0%        | 100.0%       |
| Operating income               | 7,239   | 768   | 1,188       | 9,195        |

Current Consolidated Third Quarter (From April 1, 2011 to December 31, 2011)

(Unit: Million Yen)

|                                | Japan   | Asia  | Europe/N.A. | Consolidated |
|--------------------------------|---------|-------|-------------|--------------|
| Net sales to outside customers | 115,154 | 7,701 | 9,289       | 132,144      |
| Distribution ratio             | 87.2%   | 5.8%  | 7.0%        | 100.0%       |
| Operating income               | 10,140  | 507   | 1,241       | 11,888       |

- (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/N.A.: North America and European countries
  3. Sales are classified according to the locations of the consolidated companies.

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

Not applicable.

## (8) Status of Sales

| Type of product                          |                         | Previous Third Quarter<br>(April 1, 2010 to<br>December 31, 2010) |                    | Current Third Quarter<br>(April 1, 2011 to<br>December 31, 2011) |                    | Increase/(Decrease) |                    |
|--|-------------------------|---|--------------------|--|--------------------|---------------------|--------------------|
|  |                         | Amount  | Distribution Ratio | Amount   | Distribution Ratio | Amount              | Distribution Ratio |
| Innerwear                                | Foundation and lingerie | Million Yen   | %                  | Million Yen  | %                  | Million Yen         | %                  |
|  |                         | 91,311  | 71.1               | 95,785   | 72.5               | 4,474               | 4.9                |
|  | Nightwear               | 6,902   | 5.4                | 7,398  | 5.6                | 496                 | 7.2                |
|  | Children's underwear    | 1,261   | 1.0                | 1,297  | 1.0                | 36                  | 2.9                |
| Subtotal                                 |                         | 99,474  | 77.5               | 104,480  | 79.1               | 5,006               | 5.0                |
| Outerwear/Sportswear                     |                         | 13,539  | 10.6               | 12,992   | 9.8                | (547)               | (4.0)              |
| Hosiery                                  |                         | 1,413   | 1.1                | 1,338  | 1.0                | (75)                | (5.3)              |
| Other textile goods and related products |                         | 5,708   | 4.4                | 6,165  | 4.7                | 457                 | 8.0                |
| Other                                    |                         | 8,239   | 6.4                | 7,169  | 5.4                | (1,070)             | (13.0)             |
| Total                                    |                         | 128,373   | 100.0              | 132,144  | 100.0              | 3,771               | 2.9                |