

# Consolidated Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2014 [U.S. GAAP]

January 31, 2014

Listed Company: Wacoal Holdings Corp.  
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Scheduled quarterly report submission date: February 14, 2014  
 Scheduled dividend payment start date: -  
 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, 2014 (April 1, 2013 – December 31, 2013)

### (1) Consolidated Business Results

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

	Net Sales		Operating Income		Pre-tax Net Income		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Third Quarter ended December 31, 2013	145,975	7.7	13,771	19.4	15,004	29.3	9,497	34.4
Third Quarter ended December 31, 2012	135,547	2.6	11,532	(1.2)	11,602	2.7	7,066	(1.8)

(Note) Quarterly comprehensive income: 20,886 million yen (increase of 186.0%) for the third quarter ended December 31, 2013  
 7,302 million yen (increase of 61.9%) for the third quarter ended December 31, 2012

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Third Quarter ended December 31, 2013	67.43	67.29
Third Quarter ended December 31, 2012	50.17	50.09

## (2) Consolidated Financial Condition

	Total Assets	Total Equity (Net Assets)	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2013	269,940	204,850	202,515	75.0	1,437.91
As of the end of Fiscal Year (March 31, 2013)	253,803	188,004	185,840	73.2	1,319.47

## 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, 2013	—	—	—	28.00	28.00
Fiscal Year Ending March 31, 2014	—	—	—		
Fiscal Year Ending March 31, 2014 (Estimates)				28.00	28.00

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

## 3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(% 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
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Annual	193,000	7.1	12,700	49.4	13,200	20.7	9,400	19.3	66.74

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

## Notes

- (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, 2013	Fiscal Year ended March 31, 2013
(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:	2,538,514 shares	2,533,728 shares
(iii) Average number of shares during consolidated third quarter	140,842,583 shares	140,846,597 shares

\*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 reasonable information we obtained as of the date hereof 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 on our sales and profitability in Japan and our other markets; 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 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 our own specialty retail stores and achieve profitable operations at these stores; our ability to further develop our 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 relating to return of investment for development of new markets; risks relating to intellectual property; risks relating to protection of customer information and our ability to protect our trade secrets; risks relating to internal controls over financial reporting; the impact of weakness in the Japanese equity markets on our holdings of Japanese equity securities; the impact of any natural disaster or epidemic on our business; and other risks referred to from time to time in our annual report and other disclosures.

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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 Nine Months ended December 31, 2013

Our group entered the first year of our three-year mid-term plan (from fiscal 2014 to fiscal 2016), and we (primarily Wacoal Corp., our core operating entity) made efforts to expand our share of sales while responding to the diversifying domestic women's innerwear market, establish a system for our business other than the women's innerwear business and strengthen growth by actively developing our overseas business.

As a result of the above, with respect to our consolidated business results for the nine months ended December 31, 2013, overall sales increased as compared to the corresponding period of the previous fiscal year mainly due to the expansion of sales attributable to our business in the United States, in addition to the influence of the exchange rate, as well as the inclusion of the business results of Wacoal Eveden Limited ("Wacoal Eveden"), which became our subsidiary in April 2012. Operating income exceeded the results for the corresponding period of the previous fiscal year due to the inclusion of the operating income from Wacoal Eveden and also an increase in the profit from sales of our overseas subsidiaries.

Net sales:	145,975 million yen (an increase of 7.7% as compared to the corresponding period of the previous fiscal year)
Operating income:	13,771 million yen (an increase of 19.4% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	15,004 million yen (an increase of 29.3% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	9,497 million yen (an increase of 34.4% 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, although sales of certain products and brands in certain sales channels showed favorable performance and gained support from consumers, overall sales fell below the results for the corresponding period of the previous fiscal year due to the impact of climate instability and the poor sales performance of our bottom products and undergarments, despite signs of recovery seen in the sales of our core brassieres.

In our Wing brand business, although sales of our products based on "body aging" and high-end products performed poorly, sales of our core brassieres showed steady performance due to an increase in the number of shops promoting collaboration products with our major clients. Overall sales of our Wing brand business, however, fell below the results for the corresponding period of the previous fiscal year due to the poor performance of our seasonal men's innerwear products, despite the favorable sales performance of men's innerwear products for seniors.

In our retail business, although sales from existing stores of our directly managed retail store, AMPHI, performed poorly, overall sales exceeded the results for the corresponding period of the previous fiscal year due to an expansion in sales as a result of opening new stores and the steady sales performance of our Wacoal Factory Stores at outlet malls.

In our wellness business, although sales of running tights were impacted by the products sold by our competitors, sales of our sports conditioning wear "CW-X" brand expanded as a result of an increase in the opening of new sports specialty stores. Overall sales exceeded the results for the corresponding period of the previous fiscal year due to the steady performance of women's business shoes with high functionality.

In our catalog sales business, overall sales were below the results for the corresponding period of the previous fiscal year due to the poor performance of our winter catalog products and a decline in average customer spending, despite the favorable performance of our internet sales.

In summation, with respect to the overall sales and operating income attributable to our “Wacoal Business (domestic)” segment, operating income exceeded the results for the corresponding period of the previous fiscal year as a result of our successful efforts in cost reduction, while overall sales remained unchanged from the corresponding period of the previous fiscal year.

Net sales:	89,759 million yen (a decrease of 0.4% as compared to the corresponding period of the previous fiscal year)
Operating income:	9,361 million yen (an increase of 4.7% as compared to the corresponding period of the previous fiscal year)

b. Wacoal Business (Overseas)

In the United States (from April 1 to December 31), we made aggressive efforts in expanding our U.S. market share, sales areas and channels mainly at department stores, which are our major clients. Sales exceeded the results for the corresponding period of the previous fiscal year as a result of the steady performance shown by most of the products, including our core brassiere and bottom products, and as a result of our expanded internet sales and Canadian business. In terms of profit, operating income exceeded the results for the corresponding period of the previous fiscal year due to an increase in net sales.

With respect to our business in China (from January 1 to September 30), we made efforts in improving profitability and enhancing our presence in the middle-class market. Sales exceeded the results for the corresponding period of the previous fiscal year as a result of our improved product competitiveness and sales force, the effect of the promotional initiatives we took with respect to our clients and the expanded internet sales. In addition, sales of our new fashionable and price-competitive brand La Rosabelle, targeting the middle-class market, showed steady performance after opening stores at department stores. In terms of profit, we recorded an operating profit (as compared to an operating loss for the corresponding period of the previous fiscal year) as a result of increased sales and the effect of reducing costs, discontinuation of underperforming brands, and reassessing stores.

With respect to Wacoal Eveden Limited (from January 1, 2013 to September 30, 2013), we continued to make efforts to expand our market share and improve profitability by exploiting our strengths in fuller bust bras in the United Kingdom, certain European markets, North America and Australia whilst strengthening our group synergies. Fantasie brand sales in particular saw strong growth in all markets due to its high quality and competitive price points. In addition, sales of our brand products for the fuller figure, Elomi, and all swimwear brands showed favorable performance in both the United States and Europe as a result of our successful efforts in strengthening product development and general economic improvement. In July, we launched Wacoal branded products in Australia and New Zealand through the sales channels of Wacoal Eveden. Business in Europe continued to improve slowly and steadily as consumer confidence grew, especially in Northern countries. UK business was affected by a reduction in inventory in department stores as a hotter summer adversely affected the launch of Autumn/Winter merchandise and retailers held back from building stocks; however, overall sales exceeded our initial plan as a result of the weak yen. In terms of profit, operating income exceeded our initial plan, on a foreign currency basis, as a result of increased production efficiency and our continued efforts in reducing our cost of sales, as well as our successful efforts in other cost reductions. The increased composition ratio of sales achieved in the United States, which is highly-profitable region, also contributed to the strong result.

Significant increases in net sales and operating income under this “Wacoal Business (Overseas)” segment are due to the business results of Wacoal Eveden which were consolidated from the second quarter of the previous fiscal year, as well as the influence of the exchange rates. Wacoal Eveden has been added to this segment from our “Other” segment from the current fiscal year and accordingly, the results for the previous fiscal year have been restated.

Net sales:	32,739 million yen (an increase of 48.5% as compared to corresponding period of the previous fiscal year)
Operating income:	3,951 million yen (an increase of 164.3% as compared to the corresponding period of the previous fiscal year)

c. Peach John Business

With respect to Peach John Co., Ltd. (“Peach John”), sales from our core mail-order catalogues exceeded the results for the corresponding period of the previous fiscal year due to the favorable performance of our new brassiere products and our successful promotional initiatives including discount coupons.

Net sales attributable to our domestic direct retail stores exceeded the results for the corresponding period of the previous fiscal year as a result of our implementing year-end sale and promotional initiatives at stores in addition to the favorable performance of our new products. With respect to our directly-managed overseas stores, sales from Hong Kong showed steady performance as a result of the enhanced merchandise policy and our establishing a solid base of customers, while sales from China showed poor performance.

As a result of the above, overall sales attributable to our Peach John business remained unchanged from the corresponding period of the previous fiscal year. In terms of profit, operating income fell below the result for the corresponding period of the previous fiscal year due to an increased cost rate which was impacted by the exchange rate.

Net sales:	9,282 million yen (an increase of 0.2% as compared to the corresponding period of the previous fiscal year)
Operating income:	273 million yen (a decrease of 28.2% as compared to the corresponding period of the previous fiscal year)

d. Other

With respect to the business of Lecien Corporation (“Lecien”), overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year, due to the decreased number of our core innerwear and outerwear products offered to our major clients. In terms of profit, we recorded an operating loss due to an increased cost rate which was impacted by the exchange rate, in addition to the decreased sales.

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, although the sales and rental businesses performed poorly due to the impact of reduced investment in reconstruction projects by our clients, overall sales exceeded the results for the corresponding period of the previous fiscal year as a result of the steady results achieved by our construction business due to the increased number of orders received. Operating income exceeded the results for the corresponding period of the previous fiscal year due to our efforts in cost reduction.

As a result of the above, with respect to the overall sales and operating income attributable to our “Other” segment, overall sales remained unchanged from the results for the corresponding period of the previous fiscal year, while operating income fell below the results for the corresponding period of the previous fiscal year.

Net sales:	14,195 million yen (an increase of 0.6% as compared to the corresponding period of the previous fiscal year)
Operating income:	186 million yen (a decrease of 74.2% as compared to the corresponding period of the previous fiscal year)

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated third quarter were 269,940 million yen, an increase of 16,137 million yen from the end of the previous fiscal year, due to increases in cash and cash equivalents and the valuation amount of our investment securities.

Our total liabilities were 65,090 million yen, a decrease of 709 million yen from the end of the previous fiscal year, due to decreases in accounts payable and accrued taxes.

Total Wacoal Holdings Corp. shareholders' equity was 202,515 million yen, an increase of 16,675 million yen from the end of the previous fiscal year, due to increases in foreign currency exchange adjustment and unrealized gain/loss on securities.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated third quarter was 75.0%, an increase of 1.8% from the end of the previous fiscal year.

(ii) Cash Flow

Cash and cash equivalents as of the end of the consolidated third quarter of the current fiscal year were 33,120 million yen, an increase of 8,260 million yen from the end of the previous fiscal year.

(Cash Provided by Operating Activities)

Cash flow provided by operating activities was 8,738 million yen, a decrease of 2,685 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 9,724 million yen plus adjustments of depreciation expenses and deferred taxes.

(Cash Provided by Investing Activities)

Cash flow provided by investing activities was 3,155 million yen, an increase of 26,326 million yen as compared to the corresponding period of the previous fiscal year, due to proceeds from the sale and redemption of marketable securities and proceeds from the sale of investment securities.

(Cash Used in Financing Activities)

Cash flow used in financing activities was 4,396 million yen, an increase of 10,326 million yen as compared to the corresponding period of the previous fiscal year, due to 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, 2014 since our announcement on October 31, 2013. For the purpose of reflecting periodic profit and loss more accurately in our financial statements, we plan to change the current fiscal year end of certain consolidated subsidiaries to March 31, which is the fiscal year end of Wacoal Holdings Corp. We plan to make this change at the end of the current fiscal year. Accordingly, the percentage change from the corresponding period of the previous fiscal year has been amended and restated.

In our domestic business, while observing the changes in the market environment before the sales tax hike, we will make efforts to expand our share of sales by making approaches into areas, price-ranges and age groups which we believe have further growth potential, and we will work on building a new pillar of sales in our wellness and men's innerwear businesses, in addition to our women's innerwear business.

In our overseas business, we will work on building the operating base of our European business, mainly Wacoal Eveden, and establishing our presence in European markets. In addition, we will continue to cultivate new business in the United States and improve profitability in China. We will also work on expanding sales by exercising group synergies among the subsidiaries of our group.

Our group, as a whole, will make efforts to cope with the increased salary and price of commodities in Asian countries and will build and strengthen our low-cost production facilities mainly in the ASEAN region in order to maintain or reduce cost of sales.

## 2. Matters Concerning Summaries (Notes)

- (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 as of March 31, 2013	Current Consolidated Third Quarter as of December 31, 2013	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	24,860	33,120	8,260
Time deposits	1,914	1,120	(794)
Marketable securities	4,601	3,774	(827)
Notes and account receivable	23,443	22,820	(623)
Allowance for returns and doubtful receivables	(1,872)	(2,552)	(680)
Inventories	37,807	41,114	3,307
Deferred income taxes	4,821	4,582	(239)
Other current assets	7,644	4,210	(3,434)
Total current assets	103,218	108,188	4,970
II. Property, plant and equipment:			
Land	21,945	22,014	69
Buildings and building improvements	61,455	62,688	1,233
Machinery and equipment	15,076	15,619	543
Construction in progress	<u>136</u>	<u>119</u>	<u>(17)</u>
	98,612	100,440	1,828
Accumulated depreciation	(48,952)	(51,223)	(2,271)
Net property, plant and equipment	49,660	49,217	(443)
III. Other assets:			
Investments in affiliated companies	17,599	19,193	1,594
Investments	42,368	49,609	7,241
Goodwill	20,148	21,652	1,504
Other intangible assets	12,817	13,188	371
Deferred income taxes	1,085	1,135	50
Other	6,908	7,758	850
Total other assets	100,925	112,535	11,610
Total assets	253,803	269,940	16,137

Accounts	Previous Fiscal Year as of March 31, 2013	Current Consolidated Third Quarter as of December 31, 2013	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	16,259	16,871	612
Notes and accounts payables:			
Trade notes	1,442	1,714	272
Trade accounts	10,859	11,120	261
Other payables	<u>6,069</u>	<u>4,553</u>	<u>(1,516)</u>
	18,370	17,387	(983)
Accrued payroll and bonuses	6,897	5,439	(1,458)
Income taxes payable	4,479	2,469	(2,010)
Other current liabilities	4,605	5,581	976
Total current liabilities	50,610	47,747	(2,863)
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,802	1,805	3
Deferred income taxes	10,181	13,144	2,963
Other long-term liabilities	3,206	2,394	(812)
Total long-term liabilities	15,189	17,343	2,154
Total liabilities	65,799	65,090	(709)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,514	29,566	52
III. Retained earnings	145,049	150,602	5,553
IV. Accumulated other comprehensive income:			
Foreign currency translation adjustment	(6,473)	(42)	6,431
Unrealized gain (loss) on securities	9,310	13,783	4,473
Pension liability adjustment	(1,928)	(1,757)	171
V. Treasury stock	(2,892)	(2,897)	(5)
Total Wacoal Holdings Corp. shareholders' equity	185,840	202,515	16,675
VI. Noncontrolling interests	2,164	2,335	171
Total equity	188,004	204,850	16,846
Total liabilities and equity	253,803	269,940	16,137

## (2) Consolidated Quarterly Income Statement

Accounts	Previous Consolidated Third Quarter (From April 1, 2012 to December 31, 2012)		Current Consolidated Third Quarter (From April 1, 2013 to December 31, 2013)		Increase/ (Decrease)
	Millions of Yen	%	Millions of Yen	%	Millions of Yen
I. Net Sales	135,547	100.0	145,975	100.0	10,428
II. Operating costs and expenses					
Cost of sales	63,111	46.6	67,354	46.1	4,243
Selling, general and administrative expenses	60,904	44.9	64,850	44.5	3,946
Total operating costs and expenses	124,015	91.5	132,204	90.6	8,189
Operating income	11,532	8.5	13,771	9.4	2,239
III. Other income (expenses):					
Interest income	66		72		6
Interest expense	(132)		(94)		38
Dividend income	742		787		45
Gain on sale or exchange of marketable securities and investments, net	26		13		(13)
Valuation gain (loss) on investment in marketable securities and/or investment securities, net	(354)		2		356
Other profit and (loss), net	(278)		453		731
Total other income (expenses)	70	0.0	1,233	0.9	1,163
Pre-tax net income	11,602	8.5	15,004	10.3	3,402
Income taxes	5,174	3.8	6,023	4.1	849
Income before equity in net income of affiliated companies	6,428	4.7	8,981	6.2	2,553
Equity in net income of affiliated companies	805	0.6	743	0.5	(62)
Net income	7,233	5.3	9,724	6.7	2,491
Net income attributable to noncontrolling interests	(167)	(0.1)	(227)	(0.2)	(60)
Net income attributable to Wacoal Holdings Corp.	7,066	5.2	9,497	6.5	2,431

## (3) Consolidated Quarterly Comprehensive Income Statement

Accounts	Previous Consolidated Third Quarter (From April 1, 2012 to December 31, 2012)		Current Consolidated Third Quarter (From April 1, 2013 to December 31, 2013)		Increase/(Decrease)
	Millions of Yen		Millions of Yen		Millions of Yen
I. Net income	7,233		9,724		2,491
II. Other comprehensive income (loss) - after adjustment of tax effect:					
Foreign currency translation adjustment	(770)		6,514		7,284
Net unrealized gain (loss) on securities	503		4,477		3,974
Pension liability adjustment	336		171		(165)
Total other comprehensive income (loss)	69		11,162		11,093
Comprehensive income	7,302		20,886		13,584
Comprehensive loss attributable to non-controlling interests	(175)		(314)		(139)
Comprehensive income attributable to Wacoal Holdings Corp.	7,127		20,572		13,445

## (4) Consolidated Cash Flow Statements

Accounts	Previous Consolidated Third Quarter (From April 1, 2012 to December 31, 2012)	Current Consolidated Third Quarter (From April 1, 2013 to December 31, 2013)
	Millions of Yen	Millions of Yen
<b>I. Operating activities</b>		
1. Net income	7,233	9,724
2. Adjustments of net income to cash flow from operating activities		
(1) Depreciation and amortization	3,509	3,736
(2) Allowance for returns and doubtful receivables	717	605
(3) Deferred taxes	46	150
(4) Gain on sale of tangible fixed assets	29	35
(5) Gain or loss on sale and exchange of marketable securities and investment securities	(26)	(13)
(6) Valuation gain or loss on investment in marketable securities and investment securities	354	(2)
(7) Equity in net income of affiliated companies – less dividends	(235)	(35)
(8) Changes in assets and liabilities		
Decrease in receivables	2,256	1,297
Decrease (increase) in inventories	230	(1,777)
Increase in other current assets	(470)	(148)
Decrease in payables and accounts payable	(3,309)	(1,097)
Decrease in reserves for retirement benefits	(552)	(618)
Increase (decrease) in other liabilities	1,156	(2,980)
(9) Other	485	(139)
Net cash flow provided by operating activities	11,423	8,738
<b>II. Investing activities</b>		
1. Increase in time deposits	(1,170)	(719)
2. Decrease in time deposits	410	1,661
3. Proceeds from sales and redemption of marketable securities	1,025	1,256
4. Acquisition of marketable securities	(475)	(114)
5. Proceeds from sales of tangible fixed assets	35	57
6. Acquisition of tangible fixed assets	(1,656)	(1,778)
7. Acquisition of intangible fixed assets	(579)	(762)
8. Proceeds from sales of investments	95	3,825
9. Acquisition of investments	(3,721)	(258)
10. Acquisition of subsidiary (net of cash acquired)	(16,906)	(0)
11. Other	(229)	(13)
Net cash flow provided by (used in) investing activities	(23,171)	3,155
<b>III. Financing activities</b>		
1. Net increase in short-term bank loans	10,722	495
2. Financing from long-term debt	2,037	-
3. Repayment of long-term debt	(2,808)	(799)
4. Acquisition of treasury stock	(8)	(5)
5. Sale of treasury stock	0	-
6. Dividends paid in cash on common stock	(3,944)	(3,944)
7. Dividends paid in cash on common stock to the non-controlling interests	(69)	(143)
Net cash flow provided by (used in) financing activities	5,930	(4,396)
IV. Effect of exchange rate on cash and cash equivalents	(521)	763
V. Increase (Decrease) in cash and cash equivalents	(6,339)	8,260
VI. Initial balance of cash and cash equivalents	29,985	24,860
VII. Period end balance of cash and cash equivalents	23,646	33,120

## Additional Information

Cash paid for:		
Interest	121	98
Income taxes	3,827	7,675
Noncash investing activities		
Acquisition cost of fixed assets	279	136

(5) Notes on Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

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

Not applicable.

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Third Quarter (From April 1, 2012 to December 31, 2012)

(Unit: Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination or corporate	Consolidated
Net sales							
(1) Net sales to outside customers	90,126	22,050	9,261	14,110	135,547	-	135,547
(2) Internal sales or transfers among segments	1,800	5,702	149	4,030	11,681	(11,681)	-
Total	91,926	27,752	9,410	18,140	147,228	(11,681)	135,547
Operating income	8,937	1,495	380	720	11,532	-	11,532

Current Consolidated Third Quarter (From April 1, 2013 to December 31, 2013)

(Unit: Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination or corporate	Consolidated
Net sales							
(1) Net sales to outside customers	89,759	32,739	9,282	14,195	145,975	-	145,975
(2) Internal sales or transfers among segments	1,713	6,355	348	3,926	12,342	(12,342)	-
Total	91,472	39,094	9,630	18,121	158,317	(12,342)	145,975
Operating income	9,361	3,951	273	186	13,771	-	13,771

- (Note) 1. 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.
2. Matters concerning changes in segment information:
- During the current consolidated first quarter, in conformity with the change of the internal reporting segment that is based on our organizational structure, the amount related to Wacoal Eveden is recorded in "Wacoal business (overseas)", whereas it was originally recorded in our "Other" segment.
- Accordingly, the segment information related to the previous consolidated third quarter has been amended and restated based on these new segmentation.

## (ii) Segment Information by Region

Previous Consolidated Third Quarter (From April 1, 2012 to December 31, 2012)

(Unit: Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales to outside customers	112,916	9,360	13,271	135,547
Distribution ratio	83.3%	6.9%	9.8%	100.0%
Operating income	10,192	362	978	11,532

Current Consolidated Third Quarter (From April 1, 2013 to December 31, 2013)

(Unit: Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales to outside customers	112,873	11,111	21,991	145,975
Distribution ratio	77.3%	7.6%	15.1%	100.0%
Operating income	9,776	841	3,154	13,771

- (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/Oceania: various countries of East Asia, Southeast Asia, West Asia and Australia  
Europe/N.A.: North America and European countries
  3. Sales are classified according to the locations of the consolidated companies.

## (6) Status of Sales

Type of product		Previous Third Quarter (From April 1, 2012 to December 31, 2012)		Current Third Quarter (From April 1, 2013 to December 31, 2013)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 100,047	% 73.8	Millions of Yen 108,620	% 74.4	Millions of Yen 8,573	% 8.6
	Nightwear	7,410	5.5	7,416	5.1	6	0.1
	Children's underwear	1,245	0.9	1,203	0.8	(42)	(3.4)
	Subtotal	108,702	80.2	117,239	80.3	8,537	7.9
Outerwear/Sportswear		12,654	9.3	12,951	8.9	297	2.3
Hosiery		1,265	0.9	1,399	1.0	134	10.6
Other textile goods and related products		5,685	4.2	6,798	4.6	1,113	19.6
Other		7,241	5.4	7,588	5.2	347	4.8
Total		135,547	100.0	145,975	100.0	10,428	7.7