

[Translation]

# Consolidated Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2016 [U.S. GAAP]

October 30, 2015

Listed Company: Wacoal Holdings Corp.  
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Scheduled quarterly report submission date: November 12, 2015  
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, 2016 (April 1, 2015 – September 30, 2015)

### (1) Consolidated Business Results

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

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Second Quarter ended September 30, 2015	105,715	9.9	9,676	15.3	10,646	5.2	7,482	14.6
Second Quarter ended September 30, 2014	96,190	(2.4)	8,395	(12.3)	10,123	0.5	6,530	1.5

(Note) Quarterly comprehensive income: 6,268 million yen (decrease of 50.5%) for the second quarter ended September 30, 2015  
12,653 million yen (decrease of 9.8%) for the second quarter ended September 30, 2014

	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, 2015	53.12	52.97
Second Quarter ended September 30, 2014	46.37	46.25

### (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, 2015	300,306	233,653	230,731	76.8	1,638.27
As of the end of Fiscal Year (March 31, 2015)	300,272	231,568	228,857	76.2	1,624.93

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, 2015	—	—	—	30.00	30.00
Fiscal Year Ending March 31, 2016	—	—			
Fiscal Year Ending March 31, 2016 (Estimates)			—	33.00	33.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 - March 31, 2016)

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

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		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	205,000	6.9	14,000	97.7	14,500	27.8	10,000	18.4	71.00	

(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: None
- (4) Number of Issued Shares (Common Stock)

	Second Quarter ended September 30, 2015	Fiscal Year ended March 31, 2015
(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:	2,539,496 shares	2,537,276 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30):	140,839,319 shares	140,838,532 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, 2015

Our group entered the last year of our three-year mid-term plan (from fiscal year 2014 to fiscal year 2016), and we (primarily Wacoal Corp., our core operating entity) continued to make efforts to expand our share of sales by 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, 2015, in domestic business, despite the fact that consumer spending remained slow after the consumption tax increase, sales were supported by the demand for certain high-priced products and inbound demand and exceeded the results for the corresponding period of the previous fiscal year. Further, sales from our overseas business were inflated by the depreciation of the yen, and as a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, overall operating income largely exceeded the results for the corresponding period of the previous fiscal year due to an increase in sales from Wacoal Corp., the favorable impact of the weak yen which contributed to the increase of profits achieved from overseas business, and the recovery of earnings at our other subsidiaries.

Net sales:	105,715 million yen (an increase of 9.9% as compared to the corresponding period of the previous fiscal year)
Operating income:	9,676 million yen (an increase of 15.3% as compared to the corresponding period of the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	10,646 million yen (an increase of 5.2% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	7,482 million yen (an increase of 14.6% as compared to the corresponding period of the previous fiscal year)

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

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

With respect to our domestic business, while signs of recovery were observed for the first quarter as compared to a significant decline in the corresponding period of the previous fiscal year, sales growth slowed down after the summer due to the trend among consumers towards being increasingly selective.

With respect to our Wacoal brand business, although our summer undergarments and campaign products showed poor performance, an expansion of inbound demand at department stores in urban areas, and the favorable performance of our core brassieres products and high-end and mid-range brand products contributed to overall sales which exceeded the results for the corresponding period of the previous fiscal year.

With respect to our Wing brand business, sales of our core brassieres products showed weak performance during the spring and summer season. Sales of our summer undergarment products showed signs of recovery from the second half of July and the expansion of our brand products for teens contributed to overall sales. Sales of our brassieres products regained momentum from September as a result of placing TV commercials, and overall sales from our Wing brand business remained unchanged from the results for the corresponding period of the previous fiscal year.

In our retail business, despite slow growth in the number of shop visitors, sales from our directly managed retail store, AMPHI, were driven by favorable performance of our collaboration products with apparel brands and stylists, which resulted in an increase in average spending per customer. Further, inbound consumption significantly contributed to sales with respect to our Wacoal Factory Store in outlet malls in areas around airports and, as a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year.

In our wellness business, while sales of products for use in trekking and golf were decreasing, the performance of sales of our new autumn versions were not strong enough to boost sales, and as a result, sales of our sports conditioning wear “CW-X” brand products largely fell below the results for the corresponding period of the previous fiscal year. Although sales of women’s business shoes and swimwear products showed strong performance, overall sales fell below the results for the corresponding period of the previous fiscal year.

In our catalog sales business, sales showed favorable performance as a result of our expanding the volume of catalog distribution and adjusting the launch schedule each season to the time of actual demand, and exceeded the results for the corresponding period of the previous fiscal year. Further, our internet sales performed strongly as a result of a significant increase in the number of internet users visiting our website because we were no longer affected by the shutdown of our website that occurred in the previous year and as a result of the optimization of search engines. As a result, overall sales exceeded the results for the corresponding period of the previous fiscal year.

With respect to Ai Co., Ltd., our domestic subsidiary which handles the swimwear business and directly managed underwear business, which we acquired from San-Ai group during the current fiscal year, sales from the swimwear business were below the sales we anticipated in our plan due to unstable summer weather, despite the favorable performance seen in the first half of the second quarter. In addition, sales from the underwear business were also largely below the sales we anticipated in our plan.

In summary, overall sales attributable to our “Wacoal Business (Domestic)” segment exceeded the results for the corresponding period of the previous fiscal year due to increased sales from Wacoal Corp., our core operating entity, and the inclusion of sales from Ai Co., Ltd. With respect to profitability, our operating income also largely exceeded the results for the corresponding period of the previous fiscal year as a result of the increased sales from Wacoal Corp. and the improved sales profit rate.

Net sales:	62,526 million yen (an increase of 9.8% as compared to the corresponding period of the previous fiscal year)
Operating income:	5,986 million yen (an increase of 15.9% as compared to the corresponding period of the previous fiscal year)

b. Wacoal Business (Overseas)

With respect to Wacoal America Inc., while our internet sales and exports to surrounding countries and Europe showed favorable performance and sales of our core Wacoal brand products in the United States remained unchanged from the results for the corresponding period of the previous fiscal year, overall sales on a local currency basis remained unchanged from (but overall sales on a yen converted basis largely exceeded) the results for the corresponding period of the previous fiscal year. In terms of profit, operating income on a local currency basis fell significantly below (but operating income on a yen converted basis exceeded) the results for the corresponding period of the previous fiscal year due to an increase in selling, general and administrative expenses which resulted from recording our 30th anniversary promotion expenses.

With respect to Wacoal Europe, sales in the United Kingdom performed well due to the expansion of our Wacoal brand portfolio there, and sales in the United States and Australia also expanded. However, sales in the Eurozone area showed a substantial decrease due to slow consumer spending affected by the unstable political and economic situation in Europe, particularly in France. As a result, total sales on a local currency basis fell below the results for the previous fiscal year, but sales on a yen converted basis exceeded the results for the previous fiscal year. With regard to profit, operating income largely fell below the results for the corresponding period of the previous fiscal year as a result of decreased sales and an increase in purchase costs due to the appreciation of the dollar.

With respect to our business in China, sales of LA ROSABELLO, our brand targeting the middle-class market, showed favorable performance although there is increasing concern that the economic slowdown is intensifying. We focused on profitable shops and held down on the number of shop openings. On the other hand, our successful efforts in the promotional campaign of our core Wacoal brand products during the holiday season including Women’s Day and Lunar New Year contributed to the expansion of sales. Further, internet sales and sales from outlet malls also showed favorable performance, and as a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, operating income largely exceeded the results for the corresponding period of the previous fiscal year as a result of the increased sales profit due to our achieving an expansion in local procurement and a higher sales ratio in channels with a higher gross margin rate.

As a result of the above, with respect to the overall sales and operating income attributable to our “Wacoal Business (Overseas)” segment, overall sales exceeded 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: 27,767 million yen  
(an increase of 13.5% as compared to corresponding period of the previous fiscal year)

Operating income: 3,242 million yen  
(a decrease of 2.1% as compared to the corresponding period of the previous fiscal year)

c. Peach John Business

Sales from our core mail-order catalogues largely fell below the results for the corresponding period of the previous fiscal year due to the impact of a shortened sales period as well as the low number of internet users visiting our website, despite the higher purchase rate achieved as a result of our website remodeling. Inbound demand contributed to sales from our domestic direct retail stores which largely exceeded the results for the corresponding period of the previous fiscal year. Despite the low proportion, sales through third-party sites are also performing strong. With respect to our overseas business, sales exceeded the results for the corresponding period of the previous fiscal year due to increased sales resulting from our initiatives to discontinue our underperforming shops for our business and to shift to internet sales in China, as well as the impact of the weak yen, despite our weak performance in Hong Kong. As a result of the above, overall sales from our Peach John business remained unchanged from the results for the corresponding period of the previous fiscal year. In terms of profit, our operating income significantly improved from the corresponding period of the previous fiscal year, during which we recorded an operating loss, as a result of our efforts to improve sales profit by reviewing our pricing method and by holding fewer sales campaigns and reducing PR/production related costs.

Net sales: 5,800 million yen  
(a decrease of 0.7% as compared to the corresponding period of the previous fiscal year)

Operating income: 333 million yen  
(as compared to 156 million yen of operating loss for 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 weak performance of our core innerwear business division, as well as our apparel business division. In terms of profit, we recorded a significant operating loss as a result of the worsening sales profit rate, which was impacted by the weak yen.

As for Nanasai Co., Ltd. (“Nanasai”), while sales from the rental business remained unchanged from the results for the corresponding period of the previous fiscal year, sales from our construction business largely exceeded the results for the corresponding period of the previous fiscal year as a result of receiving large-scale orders from certain department stores and apparel brands, and our sales business also showed an expansion in the delivery of fixtures in connection with the construction orders received. As a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, operating income largely improved from the results for the corresponding period of the previous fiscal year due to increased sales.

As a result of the above, overall sales and operating income attributable to our “Other” segment exceeded the results for the corresponding period of the previous fiscal year.

Net sales: 9,622 million yen  
(an increase of 7.8% as compared to the corresponding period of the previous fiscal year)

Operating income: 115 million yen  
(an increase of 53.3% 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 300,306 million yen, an increase of 34 million yen from the end of the previous fiscal year, due to increases in notes and accounts receivable and inventories.

Our total liabilities were 66,653 million yen, a decrease of 2,051 million yen from the end of the previous fiscal year, due to a decrease in other long-term liabilities.

Total Wacoal Holdings Corp. shareholders' equity was 230,731 million yen, an increase of 1,874 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 second quarter was 76.8%, an increase of 0.6% 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 36,462 million yen, a decrease of 1,948 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 7,781 million yen, a decrease of 2,320 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 7,681 million yen plus adjustments for depreciation and amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 3,727 million yen, an increase of 2,566 million yen as compared to the corresponding period of the previous fiscal year, due to increases in capital expenditures and other investing activities.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 6,055 million yen, a decrease of 372 million yen as compared to the corresponding period of the previous fiscal year, due to repayment of 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, 2016 since our announcement on May 11, 2015.

**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:  
Not applicable.



### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2015	Current Consolidated Second Quarter as of September 30, 2015	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	38,410	36,462	(1,948)
Time deposits	2,687	2,546	(141)
Marketable securities	2,387	1,846	(541)
Notes and accounts receivable	26,544	28,394	1,850
Allowance for returns and doubtful receivables	(2,409)	(2,886)	(477)
Inventories	42,893	44,523	1,630
Deferred income taxes	5,488	4,477	(1,011)
Other current assets	4,264	4,548	284
Total current assets	120,264	119,910	(354)
II. Property, plant and equipment:			
Land	22,009	22,003	(6)
Buildings and building improvements	64,038	64,354	316
Machinery and equipment	16,760	17,266	506
Construction in progress	<u>923</u>	<u>2,423</u>	<u>1,500</u>
	103,730	106,046	2,316
Accumulated depreciation	(54,542)	(55,708)	(1,166)
Net property, plant and equipment	49,188	50,338	1,150
III. Other assets:			
Investments in affiliated companies	22,052	21,492	(560)
Investments	59,963	58,228	(1,735)
Goodwill	18,750	19,057	307
Other intangible assets	12,739	12,930	191
Prepaid pension expense	10,577	11,260	683
Deferred income taxes	982	972	(10)
Other	5,757	6,119	362
Total other assets	130,820	130,058	(762)
Total assets	300,272	300,306	34

Accounts	Previous Fiscal Year as of March 31, 2015	Current Consolidated Second Quarter as of September 30, 2015	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	10,038	12,877	2,839
Notes and accounts payable:			
Trade notes	1,031	1,578	547
Trade accounts	11,346	12,322	976
Other payables	<u>6,686</u>	<u>4,259</u>	<u>(2,427)</u>
	19,063	18,159	(904)
Accrued payroll and bonuses	6,936	6,989	53
Income taxes payable	2,064	1,547	(517)
Other current liabilities	4,201	5,361	1,160
Total current liabilities	42,302	44,933	2,631
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,680	1,422	(258)
Deferred income taxes	18,796	18,309	(487)
Other long-term liabilities	5,926	1,989	(3,937)
Total long-term liabilities	26,402	21,720	(4,682)
Total liabilities	68,704	66,653	(2,051)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,642	29,674	32
III. Retained earnings	155,264	158,521	3,257
IV. Accumulated other comprehensive income:			
Foreign currency translation adjustments	10,831	11,001	170
Unrealized gain on securities	20,821	19,559	(1,262)
Pension liability adjustments	1,934	1,614	(320)
V. Treasury stock, at cost	(2,895)	(2,898)	(3)
Total Wacoal Holdings Corp. shareholders' equity	228,857	230,731	1,874
VI. Noncontrolling interests	2,711	2,922	211
Total equity	231,568	233,653	2,085
Total liabilities and equity	300,272	300,306	34

## (2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)		Current Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)		Increase/ (Decrease)
	Millions of Yen	%	Millions of Yen	%	Millions of Yen
I. Net Sales	96,190	100.0	105,715	100.0	9,525
II. Operating costs and expenses					
Cost of sales	44,359	46.1	49,031	46.4	4,672
Selling, general and administrative expenses	43,436	45.2	47,008	44.4	3,572
Total operating costs and expenses	87,795	91.3	96,039	90.8	8,244
Operating income	8,395	8.7	9,676	9.2	1,281
III. Other income (expenses):					
Interest income	57		76		19
Interest expense	(51)		(39)		12
Dividend income	512		599		87
Gain or loss on sales or exchange of marketable securities and investments - net	1		90		89
Valuation loss on marketable securities and investments	(0)		(0)		0
Gain on sales of paintings	1,059		-		(1,059)
Other – net	150		244		94
Total other income (expenses)	1,728	1.8	970	0.9	(758)
Income before income taxes and equity in net income of affiliated companies	10,123	10.5	10,646	10.1	523
Income taxes	3,826	4.0	3,655	3.5	(171)
Income before equity in net income of affiliated companies	6,297	6.5	6,991	6.6	694
Equity in net income of affiliated companies	414	0.5	690	0.7	276
Net income	6,711	7.0	7,681	7.3	970
Net income attributable to noncontrolling interests	(181)	(0.2)	(199)	(0.2)	(18)
Net income attributable to Wacoal Holdings Corp.	6,530	6.8	7,482	7.1	952

## (3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)		Current Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)		Increase/(Decrease)
	Millions of Yen		Millions of Yen		Millions of Yen
I. Net income	6,711		7,681		970
II. Other comprehensive income (loss) - net of tax:					
Foreign currency translation adjustments	3,324		180		(3,144)
Unrealized gain on securities	2,711		(1,273)		(3,984)
Pension liability adjustments	(93)		(320)		(227)
Other comprehensive income	5,942		(1,413)		(7,355)
Comprehensive income	12,653		6,268		(6,385)
Comprehensive income attributable to noncontrolling interests	(191)		(198)		(7)
Comprehensive income attributable to Wacoal Holdings Corp.	12,462		6,070		(6,392)

## (4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)	Current Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	6,711	7,681
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	2,595	2,353
(2) Provision for returns and doubtful receivables - net	314	477
(3) Deferred income taxes	276	1,250
(4) Gain or loss on sales or disposal of property, plant and equipment - net	(7)	48
(5) Gain on sales of paintings	(1,059)	-
(6) Gain or loss on sales or exchange of marketable securities and investments - net	(1)	(90)
(7) Valuation loss on marketable securities and investments	0	0
(8) Equity in net income of affiliated companies, less dividends	174	46
(9) Changes in assets and liabilities		
Decrease (increase) in notes and receivables	695	(1,745)
Increase in inventories	(1,181)	(628)
Increase in other current assets	(395)	(253)
Decrease in notes and accounts payable	(178)	(991)
Decrease in liability for termination and retirement benefits	(788)	(1,415)
Increase in other liabilities	2,747	978
(10) Other	198	70
Net cash provided by operating activities	10,101	7,781
II. Investing activities		
1. Increase in time deposits	(1,873)	(1,739)
2. Decrease in time deposits	1,656	1,887
3. Proceeds from sales and redemption of marketable securities	107	1,004
4. Payments to acquire marketable securities	-	(534)
5. Proceeds from sales of paintings	1,275	-
6. Proceeds from sales of property, plant and equipment	184	54
7. Capital expenditures	(1,442)	(2,628)
8. Payments to acquire intangible assets	(641)	(767)
9. Proceeds from sales of investments	14	237
10. Payments to acquire investments	(457)	(255)
11. Payments to acquire additional shares of a subsidiary	(1)	-
12. Other	17	(986)
Net cash (used in) provided by investing activities	(1,161)	(3,727)
III. Financing activities		
1. Net increase in short-term bank loans	(1,085)	2,961
2. Repayment of long-term debt	(505)	(4,582)
3. Repurchase of treasury stock	(0)	(3)
4. Dividends paid on common stock	(4,648)	(4,225)
5. Dividends paid to noncontrolling interests	(189)	(206)
Net cash used in financing activities	(6,427)	(6,055)
IV. Effect of exchange rate changes on cash and cash equivalents	559	53
V. Net (decrease) increase in cash and cash equivalents	3,072	(1,948)
VI. Cash and cash equivalents, beginning of period	30,658	38,410
VII. Cash and cash equivalents, end of period	33,730	36,462

## Additional Cash Flow Information

Cash paid for:		
Interest	53	41
Income taxes	2,020	3,157
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	478	475

### (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, 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

Current Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	62,526	27,767	5,800	9,622	105,715	-	105,715
(2) Intersegment	760	4,532	377	2,923	8,592	(8,592)	-
Total	63,286	32,299	6,177	12,545	114,307	(8,592)	105,715
Operating income	5,986	3,242	333	115	9,676	-	9,676

(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, 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

Current Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	77,768	9,271	18,676	105,715
Distribution ratio	73.5%	8.8%	17.7%	100.0%
Operating income	6,372	1,152	2,152	9,676

- (Note)
1. Countries or areas are classified according to geographical proximity.
  2. Main countries and areas belonging to classifications other than Japan:  
Asia/Oceania: various countries of East Asia, Southeast Asia and West Asia, and Australia  
Europe/N.A.: North America and European countries
  3. Sales in respect of consolidated companies are categorized by location.

## (6) Status of Sales

Type of product		Previous Consolidated Cumulative Second Quarter (From April 1, 2014 to September 30, 2014)		Current Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 72,852	% 75.7	Millions of Yen 78,796	% 74.5	Millions of Yen 5,944	% 8.2
	Nightwear	4,590	4.8	4,725	4.5	135	2.9
	Children's underwear	761	0.8	743	0.7	(18)	(2.4)
	Subtotal	78,203	81.3	84,264	79.7	6,061	7.8
Outerwear/Sportswear		7,900	8.2	10,841	10.3	2,941	37.2
Hosiery		1,259	1.3	1,152	1.1	(107)	(8.5)
Other textile goods and related products		4,038	4.2	3,744	3.5	(294)	(7.3)
Other		4,790	5.0	5,714	5.4	924	19.3
Total		96,190	100.0	105,715	100.0	9,525	9.9