

[Translation]

Consolidated Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2015
[U.S. GAAP]

October 31, 2014

Listed Company: Wacoal Holdings Corp.

Stock Exchange: Tokyo

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

Representative: Position: President and Representative Director

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Scheduled quarterly report submission date: November 12, 2014

Scheduled dividend payment start date: -

Supplementary materials regarding quarterly business results: None

Explanatory meeting regarding quarterly business results: Yes

(Amounts less than 1 million yen have been rounded)

1. Second Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 – September 30, 2014)

(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	%
Second Quarter ended September 30, 2014	96,190	(2.4)	8,395	(12.3)	10,123	0.5	6,530	1.5
Second Quarter ended September 30, 2013	98,518	8.4	9,576	12.4	10,070	19.1	6,435	24.8

(Note) Quarterly comprehensive income: 12,653 million yen (decrease of 9.8%) for the second quarter ended September 30, 2014
14,027 million yen (increase of 632.5%) for the second quarter ended September 30, 2013

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Second Quarter ended September 30, 2014	46.37	46.25
Second Quarter ended September 30, 2013	45.69	45.60

(Note) As described in “(3) Summary of Changes in Accounting Principles” in Section 2 “Matters Concerning Summaries (Notes)” on page 5, retroactive adjustments have been made to the results for the second quarter ended September 30, 2013.

(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 September 30, 2014	282,936	215,382	212,951	75.3	1,512.03
As of the end of Fiscal Year (March 31, 2014)	271,988	207,536	205,106	75.4	1,456.32

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, 2014	—	—	—	33.00	33.00
Fiscal Year Ending March 31, 2015	—				
Fiscal Year Ending March 31, 2015 (Estimates)		—	—	30.00	30.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(% 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	196,000	1.1	13,500	(2.6)	15,400	2.4	10,500	3.9	74.55

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

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative second 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: Yes
 (Note) For details, please see “(3) Summary of Changes in Accounting Principles” in Section 2 “Matters Concerning Summaries (Notes)” on page 5.
- (4) Number of Issued Shares (Common Stock)

	Second Quarter ended September 30, 2014	Fiscal Year ended March 31, 2014
(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:	2,539,862 shares	2,539,371 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30):	140,838,532 shares	140,843,441 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 information systems; risks relating to the 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 Second Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Six Months ended September 30, 2014

Our group entered the second 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 and profitability by actively developing our overseas business.

As a result of the above, with respect to our consolidated business results for the six months ended September 30, 2014, overall sales fell below the results for the corresponding period of the previous fiscal year due to a continuing decline in demand after the consumption tax increase in domestic business, despite the fact that the sales from our overseas business were inflated by the weak yen. In terms of profit, operating income fell below the results for the corresponding period of the previous fiscal year due to a decrease in sales and a decline in the sales profit rate in our domestic business.

Net sales:	96,190 million yen (a decrease of 2.4% as compared to the corresponding period of the previous fiscal year)
Operating income:	8,395 million yen (a decrease of 12.3% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	10,123 million yen (an increase of 0.5% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	6,530 million yen (an increase of 1.5% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

Our business in the domestic market faced difficult operating conditions as a result of weak consumer spending caused by a continuing decline in demand after the consumption tax increase and the slowdown in the growth of real disposable income due to rising prices.

Overall sales from our Wacoal brand business fell below the results for the corresponding period of the previous fiscal year due to the poor performance of products for middle-aged consumers, highly seasonal products and shapewear, despite favorable performance of certain products, including newly-launched exclusive brand products intended for a single sales channel, senior products and newly-launched brand products for juniors.

Our Wing brand business faced difficult operating conditions partly as a result of a change in timing for placing TV commercials. Overall, sales of our Wing brand business fell below the results for the corresponding period of the previous fiscal year as a result of weak performance of our summer products, despite the strong performance of men's functional innerwear products for seniors and products for teens.

In our retail business, which generates sales mainly at directly managed retail stores in outlet malls, the decline in sales after the consumption tax increase was small. Sales were driven by our new business-style shop and a lineup of products with a high gross margin rate at our directly managed retail store, AMPHI. Also, sales for the current second quarter (from July to September) performed strongly as a result of our successful efforts in reviewing the composition of our product range and handling inbound customer service with respect to our Wacoal Factory Store. As a result, overall sales exceeded the results for the corresponding period of the previous fiscal year.

In our wellness business, overall sales fell below the results for the corresponding period of the previous fiscal year due to the poor performance of shop sales of our core products, including our sports conditioning wear "CW-X" brand and women's business shoes, throughout the current period.

In our catalog sales business, while our internet sales during the current second quarter (from July to September) remained unchanged from the results for the previous fiscal year due to enhancement of new products, internet sales for the six-month period fell below the results for the corresponding period of the previous fiscal year partly due to the impact of the shutdown of our website which occurred at the beginning of the six-month period. Sales of our summer and autumn catalog products also performed poorly and, as a result, overall sales fell largely below the results for the corresponding period of the previous fiscal year.

In summary, overall sales attributable to our “Wacoal Business (Domestic)” segment fell below the results for the corresponding period of the previous fiscal year due to poor sales from Wacoal Corp., our core operating entity, which fell below the results from the previous fiscal year since sales for the current second quarter (from July to September) could not offset the decline in sales incurred during the first quarter (from April to June). With respect to profitability, our operating income also fell largely below the results for the corresponding period of the previous fiscal year due to decreased sales and a decline in the sales profit rate as a result of increasing processing charges at overseas production bases, despite our efforts to reduce selling, general and administrative expenses at Wacoal Corp.

Net sales:	56,951 million yen (a decrease of 5.3% as compared to the corresponding period of the previous fiscal year)
Operating income:	5,166 million yen (a decrease of 17.6% as compared to the corresponding period of the previous fiscal year)

b. Wacoal Business (Overseas)

In the United States, where the retail environment has been weak, sales at department stores, which are our major clients, remained unchanged from the corresponding period of the previous fiscal year as a result of the strong performance of our T-shirt bra products since their launch in the spring. Sales from our b.tempt'd brand, featuring simple design, showed poor performance. In addition, internet sales and sales from our business in surrounding countries showed strong performance, and as a result, overall sales on a local currency basis exceeded the results for the corresponding period of the previous fiscal year. 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 and the effects of weak yen.

With respect to our business in China, while sales of LA ROSABELLE, our brand targeting the expanding middle-class market, increased as a result of an increasing number of shop openings, and internet sales and outlet malls performed strongly, sales on a local currency basis fell below the results for the corresponding period of the previous fiscal year (but sales on a yen converted basis exceeded the results for the corresponding period of the previous fiscal year due to the weak yen). This was due to a decrease in the number of purchasers at our department stores as a result of a decline in consumer confidence among wealthy segments of the population due to the effects of laws regulating expenditures, which particularly impacted our sales of high-priced brand products. On the other hand, in terms of profit, sales profit increased partly as a result of the cost reduction achieved by the higher local procurement rate. In addition, operating income largely exceeded the results for the corresponding period of the previous fiscal year as a result of a reduction in head-count resulting from the discontinuation of underperforming shops.

With respect to Wacoal Eveden Limited, while sales in the United Kingdom remained unchanged from the previous fiscal year as a result of expanding sales channels for our Wacoal brand products, sales in other European countries in general performed poorly partially due to destabilization in Ukraine and the Middle East. Especially in France, while sales of swimwear products performed as initially planned, sales of our fashion products showed weak performance. In addition, sales from department stores in the United States showed poor performance due to the weak dollar, poor retail environment and a change of MD by certain clients. As a result, sales on a local currency basis fell below the results for the corresponding period of the previous fiscal year, but sales on a yen converted basis largely exceeded the results for the corresponding period of the previous fiscal year due to the sharp depreciation of the yen. In terms of profit, operating income largely fell below the results for the corresponding period of the previous fiscal year as a result of a decline in sales profit resulting from decreased sales, and of costs incurred in connection with changes in our system of business in Europe.

As a result of the above, overall sales and operating income under the “Wacoal Business (Overseas)” segment exceeded the results for the corresponding period of the previous fiscal year.

In March 2014, the Federal Trade Commission (FTC) informed Wacoal America that it intended to bring an enforcement action under the FTC Act alleging that advertising claims of some products lacked appropriate substantiation. On September 29th, Wacoal America and FTC Staff reached a tentative agreement that limits certain advertising claims and requires Wacoal America to issue refunds for such products to purchasers in the amount of \$1.3 million.

Net sales:	24,470 million yen (an increase of 8.0% as compared to corresponding period of the previous fiscal year)
Operating income:	3,310 million yen (an increase of 8.8% 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 fell largely below the results for the corresponding period of the previous fiscal year as a result of the weak purchase rate, while we were successful in attracting a certain level of visitors accessing our website. 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 the increasing number of shop openings, including the introduction of our new business-style shops that target young adults, while sales at certain existing shops in the Tokyo area decreased. With respect to our overseas business, despite the favorable performance resulting from our shop openings in Hong Kong and an increase in the number of customers, sales fell below the results for the corresponding period of the previous fiscal year as a result of poor performance of our directly-managed stores in China and our website for electronic commerce. As a result of the above, overall sales from our Peach John business fell below the results for the corresponding period of the previous fiscal year. In terms of profit, we recorded operating loss due to decreased sales and an increased cost rate which was impacted by the weak yen.

Net sales:	5,843 million yen (a decrease of 5.4% as compared to the corresponding period of the previous fiscal year)
Operating loss:	156 million yen (as compared to 112 million yen of operating income for the corresponding period of the previous fiscal year)

d. Other

With respect to the business of Lecien Corporation (“Lecien”), sales from our innerwear business division which handles our core innerwear products remained unchanged from the previous fiscal year despite a decrease in the number of products offered to our major clients. Overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year due to a decrease in sales from our apparel business division, as well as other business divisions. In terms of profit, we recorded an operating loss due to 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, sales from sales and construction business fell largely below the results for the corresponding period of the previous fiscal year as a result of a decrease in the number of orders received in anticipation of lower consumer spending. In terms of profit, operating income fell below the results for the corresponding period of the previous fiscal year due to decreased sales.

As a result of the above, overall sales and operating income under the “Other” segment fell below the results for the corresponding period of the previous fiscal year.

Net sales:	8,926 million yen (a decrease of 6.7% as compared to the corresponding period of the previous fiscal year)
Operating income:	75 million yen (a decrease of 51.0% 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 second quarter were 282,936 million yen, an increase of 10,948 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 67,554 million yen, an increase of 3,102 million yen from the end of the previous fiscal year, due to increases in deferred income taxes and other current liabilities.

Total Wacoal Holdings Corp. shareholders' equity was 212,951 million yen, an increase of 7,845 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 second quarter was 75.3%, a decrease of 0.1% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated second quarter of the current fiscal year were 33,730 million yen, an increase of 3,072 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 10,101 million yen, an increase of 5,241 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 6,711 million yen plus adjustments of depreciation expenses and deferred taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 1,161 million yen, as compared to 3,991 million yen of cash inflow for the corresponding period of the previous fiscal year, due to increases in capital expenditure and payments to acquire investments, despite proceeds from sale of paintings.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 6,427 million yen, an increase of 2,165 million yen as compared to the corresponding period of the previous fiscal year, due to repayment of short-term bank loans and 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, 2015 since our announcement on May 13, 2014.

2. Matters Concerning Summaries (Notes)

(1) Summary of Changes in Significant Subsidiaries during the Current Consolidated Cumulative Quarter:
Not applicable.

(2) Application of Simplified Accounting Methods and Specific Accounting Methods:
Not applicable.

(3) Summary of Changes in Accounting Principles:

(Change of Fiscal Year End of Certain Subsidiaries)

Since the previous fiscal year, certain subsidiaries changed their fiscal year ends from December 31 to March 31 to more closely conform with the Parent's year end. Accordingly, in order to reflect the change, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows, segment information, and status of sales of the second quarter ended September 30, 2013 have been adjusted retrospectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2014	Current Consolidated Second Quarter as of September 30, 2014	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	30,658	33,730	3,072
Time deposits	2,168	2,459	291
Marketable securities	3,523	3,856	333
Notes and accounts receivable	26,269	25,847	(422)
Allowance for returns and doubtful receivables	(2,321)	(2,690)	(369)
Inventories	40,211	41,806	1,595
Deferred income taxes	4,848	4,750	(98)
Other current assets	4,132	4,103	(29)
Total current assets	109,488	113,861	4,373
II. Property, plant and equipment:			
Land	21,994	21,972	(22)
Buildings and structures	63,024	63,248	224
Machinery and equipment	15,446	16,145	699
Construction in progress	<u>147</u>	<u>232</u>	<u>85</u>
	100,611	101,597	986
Accumulated depreciation	(51,633)	(52,711)	(1,078)
Net property, plant and equipment	48,978	48,886	(92)
III. Other assets:			
Investments in affiliated companies	18,894	19,746	852
Investments	45,951	50,099	4,148
Goodwill	22,723	23,568	845
Other intangible fixed assets	13,688	13,800	112
Deferred income taxes	1,008	1,025	17
Other	11,258	11,951	693
Total other assets	113,522	120,189	6,667
Total assets	271,988	282,936	10,948

Accounts	Previous Fiscal Year as of March 31, 2014	Current Consolidated Second Quarter as of September 30, 2014	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	16,630	15,723	(907)
Notes and accounts payables:			
Trade notes	1,064	1,034	(30)
Trade accounts	10,657	12,020	1,363
Other payables	<u>5,764</u>	<u>4,322</u>	<u>(1,442)</u>
	17,485	17,376	(109)
Accrued payroll and bonuses	7,085	6,761	(324)
Income taxes payable	1,224	2,824	1,600
Other current liabilities	4,184	5,802	1,618
Total current liabilities	46,608	48,486	1,878
II. Long-term liabilities:			
Liabilities for termination and retirement benefits	1,795	1,746	(49)
Deferred income taxes	13,611	15,351	1,740
Other long-term liabilities	2,438	1,971	(467)
Total long-term liabilities	17,844	19,068	1,224
Total liabilities	64,452	67,554	3,102
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,587	29,618	31
III. Retained earnings	151,468	153,350	1,882
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	2,310	5,630	3,320
Unrealized gain on securities	11,606	14,307	2,701
Pension liability adjustments	(227)	(316)	(89)
V. Treasury stock	(2,898)	(2,898)	(0)
Total Wacoal Holdings Corp. shareholders' equity	205,106	212,951	7,845
VI. Noncontrolling interests	2,430	2,431	1
Total equity	207,536	215,382	7,846
Total liabilities and equity	271,988	282,936	10,948

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2013 to September 30, 2013)		Current Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)		Increase/ (Decrease)
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	98,518	100.0	96,190	100.0	(2,328)
II. Operating costs and expenses					
Cost of sales	45,448	46.1	44,359	46.1	(1,089)
Selling, general and administrative expenses	43,494	44.2	43,436	45.2	(58)
Total operating costs and expenses	88,942	90.3	87,795	91.3	(1,147)
Operating income	9,576	9.7	8,395	8.7	(1,181)
III. Other income (expenses):					
Interest income	36		57		21
Interest expense	(64)		(51)		13
Dividend income	456		512		56
Gain or loss on sale or exchange of marketable securities and investments, net	13		1		(12)
Valuation gain or loss on marketable securities and investments, net	0		(0)		(0)
Gain on sale of paintings	-		1,059		1,059
Other, net	53		150		97
Total other income (expenses)	494	0.5	1,728	1.8	1,234
Income before income taxes, equity in net income of affiliated companies	10,070	10.2	10,123	10.5	53
Income taxes	3,971	4.0	3,826	4.0	(145)
Income before equity in net income of affiliated companies	6,099	6.2	6,297	6.5	198
Equity in net income of affiliated companies	503	0.5	414	0.5	(89)
Net income	6,602	6.7	6,711	7.0	109
Net income attributable to noncontrolling interests	(167)	(0.2)	(181)	(0.2)	(14)
Net income attributable to Wacoal Holdings Corp.	6,435	6.5	6,530	6.8	95

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2013 to September 30, 2013)		Current Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)		Increase/(Decrease)
	Millions of Yen		Millions of Yen		
I. Net income	6,602		6,711		109
II. Other comprehensive income (loss) - net of tax:					
Foreign currency translation adjustments	4,974		3,324		(1,650)
Net unrealized gains on securities	2,337		2,711		374
Pension liability adjustments	114		(93)		(207)
Other comprehensive income (loss)	7,425		5,942		(1,483)
Comprehensive income (loss)	14,027		12,653		(1,374)
Comprehensive income (loss) attributable to noncontrolling interests	(254)		(191)		63
Comprehensive income attributable to Wacoal Holdings Corp.	13,773		12,462		(1,311)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2013 to September 30, 2013)	Current Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	6,602	6,711
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	2,488	2,595
(2) Provision for returns and doubtful receivables – net	326	314
(3) Deferred income taxes	(292)	276
(4) Gain or loss on sale of fixed assets	7	(7)
(5) Gain on sale of paintings	-	(1,059)
(6) Gain or loss on sale and exchange of marketable securities and investments	(13)	(1)
(7) Valuation gain or loss on investment in marketable securities and investments	(0)	0
(8) Equity in net income of affiliated companies – less dividends	138	174
(9) Changes in assets and liabilities		
Decrease (increase) in notes and receivables	(660)	695
Increase in inventories	(1,007)	(1,181)
Decrease (increase) in other current assets	249	(395)
Decrease in notes and accounts payable	(2,013)	(178)
Decrease in liabilities for termination and retirement benefits	(427)	(788)
Increase (decrease) in other liabilities	(695)	2,747
(10) Other	157	198
Net cash flow provided by operating activities	4,860	10,101
II. Investing activities		
1. Increase in time deposits	(540)	(1,873)
2. Decrease in time deposits	1,577	1,656
3. Proceeds from sales and redemption of marketable securities	1,251	107
4. Payments to acquire marketable securities	(113)	-
5. Proceeds from sale of paintings	-	1,275
6. Proceeds from sale of property, plant and equipment	32	184
7. Capital expenditure	(1,263)	(1,442)
8. Payments to acquire intangible assets	(504)	(641)
9. Proceeds from sale of other investments	3,823	14
10. Payments to acquire investments	(253)	(457)
11. Payments to acquire additional shares of a subsidiary	-	(1)
12. Other	(19)	17
Net cash flow provided by (used in) investing activities	3,991	(1,161)
III. Financing activities		
1. Net increase (decrease) in short-term bank loans	330	(1,085)
2. Repayment of long-term debt	(501)	(505)
3. Repurchase of treasury stock	(2)	(0)
4. Dividends paid on common stock	(3,944)	(4,648)
5. Dividends paid to noncontrolling interests	(145)	(189)
Net cash flow used in financing activities	(4,262)	(6,427)
IV. Effect of exchange rate changes on cash and cash equivalents	368	559
V. Net increase in cash and cash equivalents	4,957	3,072
VI. Cash and cash equivalents, beginning of period	24,514	30,658
VII. Cash and cash equivalents, end of period	29,471	33,730

Additional Information

Cash paid for:		
Interest	67	53
Income taxes	4,780	2,020
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	210	478

(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 Cumulative Second Quarter (From April 1, 2013 to September 30, 2013)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	60,122	22,655	6,178	9,563	98,518	-	98,518
(2) Intersegment	1,077	4,207	217	2,635	8,136	(8,136)	-
Total	61,199	26,862	6,395	12,198	106,654	(8,136)	98,518
Operating income	6,270	3,041	112	153	9,576	-	9,576

Current Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	56,951	24,470	5,843	8,926	96,190	-	96,190
(2) Intersegment	979	4,244	316	2,490	8,029	(8,029)	-
Total	57,930	28,714	6,159	11,416	104,219	(8,029)	96,190
Operating income (loss)	5,166	3,310	(156)	75	8,395	-	8,395

(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 Cumulative Second Quarter (From April 1, 2013 to September 30, 2013)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	75,594	7,563	15,361	98,518
Distribution ratio	76.7%	7.7%	15.6%	100.0%
Operating income	6,513	595	2,468	9,576

Current Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	71,537	8,015	16,638	96,190
Distribution ratio	74.4%	8.3%	17.3%	100.0%
Operating income	5,055	1,039	2,301	8,395

- (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.

(Subsequent Events)

On October 20, 2014, a construction contract and a construction management contract were executed in the amount of 6,395 million yen in connection with the construction of a new business building at Minami-ku, Kyoto City, Kyoto.

(6) Status of Sales

Type of product		Previous Consolidated Cumulative Second Quarter (From April 1, 2013 to September 30, 2013)		Current Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 74,529	% 75.7	Millions of Yen 72,852	% 75.7	Millions of Yen (1,677)	% (2.3)
	Nightwear	4,707	4.8	4,590	4.8	(117)	(2.5)
	Children's underwear	824	0.8	761	0.8	(63)	(7.6)
	Subtotal	80,060	81.3	78,203	81.3	(1,857)	(2.3)
Outerwear/Sportswear		8,056	8.2	7,900	8.2	(156)	(1.9)
Hosiery		1,116	1.1	1,259	1.3	143	12.8
Other textile goods and related products		4,147	4.2	4,038	4.2	(109)	(2.6)
Other		5,139	5.2	4,790	5.0	(349)	(6.8)
Total		98,518	100.0	96,190	100.0	(2,328)	(2.4)