



INTEGRATED
REPORT

2016

Passion
Meets
Performance



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OUR MISSION

We will contribute to society by helping women to express their beauty.

OUR VISION

We, the employees and management of Wacoal, will maintain a refined corporate culture based on mutual trust and will continually strive to make the Company a global leader in the industry.

Editorial Policy for This Report

In accordance with international norms for integrated reporting, the Wacoal Group has been issuing integrated reports since FY2011 as part of its communication with shareholders and other investors.

This integrated report explains the Wacoal Group's value creation activities not only through financial information but also through nonfinancial information about unique, significant assets and other facets of the Group's business.

Further, the web site of Wacoal Holdings Corp. includes a wide range of information about the Group. We hope that referring to this integrated report in conjunction with the web site will further understanding of the Group. Going forward, we will continue pursuing an editorial policy that responds to changes in reader expectations.

Publications to Help Stakeholders Understand Wacoal

Integrated Report



News for Shareholders



Annual Handbook



URL

Company Homepage

<http://www.wacoalholdings.jp/en>

IR Information

<http://www.wacoalholdings.jp/en/ir>

CSR Information

<http://www.wacoalholdings.jp/en/csr>

Mutual trust describes how all employees of Wacoal become people who are trusted both by others in Wacoal and by members of society. It is about establishing a body of people bound by trust and respect, who do more than simply get along; they act out of a deep and intense humanity to help and encourage others. Mutual trust is not a value that will fade with time, rather it remains a principle by which the whole world can coexist and prosper, and it stands as the fundamental and enduring founding spirit of the Wacoal Group.



Mutual Trust Beauty

Since our founding over 70 years ago, we have aimed through our business operations to help women realize their desire to express their beauty. We like to think that, as a result, we have helped women across the world feel more confident and lead more fulfilled lives. Our focus on understanding women's values and sense of beauty, and our empathy with women, has now become a Wacoal value. The ideal that we pursue is the creation of a beauty that can be shared by the world's women.

Sophisticated Figure

Beauty and comfort in the perfect fit.

While brassieres that put appearance before functionality gain in popularity, Wacoal daily continues to drive evolution in pursuit of the ideal brassiere that provides both beauty and comfort for every woman.

Every Stitch, Every Millimeter, Every Second Counts

Our brassieres are made from about 40 parts in about 20 steps.

The decorative beauty of the finish and the body-fitting curves are the result of the technical prowess of our employees who perform the final stitching by hand.

With detailed production that leaves no room for even one millimeter error, we also aim to boost efficiency through consciousness of every second, and thoughtfulness in every stitch.

Bringing these three elements together allows us to make Wacoal products loved by customers.

Passion *for* Products

The Science of Women's Beauty

Based on data compiled from more than 40,000 people over 50 years, we have looked at the beauty of shape, motion, and comfort from the point of view of human science.

With many years of scientific research to support results such as the "Golden Canon," a three-dimensional index of the balance of beauty, and the "Aging of the Physique and the Principles of Beauty," that makes clear the effects of age, we can respond to women's desire to express their beauty.

A woman is the central figure, wearing a delicate lace bodysuit and a large, airy headpiece made of white tulle and pink flowers. Her eyes are covered by a lace mask. She stands with one hand on her hip against a background that transitions from orange to pink to blue. The title 'Making it Happen' is written in a large, white, serif font across the middle of the image.

Making it Happen

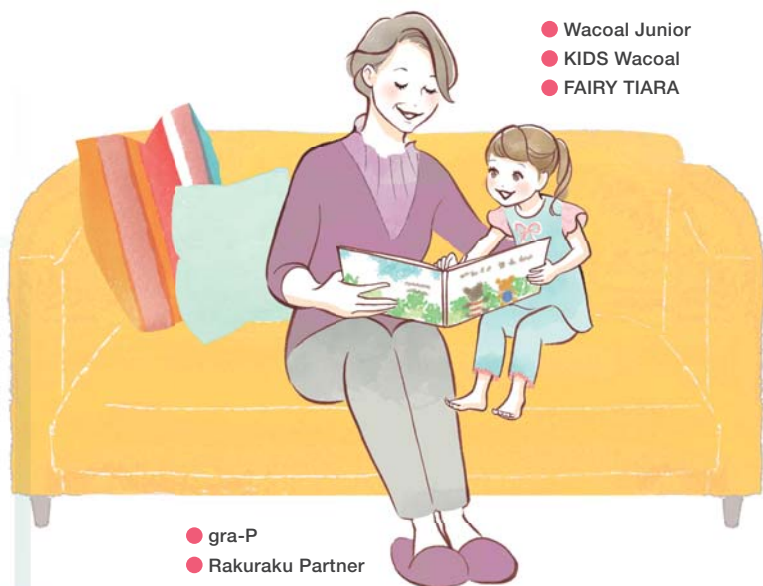
To help the world's women to express their beauty is the mission and the objective of Wacoal. In today's rapidly changing society, women's perceptions, values, and lifestyles are overflowing with diversity, and their life stages are constantly in flux as time passes.

At Wacoal, our job is to understand those changes, keep listening to women, and offer products and services that match their needs.

We also hope to provide new value throughout the world by strengthening Wacoal's global presence.

Wacoal for Lifestyle

To meet the varying requirements of customers throughout their lives, Wacoal offers a number of product brands manufactured through leveraging our strengths.



- Wacoal Junior
- KIDS Wacoal
- FAIRY TIARA

- gra-P
- Rakuraku Partner

Daily Life

Rich product lineups of both inner and outer wear for everyone, regardless of gender or age.



- Wacoal
- Wing
- WACOAL DIA
- Trèfle
- Salute
- PARFAGE

- L'ge
- LASSÉE
- amphi
- Pulili
- une nana cool
- PEACH JOHN
- SUCCESS WALK



- WACOAL MEN
- BROS

Workout

Sportswear designed for mobility and support during physical activities.

● CW-X



● WACOAL MATERNITY



● WACOAL BABY



● WACOAL BRIDAL



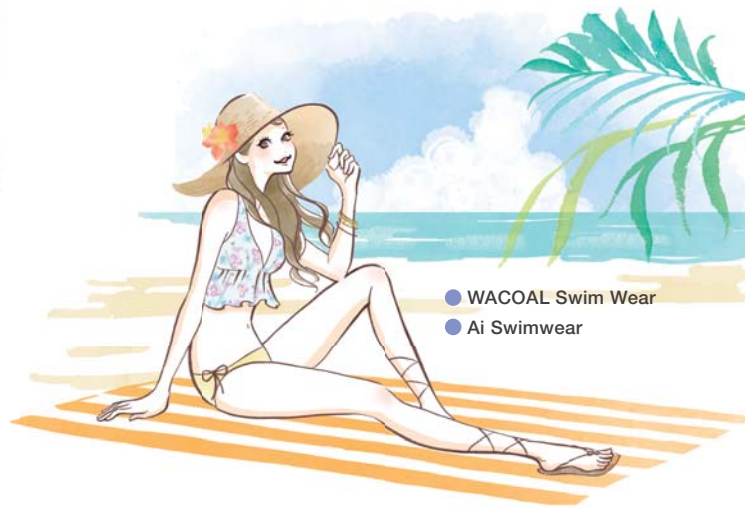
A New Life

Superior-quality bridal lingerie for the special day, maternity innerwear to keep pre and postnatal mothers comfortable, and baby underwear that follows the baby's growth.

● Think Sleeping
● tsumori chisato SLEEP



● WACOAL Swim Wear
● Ai Swimwear



Relax & Resort

Pajamas, and room wear essentials for relaxing, and swimwear for summer and resorts.

1950s

Birth of Wacoal

In Japan, women's dress sense was transforming from Japanese to Western apparel. At its factory, Wako Shoji designed and mass produced Western innerwear for women, which had been until then unfamiliar to Japanese women. The company undertook unique promotional activities, such as innerwear fashion shows, which established innerwear as a fashion item. From 1956 to 1957, the first innerwear boom grew sales beyond ¥500 million and expanded the workforce to 500, laying the foundations of today's businesses.



Business Based on Mutual Trust

Labor relations became a major issue for business in the 1960s. Ultimately, management judged that it had to trust employees completely, and the principle of "Business Based on Mutual Trust" became a pillar of management.

Net Sales
(Sep. 1950—Aug. 1951)

¥35 million



1960s

Domination of the Domestic Market

In the 1960s, Japan's period of rapid economic growth was changing women's lifestyles and heightening their interest in fashion. In 1961, we completed a three-dimensional drawing method for brassieres. And, in 1965 we obtained an international patent for Tummy Girdle, which we developed by applying an innovative flexible fabric. The Wacoal Group established the Product Research Department and began investigative research on the physique of Japanese women in 1964. In the same year, the Group listed on the stock market, and we have continued to adhere to a passage of the address Koichi Tsukamoto delivered at this time. In fact, his words have become our mission.



Net Sales
(Sep. 1968—Aug. 1969)

¥9.7 billion

1970s

Overseas Strategy and Diversification

This era saw consumer tastes shift from volume to quality and from the material to the spiritual. In 1970, we established joint ventures in South Korea, Thailand, and Taiwan, laying the foundations of a stronger global presence for the Wacoal Group. This was also the era in which we sought to go beyond the innerwear industry's traditional boundaries and become part of the fashion industry by diversifying into peripheral industries. In 1979, to mark the 30th anniversary of our foundation, we renewed our corporate logo to create the current "fashion flower" logo.



Net Sales
(Sep. 1978—Aug. 1979)

¥74.3 billion

Wa

Founding — 1950s

1960s

1970s

Developing the
Domestic Market

Establishing the
Domestic Market

Developing the
Overseas Market

1980s

Expansion Strategy

To expand our presence in overseas markets, we established local subsidiaries in the United States in 1981 and in Hong Kong in 1983. In 1985, we became the first Japanese company to establish a joint venture in China. Further, we overturned conventional wisdom in the innerwear industry by launching Shape Pants with 17 choices of color in 1981. The product became a huge hit, shipping 2.8 million units. Around this period, we began such social contribution activities as corporate philanthropy in the areas of culture and sports. It was the era in which we began sowing the seeds of long-term value creation.

Net Sales

(Apr. 1988—Mar. 1989)

¥107.9 billion



1990s

Evolution into a Global Corporate Group

As well as expanding manufacturing and sales networks in Asia, we entered Europe's market as part of efforts to realize a stronger global presence for the Wacoal Group. In Japan, amid a growing consumer preference for authenticity, we advanced investigation and research of women's physiques under the themes beauty, comfort, and health. A product of these efforts, the Good Up Bra, launched in 1992, became an unprecedented success through advertising that emphasized its "gather and lift" functionality. Over five years, with 10 million sold, it became a leading product in Japan's innerwear industry.

Net Sales

(Apr. 1998—Mar. 1999)

¥169.9 billion



2000s

A New Century



In 2000, Wacoal China Co., Ltd. became a wholly-owned subsidiary and began rolling out products in earnest and heightening brand-name recognition. In 2005, we adopted a holding company system to increase the accuracy and speed of operational decision making. Further, the Wacoal Group pursued increased enterprise value by welcoming companies into the Group: Peach John Co., Ltd., in 2006 and Lecien Corporation in 2009. Also, we have actively pursued various social contributions as an essential part of our role in society. For example, from 2002 we began Pink Ribbon activities, which raise awareness of breast cancer, while 2008 saw the launch of our Brassiere Recycling Campaign.

Net Sales

(Apr. 2008—Mar. 2009)

¥171.0 billion

Net Sales

(Apr. 2015—Mar. 2016)

¥202.9 billion

2010s

Strengthening Our Global Presence

On a day-to-day basis, we are continuing efforts to establish a corporate group that is able to achieve further value creation and grow with customers by exploiting global networks and marketing rooted in countries or regions. The report "Aging of the Physique and the Principles of Beauty," which we published based on half a century of research, is a major achievement that has provided new value to customers and shown the importance of wearing innerwear appropriate to the individual's physique. In 2012, we made Eveden Group Limited a wholly-owned subsidiary with a view to expanding our businesses in Europe.



Wacoal's History

1980s

1990s — Present

Establishing the Overseas Market

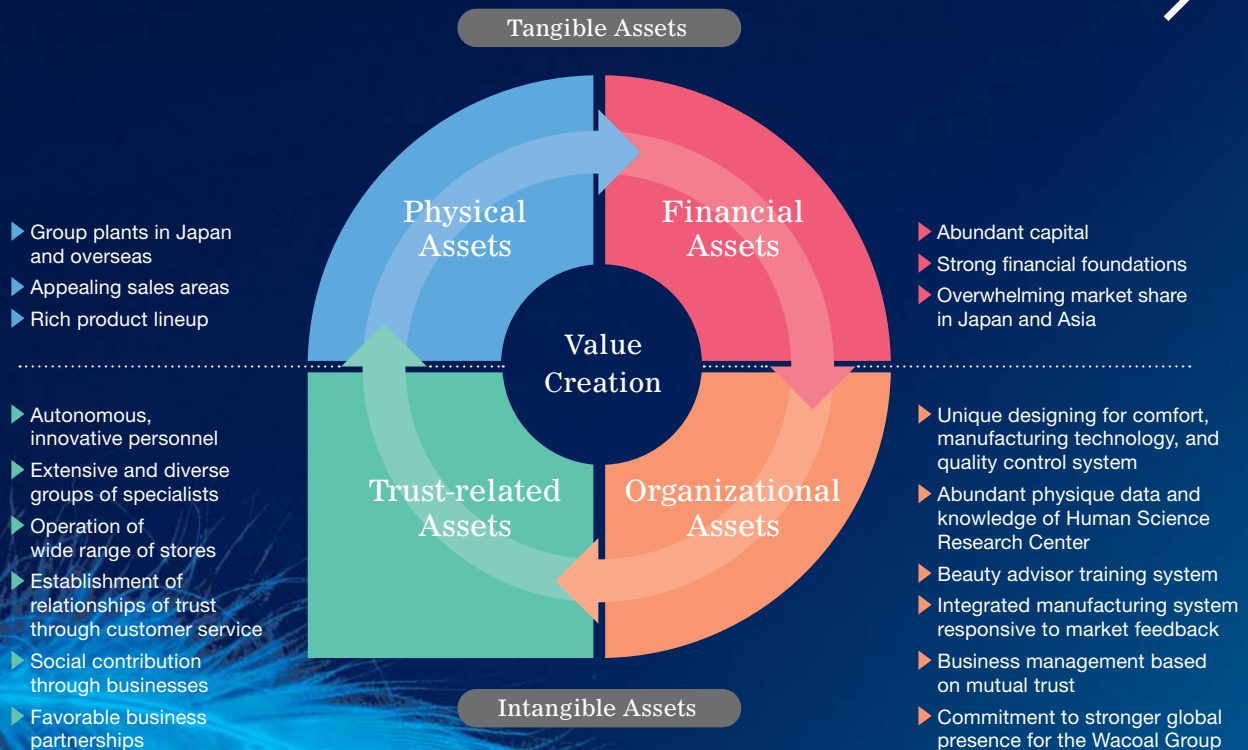
Building a Global Wacoal

Our Value

Creating Value through Trust and Passion

Management to Build Trust

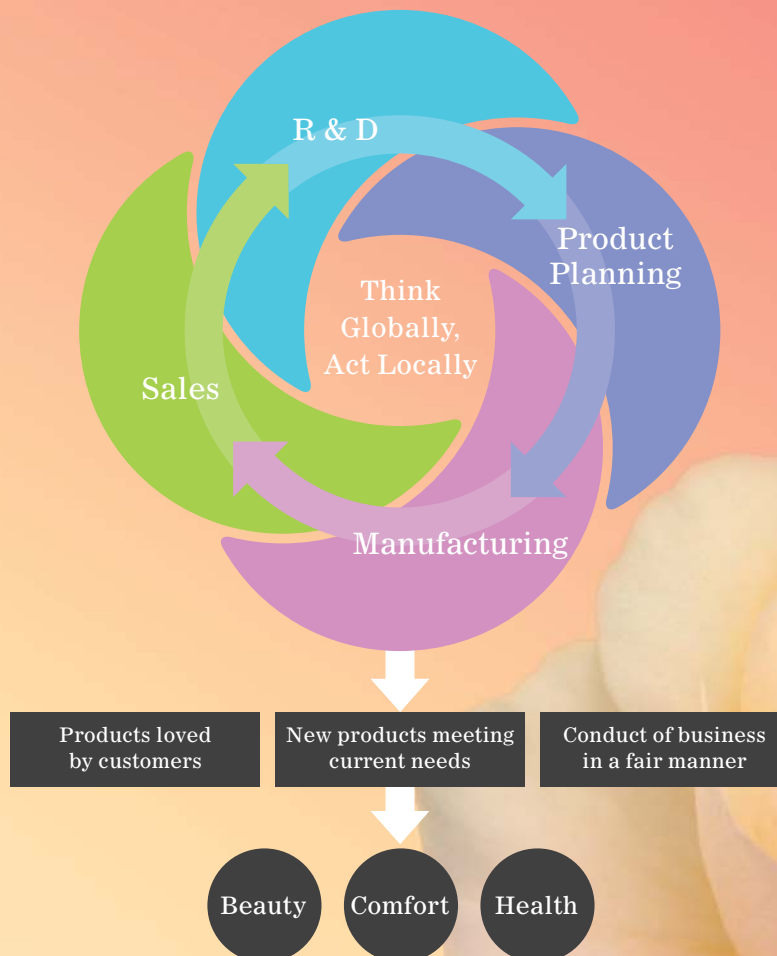
Strengthening intangible assets is a fundamental tenet of management.



For sustained growth, Wacoal continues to invest in and strengthen intangible assets.
Based on appropriate management strategies, intangible assets are incorporated into our business model, providing society with the three values of beauty, comfort, and health. Women's values and sense of beauty differ widely by country and region. Considering the hearts, minds, and bodies of women in each part of the world, we aim to build a consistent business model with local roots. Underlying this is strong desire to help the women of the world to express their beauty.

Offering Beauty, Comfort, and Health

The foundation of our business is the desire for helping women to express their beauty.



Financial Assets

Consolidated Financial Data

Net Sales	Operating Income	ROE	Full-year Cash Dividends per Share of Common Stock
¥ 202.9 billion ▲ UP by 5.8%	¥ 13.9 billion ▲ UP by 95.8%	4.9 % ▲ UP by 1.0%	¥ 33.0 ▲ UP by ¥3

Segment Information

9.5%

Other Businesses

Mainly operations of Nanasai Co., Ltd. and Lecien Corporation

5.5%

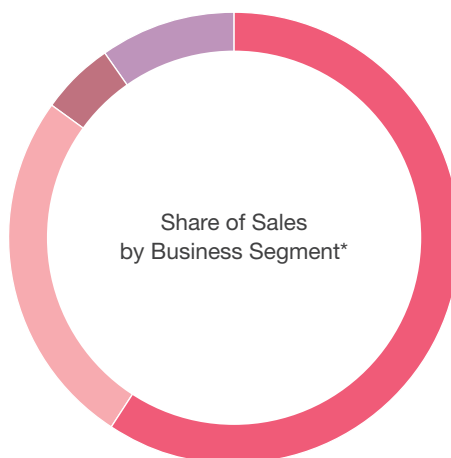
Peach John Business

Operations of Peach John Co., Ltd.

25.6%

Wacoal Business (Overseas)

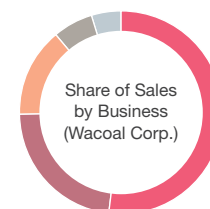
Mainly operations of Wacoal International (U.S.), Wacoal China Co., Ltd., and Wacoal Europe Ltd. (U.K.).



59.4%

Wacoal Business (Domestic)

Mainly operations of Wacoal Corp. in wholesale business for department stores, merchandising stores, specialized stores, directly managed stores, and online sales business, as well as some domestic subsidiaries.



Wacoal Brand Business Dept.	52.1%
Wing Brand Business Dept.	22.8%
Retail Business Dept.	14.1%
Wellness Business Dept.	6.4%
Catalog Sales Business Dept.	4.6%

Net Sales to External Customers / Operating Income (Loss)

Wacoal Business (Domestic) (¥ million)	Wacoal Business (Overseas) (¥ million)	Peach John Business (¥ million)	Other Businesses (¥ million)
<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>8,810 120,570</p> <p>2015</p> <p>8,444 112,203</p> <p>2014</p> <p>9,284 118,085</p>	<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>4,433 51,869</p> <p>2015</p> <p>4,776 48,107</p> <p>2014</p> <p>4,037 43,636</p>	<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>258 11,190</p> <p>2015</p> <p>-6,296 11,626</p> <p>2014</p> <p>83 12,482</p>	<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>364 19,288</p> <p>2015</p> <p>158 19,829</p> <p>2014</p> <p>456 19,578</p>

Information by Region

Consolidated Overseas Sales

¥ **52.2**
billion

UP by 7.7%

Overseas Affiliates Sales

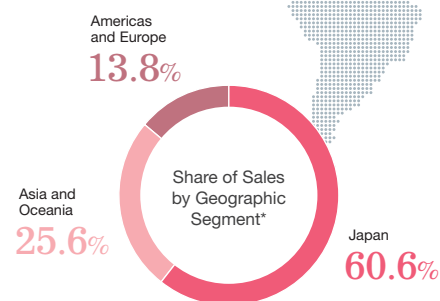
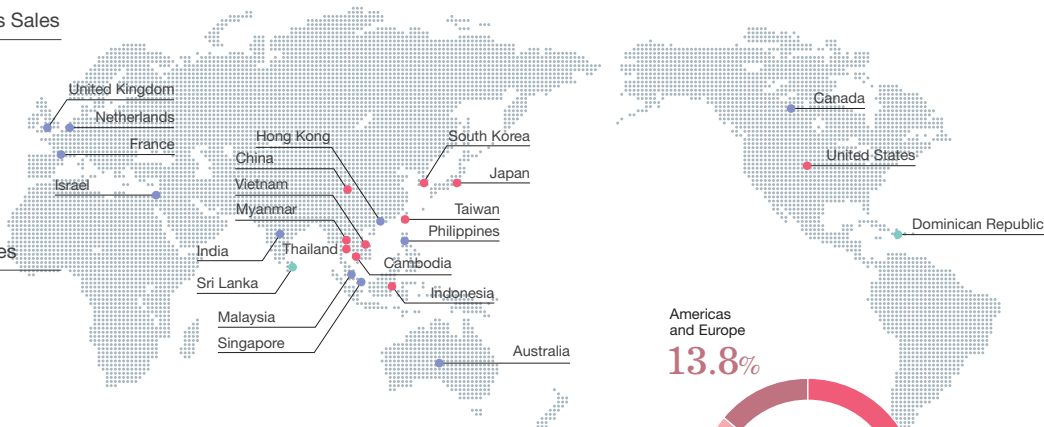
¥ **45.8**
billion

UP by 8.6%

Number of Countries where the Wacoal Group has Operating Bases

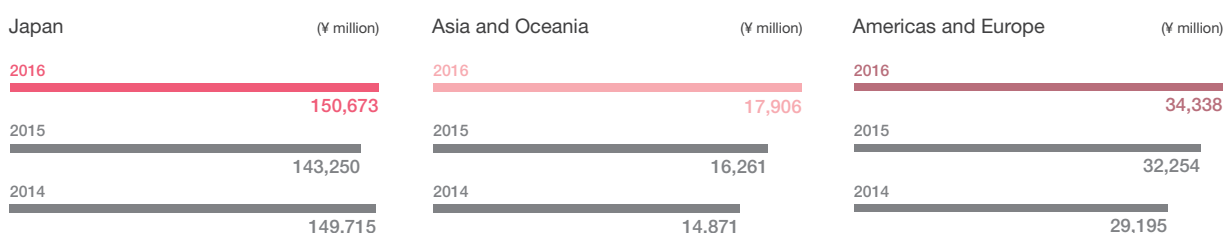
23
countries

● Sales	11
● Manufacturing	2
● Manufacturing / Sales	10



*Calculated based on net sales including net sales of overseas affiliates

Net Sales by Region (Consolidated)



Physical Assets

Products Manufactured In-house*

More than 80% of products sold in Japan, and almost 100% of brassieres, are manufactured in-house. This kind of in-house manufacturing structure prevents our technological capability and manufacturing know-how from leaking to external parties, and allows us to maintain a dominant cost competitiveness that is little affected by macroeconomic conditions.

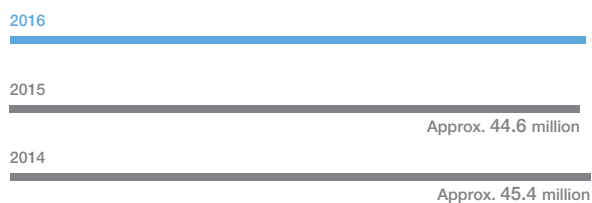
*Wacoal Corp.



More than
80%

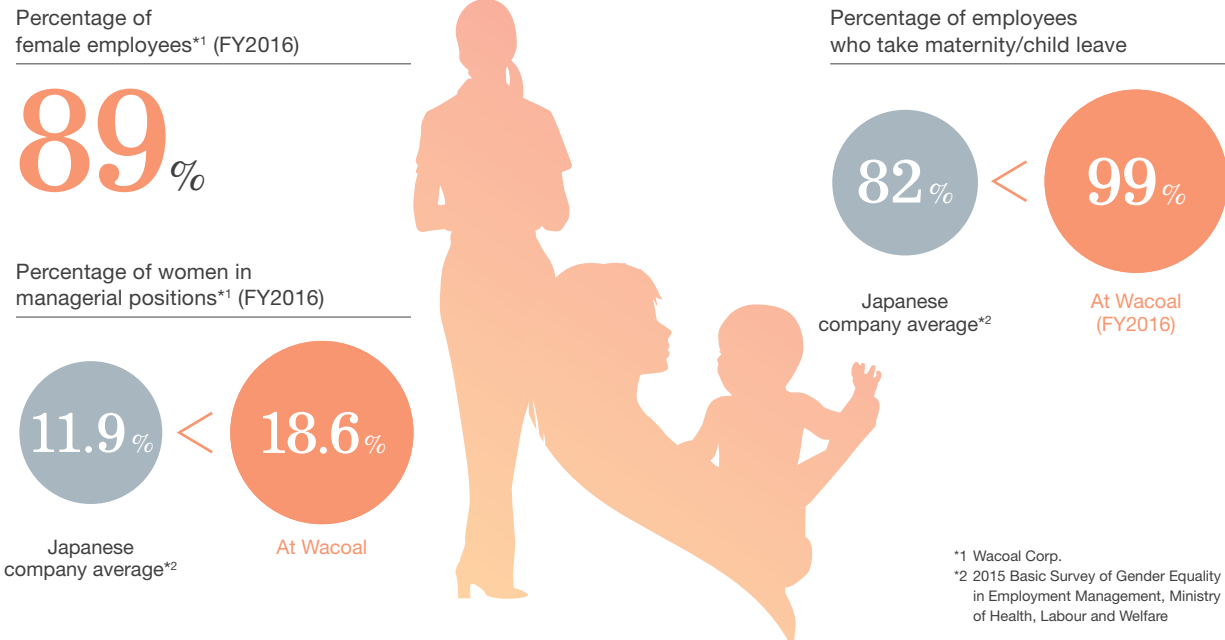
Worldwide Sales of Brassieres

Approx. **45.0** million

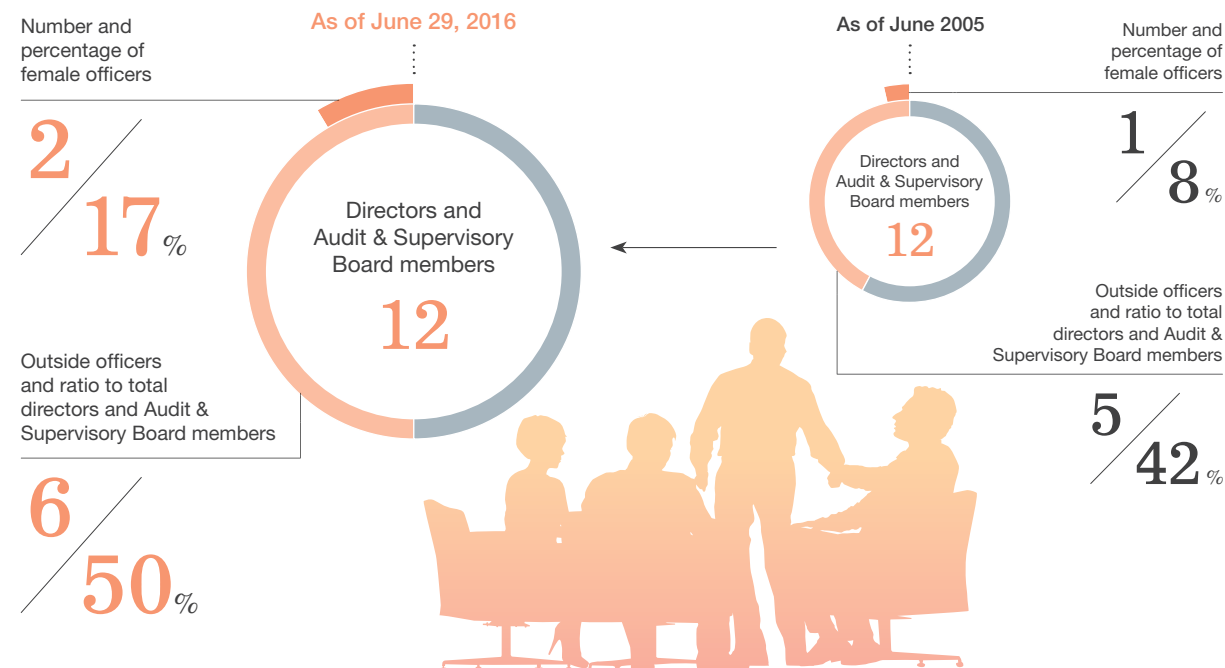


Organizational Assets

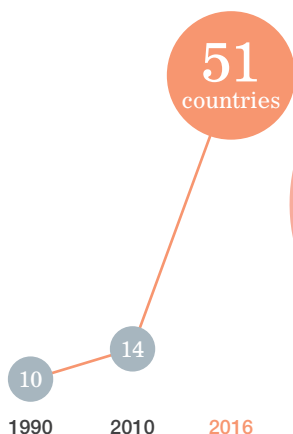
Women Assuming More Active Roles



Directors and Audit & Supervisory Board Members



Countries & Regions Where Wacoal Products are Sold



Cumulative Measurement Data*1

More than **40,000**

Over nearly 50 years, we have studied the physiques of over 40,000 women. This data is the source of Wacoal's competitive products that incorporate beauty, comfort, and health.

Individual women on which we have accumulated data for nearly 30 years

More than **100**

Patents & Registrations in Japan*1

At Wacoal:

Approx. **550**

Average at competitors

Approx. **170** in Japan*2

*1 Wacoal Corp.

*2 Estimated by Wacoal

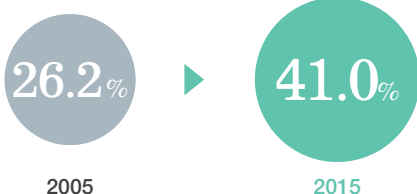
Trust-related Assets

Beauty Advisors Worldwide

Approx. **8,000**

Our beauty advisors (BA) are important. They not only provide consultation and information in stores, but also understand what customers need. Those customer needs and voices will help new product planning and services, enhancing Wacoal's competitive position.

Share of Women's Innerwear Market in Japan*1



Nikkei Sangyo Shimbun (shipment value basis)

Quality Check

150 criteria

In 1997, Wacoal became the first ISO 9001*2 certified company in Japan's apparel industry. At Wacoal, innerwear product quality control is maintained according to over 150 criteria tested during the preproduction stage. We also employ unique quality standards for cutting and sewing, further ensuring that we can be trusted to deliver safe, reliable products.

*1 Wacoal Corp. and domestic subsidiaries

*2 An international standard that continuously increases customer satisfaction and improves quality management systems through assurance of product and service quality.

Characteristics of Wacoal's Business Worldwide

01 / Business
unique to
each market

Wacoal's business model does not simply introduce products created for Japan to the global market. Instead, mainly with local subsidiary staff in each country, we offer products and services tailored to local cultures, practices, and preferences. Our integrated system, from manufacturing to sales, enables us to respond swiftly and flexibly to local trends and customer needs.

02 / Designs
differ by country
and region

Women's physiques vary greatly, not only among age groups and individuals, but also among countries and regions. To deliver innerwear that is comfortable for every woman, Wacoal designs products for all types of physiques and sensibilities worldwide. We believe that with products designed to fit for everyone, we can contribute to the beauty of the world's women in ways that customers love.

03 / Responding
in detail, rather
than scale

The women's innerwear industry is labor intensive, and uses small lot sizes of raw materials. This makes the economy of scale less effective, which is an obstacle for market entry to mass production/mass retailing clothing companies. However, this creates an opportunity for Wacoal to respond to market demands in superior detail.

Wacoal's Market Environment

Overseas Market

United States

Market Size**

Approx. \$12 billion

Women's innerwear
Market share as a ratio of GDP

0.07%

Some American brands occupy overwhelming shares of the U.S. market, while others only have around 1%. Half of the sales channels are comprised of shopping center specialty stores and department stores, accounting for approximately 40% and 10%, respectively. Wacoal's main sales channel is department stores, which account for approximately 23%, the largest share.

Europe

Market Size**

Approx. €9 billion

Women's innerwear
Market share as a ratio of GDP

0.06%

France, Italy, the United Kingdom, and Germany are dominant, comprising a total of approximately 75% of the entire European market. The top brand has 6-8% of each market's share, followed by others with relatively equal shares of several percent each. Wacoal's share of the whole market is approximately 1%. Specialty stores such as boutiques account for an overwhelmingly large portion of sales channels in Europe.

Domestic Market

Japan

Market Size*2

Approx. ¥644 billion

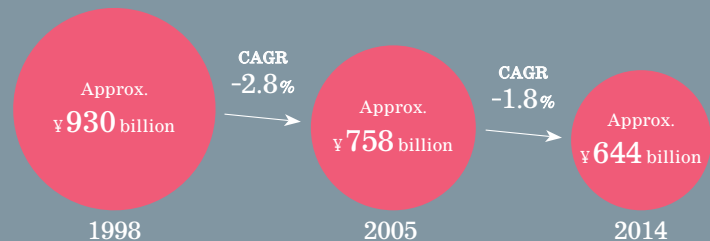
Women's innerwear
Market share as a ratio of GDP

0.13%

The domestic innerwear market has relatively little price elasticity, and is relatively unaffected by economic cycles and changes in individuals' incomes, making it easier to secure stable sales volume in the market.

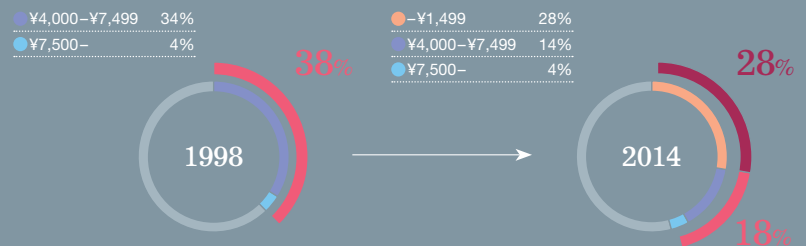
However, Japan's domestic market has been contracting since its peak in 1988, mainly due to falling average sales prices. This market is expected to shrink further, given that the economically productive population will be decreasing. On the other hand, women are being encouraged to play more active roles throughout society, which could increase demand for and diversity of innerwear. Higher-quality products are expected to sell better, which should be favorable for Wacoal.

Domestic Market Size*2



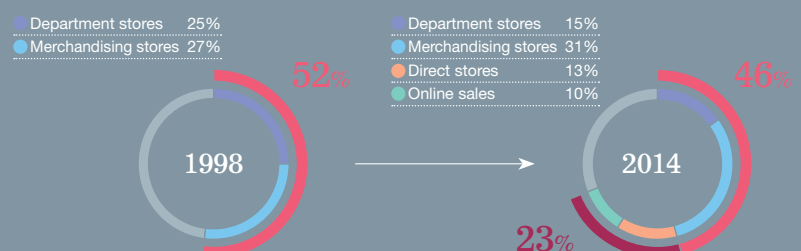
Change in Average Sales Price*2

Wacoal's main products retail for over ¥4,000. Products priced above ¥4,000 accounted for approximately 38% of the entire market in 1998, but fell to approximately 18% in 2014. On the other hand, products priced under ¥1,500 accounted for about 7% in 1998 and rose to approximately 28% of the market in 2014.



Change in Proportion by Sales Channels*2

Wacoal's main sales channels are department stores and merchandising stores. In the overall market, though, department store sales have peaked and are contracting. Merchandising store market sales have recently shown a tendency to decrease as well. On the other hand, as directly managed stores and online sales are expanding, Wacoal is putting more effort into opening direct stores and enhancing e-commerce websites.



China

Market Size*1

Approx. 80 billion RMB

Women's innerwear
Market share as a ratio of GDP

0.10%

Approximately 10% of the entire China innerwear market is for mid- to high-end products sold mainly at department stores. Wacoal's share of these sales at department stores is approximately 20%, making it the brand with the 3rd or 4th largest share. A local China brand has the largest market share at approximately 30%.

*1 Estimated by Wacoal. *2 By Yano Research Institute, Ltd.

Investment in Steady Medium- and Long-term Growth and Return of Money to Shareholders

The Wacoal Group drew up a new three-year medium-term plan (from April 2016). The Group aims to fulfill the concept of “Wacoal for the World.” To realize this, we will continue to develop the trust of customers worldwide while we make optimal use of management resources and the Group’s network to provide state-of-the-art products and further develop new areas of innerwear culture. We will also focus on business profitability and efficiency while enhancing the company’s value by challenging ourselves to delve into new areas as well as focusing on those in which Wacoal has a competitive position.

The Previous Medium-term Management Plan from FY2014—FY2016

Responding to Market Change, and Strengthening Management Structure

The previous medium-term management plan’s domestic goals included creating more contact points with customers and increasing our market share by area. Its international aims were to increase our sales and revenue in the U.S., Europe, and China.

To achieve the previous medium-term management plan’s numerical targets, we rigorously curtailed costs, which involved consolidating sourcing and shifting production to ASEAN countries. Despite the depreciation of the yen and rise of processing wages, we came up slightly short of our target income. However, consolidated sales of ¥202.9 billion exceeded the planned target. Domestic business sales increased because of the addition of a new company, Ai Co., Ltd., that deals mainly with swimwear.

Overseas business sales increased significantly, not only because of yen depreciation, but also on a local currency basis. Peach John and other businesses ended with decreases in sales. Profitability has been one of our priorities. Although the operating margin came in slightly under our target, profitability has improved over the past three years.

Achievement of Numerical Targets

Net Sales in FY2016 → **¥202.9 billion**
Target: over ¥200 billion

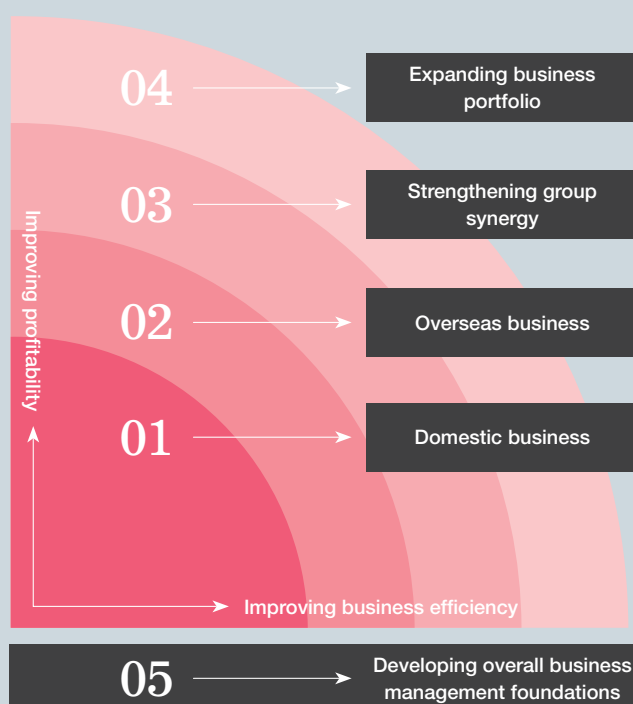
Operating Income in FY2016 → **¥13.9 billion**
Target: over ¥14 billion

Operating Margin in FY2016 → **6.8%**
Target: over 7%

Overview of the New Medium-term Management Plan for FY2017—FY2019

The Group Aims to be “Wacoal for the World”

We aim to secure revenue from domestic business, continuous growth of overseas business, enhanced synergy and competitiveness across the group companies, and business portfolio expansion, thereby increasing profitability and operating efficiency. Also, with the right financial strategy, we will improve our capital efficiency.



Priorities of the New Medium-term Management Plan

01 Secure Earnings in Domestic Businesses

Understand environmental changes accurately, and build the channel mix with customers' viewpoints in mind.

- ▶ Fully leverage the Group's extensive sales channels and encourage customer overlap among the Group's stores and Internet sales sites.
- ▶ In order to improve productivity of wholesale business, further improve efficiency of human and physical resources.
- ▶ Open more retail stores, and improve profitability by reducing sourcing costs with appropriate product lineups.
- ▶ Develop new products with high added value and product strategy in accordance with target demographics.

02 Generate Further Growth in Overseas Business

Build robust operating foundations in our three large markets, the U.S., Europe, and China.

U.S.	<ul style="list-style-type: none"> ▶ Define mid-range and high-end markets. ▶ Cultivate business in neighboring countries and new sales channels. ▶ Develop management successors.
Europe	<ul style="list-style-type: none"> ▶ Complete organizational restructuring. ▶ Review brand portfolio and improve business foundation. ▶ Develop products by leveraging human science.
China	<ul style="list-style-type: none"> ▶ Leverage product power in high-end market to realize operating margin that is close to corresponding levels in the markets in the U.S. and Europe. ▶ Review LA ROSABELLE business expansion plans, and reevaluate prospects for profitability. ▶ Leverage other companies' e-commerce websites and develop sales promotion.

03 Create Group Synergies and Strengthen Competitiveness

Leverage strengths of each group company to enhance overall competitiveness.

Peach John	<ul style="list-style-type: none"> ▶ Rebuild the brand image. ▶ Enhance online-to-offline communication. ▶ Expand store network and strengthen customer base.
Lecien	<ul style="list-style-type: none"> ▶ Focus on specific items in business portfolio. ▶ Streamline planning and production. ▶ Develop high added value products such as private label products and handicraft goods.
Ai	<ul style="list-style-type: none"> ▶ Enhance year-round stores. ▶ Expand resort wear products. ▶ Improve business efficiency by incorporating logistics functions and renewing IT infrastructure.

04 Expanding the Business Portfolio

Seek new business areas and markets based on our strengths.

- ▶ Create new businesses other than innerwear and associate them with the values of beauty, comfort, and health.
- ▶ Introduce fiber products to new markets.

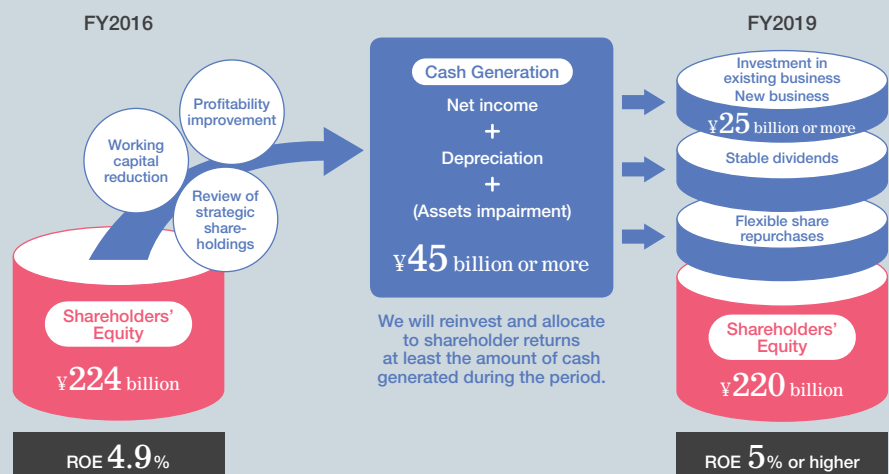
05 Improve Our Group Management Infrastructure

Sincerely engage with stakeholders to achieve sustainable growth.

- ▶ Fulfill our management philosophy.
- ▶ Respond to society's demands and issues.
- ▶ Continuously improve corporate governance.
- ▶ Develop human resources including encouraging women to take more active roles, etc.

Capital Policy and Shareholder Returns

We will maintain a strong financial base while enhancing future investment and returns to shareholders. Keeping in mind the reduction of shareholder capital, in the final year of the current three-year plan, we will achieve over 5% ROE, a level that corresponds to the equity cost.



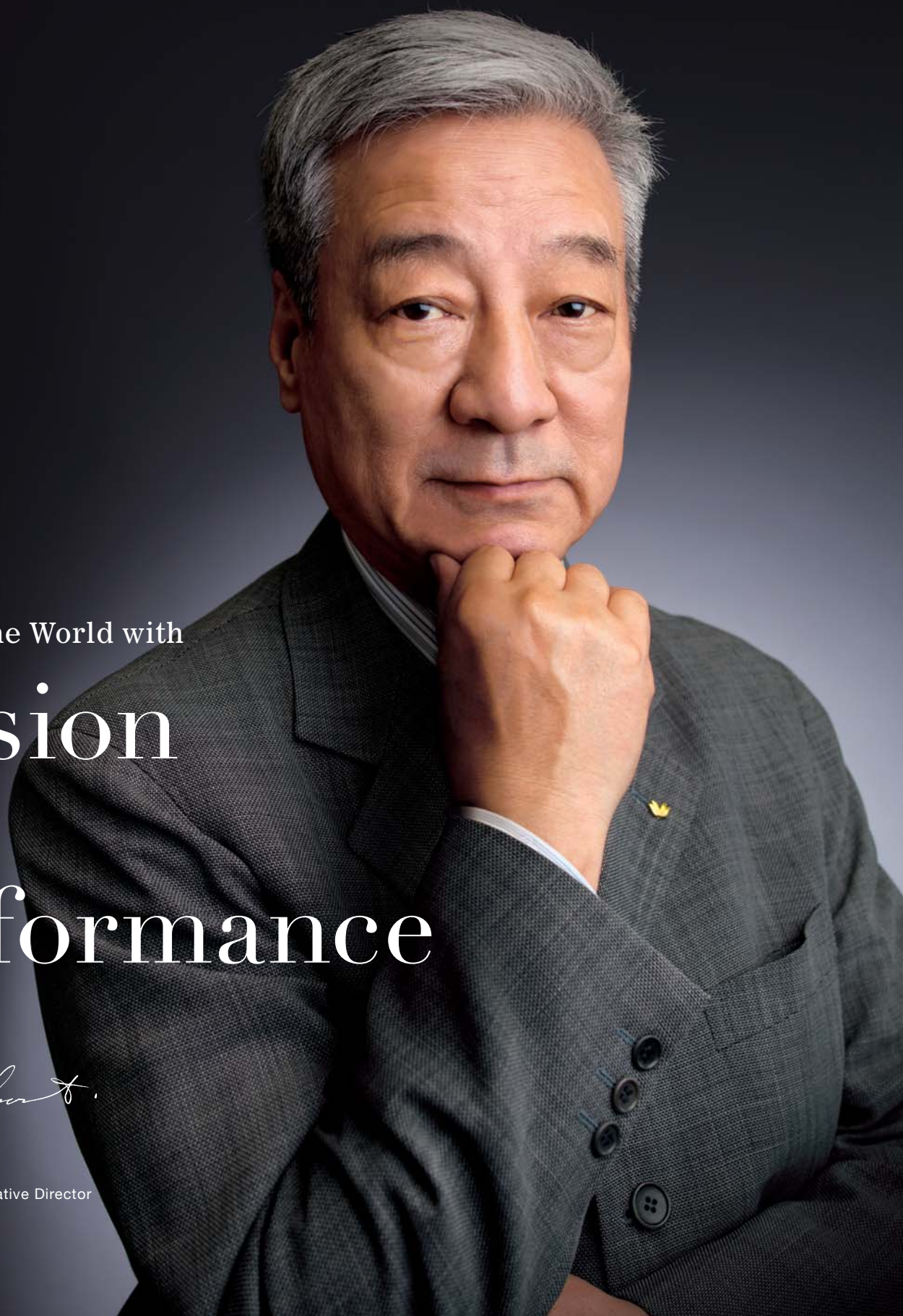
Wacoal for the World with

Passion *and* Performance



Yoshikata Tsukamoto

President and Representative Director
Wacoal Holdings Corp.



The Wacoal Group drew up a new three-year medium-term plan to take effect April 2016 aimed at maximizing its network becoming “Wacoal for the World.” Based on passionately “helping the world’s women to express their beauty,” the Group’s management is committed to further building “mutual trust” and increasing our corporate value.

Revenue and Profit Rise, Slightly Less than Targets

In FY2016, ended March 31, 2016, despite persistent management challenges, net sales increased by 5.8% year on year to ¥202.917 billion and operating income increased by 95.8% to ¥13.865 billion, raising both revenue and profit.

Domestic businesses achieved higher sales than in the previous fiscal year, mainly because of the addition of a new company, Ai Co., Ltd. that primarily carries swimwear, as well as an increase in launches of directly managed stores. Total sales overseas also increased from the previous fiscal year, as yen depreciation pushed up sales.

Operating income increased greatly, as impairment losses (recognized in the previous year) from the Peach John business ceased to have an impact.

Domestic Retail Business and Overseas Business on Track

FY2016, the final year of the previous mid-term management plan, targeted ¥200 billion sales and ¥14 billion operating income. Actual operating income came in slightly under the target, but annual average sales growth stayed at 4.6%, achieving the sales target.

With a desire to respond to diverse domestic market needs, we acquired new customers by focusing more on age groups such as beginning users of innerwear and seniors; enhancing sales promotion activities in selected target regions; expand the lineup of products in the high volume price range; and increasing directly managed stores launched at reduced cost. Notably, our retail business revenue grew nearly 30%, due largely to the increase in

store launches.

The ongoing depreciation of the yen accelerated overseas business, which marked an average annual sales growth rate of 19.6%, accounting for 25.7% of consolidated sales and 33.0% of operating income.

By region, the U.S. operating income has been stable and the revenue increased by ¥8.6 billion, and in Europe the average operating income over three consecutive years exceeded 10%. In China we began to turn a profit by undertaking a “scrap & build” policy with our stores, curtailing the cost of materials, and simultaneously reinforcing our sales capabilities.

In the Peach John business, its main sales channel of online sales did not recover, while sales in other businesses also decreased due to extended slackness of Lecien outerwear sales.

Collectively, although our sales targets were achieved, I would give the overall results a score of 50 on a scale of 100, given that we could not develop new opportunities to expand into new business fields and markets.

Domestic retail and overseas businesses have been growing at a good pace. However, we need to expand sales channels and our portfolio to accelerate growth in existing markets.

Another key is to cultivate new markets. In India, we opened two stores jointly with a local partner. We would like to continue to meet the challenge of opening more new stores, while keeping our eyes on markets for potential opportunities.

For the duration of the previous medium-term plan, we proceeded with structural reform of our production divisions and strengthening the foundation for further growth. To address rising wage standards in Asian countries including China, we launched a new sewing plant in Myanmar. In Thailand, we acquired a material manufacturing



company from Saha Group and restructured it. Manufacturing network expansion encouraged healthy competition among production companies, which are now working even harder to improve quality and productivity. By leveraging our global sourcing base in such ways, we can continue to increase the Group's profitability.

New Mid-term Management Plan Targets—"Wacoal for the World"

The new medium-term management plan starting in April 2016 frames the Group's aims as "Wacoal for the World." The targets for the final fiscal year, 2019 (ending March 31 2019), of this three-year plan, are ¥215 billion in consolidated sales and ¥15 billion in consolidated operating income. The operating income rate to achieve this target is 7%. The target for net profit is ¥11 billion. The ROE (return on equity) target for FY2019 is to exceed 5%, which is higher than the company's shareholders' equity cost of 4.5%–4.9 %.

I will explain how we intend to achieve these targets in line with five basic policies.

1. Ensuring Revenue from the Domestic Business

As the population of people in the economically productive age groups has started decreasing, no growth can be expected if domestic businesses are conducted as before.

In order to redesign the sales channel mix, we will pay more attention to consumers' viewpoints, such as where, what, and how they purchase. To begin with, we will start shifting management

resources from wholesale to retail businesses. We will open more retail stores to serve as locations in which to interact with prospective customers. We will reduce sourcing cost by employing appropriate product line-ups in order to improve profitability.

In the next stage, we will review business infrastructure. In-house trading rules designed for separating departments from each other will be amended. Furthermore, we will integrate the core IT system to enable cross-channel management of sales and inventory information. The final year of the new three-year plan targets an increase in the proportion of retail and e-commerce sales from the current 28% of total sales to 34% of total sales.

2. Accelerating Growth of Overseas Business

In the three major markets of overseas business (the U.S., Europe, and China), we will establish a robust management foundation, aiming for a consistent operating income rate of 10%.

In the U.S., although the size of our main sales channel (department stores) is declining somewhat, the company is strengthening planning and production departments in order to increase our products' added value. We will also proceed in developing the markets of countries that neighbor the U.S. and new sales channels.

Our highest priority in Europe is to fully complete PMI (post-merger integration). We will review the brand portfolio and reorganize the business to restore performance, especially across the Euro zone.

In China, we continue to make efforts to realize an operating income rate close to corresponding levels in the Europe and U.S. markets. By adding value to products, expanding our share among department stores, and leveraging third-party e-commerce websites, we aim to increase our total gross margin in China.

3. Strengthening Group Synergy and Competitiveness

Peach John has been experiencing a declining proportion of online sales, but we aim to achieve balanced growth by opening more stores and strongly encouraging customers to also become customers of other companies in the Group. For Lecien, we will improve the capacity to respond as an OEM supplier, and focus on higher value-added businesses, such as private label products and handcraft goods. As for Ai Co., Ltd., which specializes in swimwear, we will incorporate Ai's logistics functions with those of the Wacoal Group and renew the IT infrastructure in order to operate more efficiently.

On top of our efforts with each affiliated company, we will leverage the strengths (including know-how, sales channels, and functions) of each company in the Group in order to strengthen our overall competitiveness.

4. Expanding the Business Portfolio

The company possesses intangible strengths, commanding both brand loyalty and trust accumulated through years of business operation, and is financially healthy as well. Precisely because of this we must proceed right away to develop new business and expand our markets. To that end, we launched an in-house program in 2014 for employees to suggest new business ideas. We have already received valuable suggestions, some of which are close to commercialization. While a strong sense of ownership is necessary when launching a new business project, we will also actively consider innovative suggestions from outside parties. There are no constraints upon ideas, as long as the businesses suggested can deliver upon the values of beauty, comfort, and health. We will firmly maintain an in-house system and company culture that is ready and willing to meet the challenge of starting new businesses.

5. Maintaining the Foundation of Management

The company will celebrate its 70th anniversary in the fall of 2019. We should retain a broad sense of our objective that we stated upon going public,

“contribute to society by helping women to express their beauty,” in keeping with the times, and create new value so that stakeholders can expect the company to continue thriving even beyond its 100th anniversary.

Not only complying with laws and regulations, we will continue to question what society expects and demands in conducting our business. In particular, we aim to constantly improve our corporate governance in consideration of stakeholders' viewpoints.

Also, because we respect the diversity of our human resources, we will intensify efforts to raise the profiles and enrich the roles of women and develop our human resources globally.

To Our Stakeholders

The company expects to gain over ¥45 billion in cash over the course of this medium-term management plan. We will invest more than ¥45 billion to grow sustainably and enhance returns to shareholders.

The mutual trust that our company fosters with all stakeholders is our main invaluable asset. We will maintain integrity in all our communications with our stakeholders based on this mutual trust, and co-create our values with passion. We appreciate your further assistance and encouragement.

FY2019 Targets

Net Sales	Operating Income	Net Income	ROE
¥ 215 billion	¥ 15 billion	¥ 11 billion	5 % or higher
Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Other Businesses
Net Sales (¥ million)	Net Sales (¥ million)	Net Sales (¥ million)	Net Sales (¥ million)
2019 122,500	2019 58,000	2019 13,200	2019 21,300
2016 (Result) 120,570	2016 (Result) 51,869	2016 (Result) 11,190	2016 (Result) 19,288
Operating Income (¥ million)	Operating Income (¥ million)	Operating Income (¥ million)	Operating Income (¥ million)
2019 8,000	2019 5,300	2019 800	2019 900
2016 (Result) 8,810	2016 (Result) 4,433	2016 (Result) 258	2016 (Result) 364



SPECIAL FEATURE

Wacoal *for the* World



Building a Global Presence for Wacoal through Trust

China

China is a rising star in the global economy, and we regard it as one of Wacoal's most important overseas markets. China is a major focus for our efforts to expand our business and realize the concept "Wacoal for the World."

We established a presence in China 30 years ago. Our activities in China today are the result of swelling growth driven by a business strategy of building mutual trust across national borders, and transferring the characteristics that make Wacoal special, while also giving priority to localization. Here is a look at where we are now.

Mutual Trust, the Key to Growth in China

In 1986, Wacoal became one of the first Japanese companies to establish business operations in China. Our progress since then is the result of efforts to help Chinese women to express their beauty.

A vast territory with a huge population, China possesses both a long history and diverse culture. The keys to business success in China are a commitment to learning about local customs, and the ability to adapt to a rapidly changing environment. Wacoal laid the foundations for its present growth through long years of effort, guided by these perspectives, building trust by offering products and services designed to meet the needs of Chinese women.

In recent years, we have developed structures that allow us to respond quickly to changing needs, while also adapting our product planning and marketing methods. Another component is the high-level capabilities of our frontline beauty advisors, which have increased through a successful human resources strategy. Mutual trust has allowed us to expand the potential of our business in China, and to build it into a major driving force for Wacoal's growth as a global brand.

China

Chronology of Wacoal's Business Activities in China

1980s

Beginnings

- 1986** Launch of a significant presence in China, joint venture Beijing Wacoal (44% Wacoal-owned).
- 1987** Aside from directly owned outlets, the business struggles due to the lack of commercial facilities.

1990s

Development of manufacturing and sales organization

- 1991** Beijing Wacoal begins trade in contracted processing for the Japan market.
- 1995** Guangdong Wacoal established to produce goods for the Japan market.
- 1997** Physique and somatotype survey with the Fashion Institute of the China Textile University (repeated in 1998). Sales area extends to Guangzhou, Chengdu and Dalian.
- 1998** Product planning centralized in Shanghai.
- 1999** Sales extend east, south and southwest to Shanghai, Guangzhou and Chengdu.

2000s

New start with strengthened structure

- 2000** Joint venture in China dissolved to become a wholly owned subsidiary.
- 2002** Wacoal (Shanghai) Human Science R&D established.
- 2003** Beijing Wacoal becomes Wacoal China. Dalian Wacoal established. Pink Ribbon activities commence.
- 2009** "Salute" range of medium/high-level products spearheads an expansionary strategy.

2010s

Business expansion, pursuit of profit growth

- 2010** The "Remamma" business launches.
- 2012** Wacoal targets middle-class customers with new "LA ROSABELLE" brand.

Wacoal China by the Numbers

(March 31, 2016)

Beauty
Advisors

1,390

Female
Executives

72%

Accumulated
Figure Measurements

Approx.
5,000
people

Annual Sales of
Women's Innerwear

Approx.
2 million
items
(1.2 million brassieres)

Comments from Local Executives



Strengthening Our Presence by Providing the Best Possible Products and Services

Wacoal China Co., Ltd.
Deputy General Manager
Kazunari Nakajima

China is 26 times larger than Japan in area and over 10 times larger in population. China's diversity is a natural consequence of this enormous scale. The evolution of Wacoal China began with our realization that we could not simply transplant the concepts that drove Wacoal's success in Japan.

The first difference relates to physique. Japanese women generally have narrower, oval shaped rib cages, while Chinese women tend to have rounder rib cages, so products designed for the Japan market would not be acceptable to Chinese women. We also need to take regional variation into account when developing our products because there are significant differences in physique between northern and southern China. In addition to these factors, seasonal changes and fashion trends also need to be reflected at the product planning stage. By taking all of these factors into account and working to create products

that meet a wide range of needs, we have been able to build a large customer base in China.

In terms of area, China's provinces are as large as some countries. Culture, sensitivities, and values differ between provinces, and obviously there are differences in the types of services needed. We recognize the importance of customer service skills in ensuring customer satisfaction in China, and we have steadily improved our business performance by providing services tailored to the Chinese market.

Because we work in a market characterized by the accelerating diversification of consumer needs, we are working to improve our ability to respond quickly in all areas of our activities. We have enhanced the effectiveness and efficiency of our business activities by building flexible structures, by improving our market reaction speed, and by providing timely responses to customer input.

Pinpointing Customer Expectations through Beauty Advisor Training

Basic Training

New Employees

(first year)

Recognizing expectations

Training courses in each region in the first, fourth and ninth month on products, customer service and fitting of brassieres that match customer needs based on accurate size measurements.

Introductory Training

(second year)

Meeting expectations

How to match customer expectations and also advise about optimizing appearance. Product knowledge, customer interaction skills and verbal skills to earn trust and confidence.

Intermediate Training

(third and fourth years)

Exceeding expectations

Fashion studies, including outerwear, to become high-value beauty professionals guiding customers to exceed expectations and discover new beauty potential.

Specialist Training

Regular Intervals

To raise service levels throughout China, training on regional differences in customer physiques and needs, as well the best ways to work with customers in each region.



Integrated,
and Aiming
to be the
Number-One
Brand

Director,
Brand Management Department
Gong Jian

The Brand Management Department is responsible primarily for product planning, merchandising, and customer membership service management. It functions as a control tower for Wacoal's activities in China.

Every year we launch spring-summer and fall-winter collections based on analyses of fashion information and competitors' sales. Product planning in preparation for these collections begins with the formation of a project team with the China Human Science Research Center. In addition to rigorous in-house checking processes, we also assess new products with customer focus groups. Only products that surpass the scores for the previous season's top products from Wacoal and its competitors are taken to the commercialization stage. Our policy is to create products that will always exceed expectations.

At the merchandising stage, we adopt regional marketing strategies because of regional differences in consumer needs, and we

implement product plans based on data. In addition, monthly sales, profit, and inventory numbers from each branch direct the formulation of marketing plans.

The Brand Management Department is also responsible targeting the over 200,000 customers in our membership service. We plan member incentive programs and work to enhance membership services, such as promotions linked to sales activities. We also carry out PR activities designed to attract new members.

Business coordination based on organizational structures is a feature of Wacoal's activities in China. Our strengths include rapid feedback systems, and our ability to develop activities quickly while maintaining high quality in all business areas. Wacoal is not yet the number one brand in China. We need to catch up with and overtake our rivals by attracting new customers. That is why we must work as an integrated structure to offer a continual stream of new services and products to our customers.



Tailoring Our Actions to

We want customers to choose our products. That is why we use special promotions to build closer ties with our customers and provide services designed to optimize the customer's satisfaction and experience. Behind our success is a virtuous cycle driven by the efforts of frontline staff that are dedicated to helping women feel more beautiful. The following are comments from local staff members who support the growth of Wacoal China through their day-to-day activities.





.....
Huadong District Training Manager,
Sales Education Division
Zheng Ruoyun

Motivation and Pride from Helping Women to Achieve Beauty

My task is to train the beauty advisors who form the link between Wacoal and its customers. We are continually enhancing our structured training program, which is designed to turn local employees into beauty professionals. New employees vary widely in terms of age and career backgrounds. All undergo training according to their years with the company and their personal ability levels.

Wacoal beauty advisors have gained an excellent reputation for extensive knowledge and excellent customer service. Underpinning these qualities is a shared commitment to helping

women to achieve beauty. As women themselves, our beauty advisors know how it feels to enhance their beauty by wearing Wacoal products. I believe that they gain satisfaction, pride, and motivation by sharing that feeling with their customers.

Our frontline workplaces are imbued with a culture of mutual trust. Most employees who transfer to other innerwear companies soon want to come back to Wacoal. The generosity with which Wacoal welcomes those women back is also the key to the creation of workplace environments in which each employee can feel a sense of motivation toward her work.

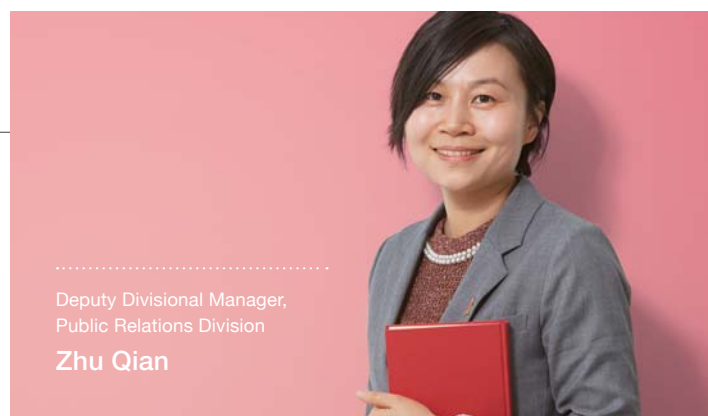
the Local Market

In the past, Wacoal used a variety of media, including magazines and train station advertising, to send messages to consumers. Our main PR tool now is the social media application WeChat, which has become extremely popular in China over the past few years. Our official account currently has around 73,000 followers. We actively use the application for a variety of initiatives, including event announcements, coupon distribution, and the release of information about seasonal events and new products.

Another advantage of social media is that beauty advisors can communicate directly with customers on a one-on-one basis. By

forming closer relationships with customers, we can build trust and share timely information. This helps to create an environment in which customers are more likely to visit our stores. The social media approach allows us to communicate more effectively at a lower cost than mass advertising. It also allows us to accumulate data, including the number of visits to our pages.

Although Wacoal was the first to use WeChat, many of our rivals are now establishing a presence, and competition is intensifying. We will continue our efforts to differentiate our approach by using new and uniquely Wacoal ways to win the hearts of Chinese women.



.....
Deputy Divisional Manager,
Public Relations Division
Zhu Qian

Building Lasting Relationships with Customers

Learning to Understand Chinese Women

To provide Chinese women with innerwear that will bring genuine satisfaction, we need to achieve a profound understanding of common Chinese body types. That was the starting point for Wacoal Human Science R&D, the China Human Science Research Center, which was established in Shanghai in 2002. Initially benefiting from over the half-century's worth of know-how accumulated by the Human Science Research Center in Japan, it has now updated its approach to reflect conditions and market trends in China.

The Center helps to drive Wacoal's growth through multiple roles, including not only research activities, but also product development and marketing. Before its establishment, we had been measuring physiques in cooperation with a local university since 1997. To date, we have collected data for over 5,000 women. We have created a string of hit products by developing original items based on these data.



The Contribution of the China Human Science Research Center

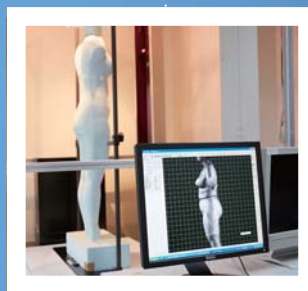
A Scientific Perspective on Markets and Needs



Director,
China Human Science Research Center

Xu Zhaohui

The Human Science Research Center in Shanghai helps to create products tailored for the Chinese market by scientifically analyzing women's figures. A major difference between our Center and the one in Japan is the fact that we are an integral part of the product development organization and play a central role in the creation of new products, including the development of new functions and materials. This unique structure allows us to identify customer needs quickly and create products to satisfy those needs. The Center has developed the majority of notable new products launched over the past few years.



The Center also studies the Internet buying behavior of consumers, and supplies the analysis of results to merchandising. We collaborate actively with various units, also sharing customer relationship knowledge based on our extensive data resources and verification results with the sales and training units. We will continue to deepen our physique-related research, while also taking up new challenges including the development of super-large sizes. By creating attractive new products, we will make an even greater contribution to the beauty of Chinese women.

Products from Wacoal China

Wacoal China is deploying three brands in China—"Wacoal," "Salute," and "LA ROSABELLE." Chinese women want to achieve a natural bust line that does not affect their outer-wear. This is reflected in strong demand for molded brassieres, and in detailed needs that differ from those in the Japan market. Vast resources of measurement data and research results compiled by the China Human Science Research Center are used to ensure that every product feature, including design, quality, functionality, and comfort, will meet the expectations of Chinese women.

01

Wider Wings

Because Chinese women tend to have rounder rib cages, the wings need to have a minimum height of 9cm, compared with the 6-7cm in Japan. This ensures a better fit for Chinese women, who are especially sensitive about unevenness or bulges on their sides.

02

Metallic Colors and Bold Floral Patterns

While there is regional variation, Chinese women tend to prefer brighter designs. Vermillion red is especially popular because of its reputation as a color that brings happiness.

03

Wider Straps

Like the wings, the straps are slightly wider at 13mm, compared with the Japanese standard of 10mm. This prevents the straps from cutting into the shoulders and also creates support with a greater sense of stability.

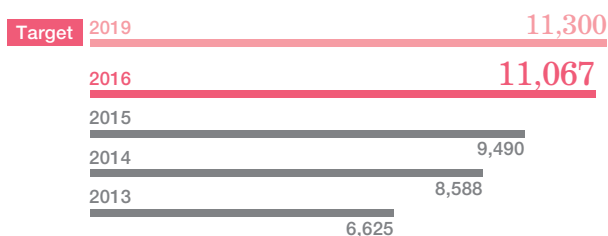
04

Round Cups

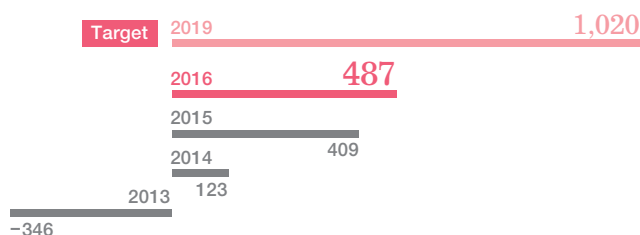
The cups are shaped to match the natural contours of the breasts. Their task is to enclose the breasts and form the beautiful, delicate, natural curves that Chinese women want to achieve in their bust lines.

Record Net Sales and Operating Income in FY2016

Net sales of Wacoal China Co., Ltd. (¥ million)



Operating income of Wacoal China Co., Ltd. (¥ million)



New Medium-term Management Plan
FY2017 through FY2019

We aim to achieve an operating margin close to that of our American and European markets.

Major growth strategies

- ▶ Use dominant product appeal in high-end market.
- ▶ Improve "LA ROSABELLE" profitability.
- ▶ Use other companies' e-commerce, sales promotion development.

Building Mutual Trust with Society (CSR Activities)

Our Goal with the CSR Initiatives

“Building Mutual Trust with Society”

— Earning the trust of society, by meeting society’s demands and expectations —

Building mutual trust with society is the goal of Wacoal’s corporate social responsibility (CSR) initiatives.

Under the Wacoal’s management philosophy, building mutual trust with society is its corporate goal and *raison d’être*. Comprising our mission, vision, and values, this management philosophy serves as a compass for our CSR initiatives. Relationships in which we meet demands and expectations, as well as gain the trust of society, are critical for us to pursue healthy, lasting business activities.

Instead of focusing solely on markets, we conduct business in consideration of our care for and contributions to the society in which our markets exist.

CSR Action Policy

Wacoal’s fundamental CSR objectives are to manufacture products that customers love, develop products that meet current needs, and conduct business fairly to pave the way to a better future.

We conduct business in a fair manner and provide products that customers need. “Manufacturing” is our first step toward building relationships of trust with customers and society, as well as the foundation of our CSR activities.

To advance CSR initiatives, Wacoal established its Basic Policies on CSR based on the ISO 26000 standards published in November 2010 (Japan Standards Association, 2010) according to seven core subjects (for accountability, transparency, ethical behavior, respect for stakeholders’ interests, respect for the rule of law, respect for international codes of conduct, and respect for human rights) and seven basic policies (organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, community involvement and development).

Furthermore, as part of its business strategy, Wacoal conducts continuous CSR activities to address social issues that are related to the main business. This also strengthens brand power and competitiveness.



Social Business Programs through Wacoal’s Main Business



CSR Activities Based on Wacoal’s Business Characteristics



Wacoal’s CSR

CSR Highlights

➤ Kyoto CSR Network*

Gion Festival Zero Garbage Initiative

Yoiyama (pre-party) of the Gion Matsuri festival is a hugely popular event that draws hoards of visitors to various food stalls, but dealing with the volume of garbage is a challenge. The Kyoto CSR Network wished help preserve the integrity of the festival and participated in the Gion Matsuri as a group of volunteers to support the environment.

*A diverse network of people responsible for CSR in companies based in Kyoto prefecture plus civil servants who exchange information, and provide new learning opportunities about CSR to create new collaborations.



➤ Pink Ribbon Kyoto*

Stamp Rally

In October 2015, Pink Ribbon Kyoto hosted a stamp rally in Kyoto, taking advantage of the city's wealth of popular attractions. The purpose of the event was to familiarize visitors with the subject of breast cancer by having them answer quizzes on the topic when they visited various temples and stores.

The company's exhibit booth introduced Wacoal's breast care activities and publicized the importance of breast cancer screening.

*Pink Ribbon Kyoto operates in collaboration with doctors and nurses from medical institutes, NPOs, local companies based in Kyoto, students, Kyoto City and Kyoto prefecture, and mass media.



➤ In-house Seminars on Uterine Cancer

Sixty-five percent of female employees at Wacoal have been screened for uterine cancer. Although this constitutes a significant number of the company's women, we want even more employees to learn about the disease and why such screening is so important, and hosted in-house seminars in Kyoto and in Tokyo featuring an occupational health physician.



The many seminar participants listened to a discussion on health conditions that are unique to women and the story of a uterine cancer survivor, which raised the cancer awareness of many employees.

We will continue such activities to increase the percentage of employees screened.

➤ Tsubomi School



Tsubomi School refers to visiting classes the Wacoal has been conducting since 2001 for girls, from the fourth year of elementary school through the second year of junior high school, and their guardians. The classes are to enable participants to learn about the physical and emotional changes accompanying adolescence and give them information about how to choose innerwear. We provide textbooks and lend innerwear samples to schools that our instructors are unable to visit. As of March 2016, 100,235 people had participated in the class.

In response to the recent growing demand for adult seminars, we have also been holding Aging Seminars that explain how the physique ages.

➤ Brassiere Recycling

As one of our environmental initiatives, we have been conducting the Brassiere Recycling Campaign since 2008. For privacy, collected brassieres are processed in unopened bags into RPF (Refuse Paper & Plastic Fuel).

	2012	2013	2014	2015	2016	Cumulative total*
Number of bags collected	38,417	58,798	68,126	80,305	84,616	289,928 bags
Weight of processed RPF	15,930	22,450	25,850	30,710	28,530	141,390 kg
Number of brassieres collected	159,300	224,500	258,500	307,100	285,300	1,413,900 bras

*2008-2016

➤ Nadeshiko Brand 2016

Wacoal Holdings, Corp. was selected as a Nadeshiko Brand 2016 by METI. The company provides work environments that fit women's various life stages, and



prioritizes talent before gender for recruitment and development of human resources so that the company is not only easier to work for, but also provides meaningful jobs. Wacoal thereby encourages women to play active roles and energize business that delivers beauty, comfort, and health to the world.

Wacoal Breast Care Activities

Hand-in-Hand with Women

In support of women, Wacoal is on a mission to eliminate suffering from breast cancer. Wacoal advances Breast Care Activities that promote raising awareness of breast cancer, breast cancer screenings, and post-surgical support. The three pillars of Pink Ribbon activities, AIO, and Remamma Project, has been put into action and gained trust worldwide. These initiatives lead people to become long-term customers of Wacoal products.



For details, please see our website (Japanese only):

<http://www.wacoalbreastcare.com/>

01 Wacoal's Pink Ribbon Activities

—Early detection, early diagnosis, and early treatment

Although it is said that one out of every twelve Japanese women experiences breast cancer, not many Japanese women undergo annual breast screenings. Since there is no means to prevent the development of breast cancer, it is crucial to find it at an early stage. To address this issue, Wacoal started Pink Ribbon Activities in 2002 in Japan, and we are confident that in the 14 years since, society has come to strongly associate Pink Ribbon with Wacoal. From the start, we made sure that our employees had sufficient knowledge of the subject. Our offices across Japan hosted motivational seminars and took other initiatives, so percentage of female employees at Wacoal who undergo breast cancer screening has increased from 30–40% to nearly 80%. Today, we also host educational activities, such as co-operating various events and charities for external parties. Overseas, since 2001, Wacoal America, Inc. has been raising funds and publicizing brassiere fitting events at department stores and specialty stores throughout the United States.

Since the company carries innerwear—the closest product to every woman's body—Wacoal's strong desire is for women to live their lives with beauty and health. Wacoal will continue these Pink Ribbon activities with a mission to raise awareness of breast cancer and protect lives.



Pink Ribbon Logo
Original Logo combining
a tape measure and
pink ribbon

FOCUS

Pink Ribbon Fitting Campaign at 2,000 stores across the nation

We started the Pink Ribbon Fitting Campaign in 2007. It takes place at about 2,000 stores across Japan during Breast Cancer Awareness Month, every October, to offer opportunities for women to pay more attention to and learn more about their breasts. Since 2008, our official website has featured a Pink Ribbon quiz, as well. Throughout the campaign, Wacoal donates ¥10 for every brassiere that store visitors try on, and ¥3 for every participation in the Pink Ribbon quiz, to the Wipe Out Breast Cancer Smile Fund of the Japan Cancer Society and the Japan Society of Breast Health. 176,103 customers in 2015 tried on 473,263 brassieres, raising ¥4,732,630 in donations. Also, the number of effective clicks on the Pink Ribbon quiz amounted to 174,689 which generated a donation of ¥524,067.

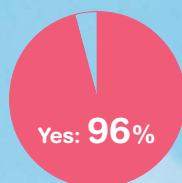
02 Breast Cancer Examination Support Project (AIO)

—Support for early detection

In October 2009, Wacoal purchased a mobile breast cancer screening unit named AIO in line with a commitment to increase opportunities for women to get screened for breast cancer, and thereby launched a breast cancer examination support project.

We have greatly expanded our field of activities to include attending industry and health insurance medical examinations, and introducing women to associated medical consultation should breast cancer be discovered. We will continue to help women be screened without feeling undue anxiety.

Would you like to be screened by the AIO again?



(Subject: People who were screened by AIO / Our study)

Easier, Comfortable Breast Screening with Wacoal's AIO

Four benefits of AIO

Peace of mind

An all-female staff provides specific support and care from women's perspectives.

Easy

There is no need to travel to a hospital. Screening is relatively quick, easy and convenient.

Trust

Since AIO launched in 2009, its days of operation have been rapidly increasing.

Cleanliness

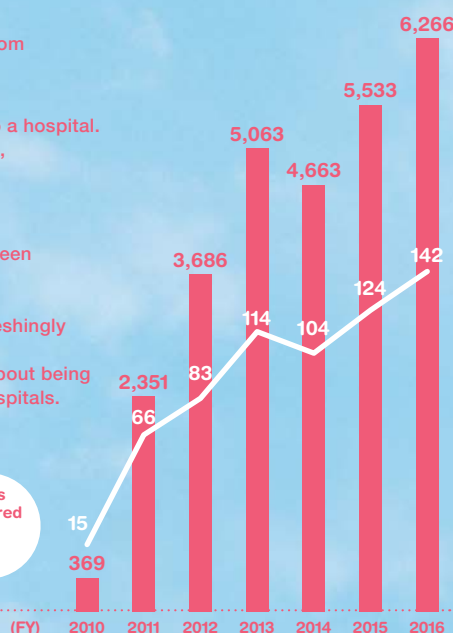
The space is clean and refreshingly scented with aroma oils. There is no need to worry about being seen by others, unlike in hospitals.

Number of people screened

27,931

Number of days screening is offered

648



FOCUS

AIO Activities Report



At Wacoal, staff can get screened for breast cancer during working hours when the AIO is parked next to their offices. We interviewed employees in their 30s–50s who had just been screened for breast cancer, and asked about their impressions of the screening.

Some had someone close who had suffered breast cancer, and others had opportunities at work to interact with people with a history of breast cancer. Overall, most of them felt that breast cancer screening was necessary, and made statements such as "I've been taking the test every year since 2011 when breast cancer screening became available with the AIO."

The reason why they took advantage of the AIO program was that, unlike hospitals, it does not require appointments in advance, so it is much easier to be screened. Many women now feel "more familiar with breast cancer screening" since the start of the AIO screening project. The percentage of employees at Wacoal getting screened for breast cancer is significantly greater than that of the general public.

Since employees can be screened during working hours, and as the screening process is relatively quick and smooth, the ease of the process minimizes the usual hurdles of breast cancer screening, these benefits increase the screening ratio.

Other responses included praise of the all-female staff; the cleanliness; the relaxing aroma; and privacy that was better than that which they would experience at hospitals. Wacoal will continue helping more women get screened with the AIO.



03

Remamma

—Helping to restore women's curves

The Remamma business, founded in 1974, was inspired by Wacoal founder Koichi Tsukamoto, who wanted to try to help women who had lost breasts due to cancer or injury. The name Remamma incorporates “re” (again) in reference to “restoring breasts” and “restoring a sense of beauty.” This project has been developing innerwear and swimwear for over 40 years for women who have undergone major surgery.

The products are developed based on the research data that Wacoal has accumulated over decades regarding women's physiques, and opinions from medical experts and patients. The products are rich in functionality, comfort, and design, and have received high recognition from customers.

Remamma considers interaction with customers to be essential, so there are six Remamma rooms across Japan for direct sales and free consultations with experts, who advise customers and meet with them to help select suitable products. For customers who live in remote areas or who are not well enough to travel, we also pro-

vide a mail order service via operators who listen to customers' needs directly.

Seeing customers' faces light up when they try on a product, or how much happier they appear when they leave compared to when they arrived provides us with all the motivation we need. This business is something we can do specifically because we are Wacoal, and we will never stop trying to bring more smiles into the lives of our customers.

Product Characteristics



Pad pocket next to skin absorbs perspiration

Most pockets are made of cotton-blend fabric with silk protein coating.*

* Made by processing sericin contained in silk into fibers that make the material more comfortable for the skin.

Crafted for comfort

For Restoring Beauty and Smiles

1970s

How Remamma Started

A woman with breast cancer wrote about her feelings to her husband and put them together in a book called “Letter to My Husband.” The book became popular in the U.S. and led the founder of Wacoal to launch the Remamma project.

1974

Early Era

At that time, breast cancer operations involved removal not only of breasts but also breast muscle, so Remamma products were initially made with flat, thick sheets of material. After a process of trial and error, Remamma products start to sell.

1979

Remamma Division Grows

What started as a social welfare section is renamed Remamma. After that, the section develops innerwear, domestically produced parts, and Remamma swimwear, etc.

1993

Launching Free Consultations

Remamma's 20th anniversary presents the opportunity to host free innerwear consultations across Japan. These sessions are still conducted every year, with a total of 24,000 visitors at a total of 193 venues in 2015.

2010

Remamma Products Evolve

Remamma introduces more gorgeous brassieres to its lineup, incorporating the same kinds of lace used in other Wacoal brand products. The new products also incorporate silicone pads made with thermo-adjusting materials to enhance warmth and comfort.

Interview

Remamma from Inside and Outside

Care for Customers Leads to Mutual Trust

— Please tell us about Remamma business operations and your thoughts.

Katayama Our objective is for customers who have experienced breast cancer to recover beautiful busts and smiles again. With this in mind, we choose products that will be comfortable, beautiful, and satisfying to customers. Body condition after an operation is a very sensitive topic and situations vary greatly among individuals. It is important to be sympathetic with customers who have suffered, so we at Remamma listen to each and every one carefully and offer our best solution.

Miyaura We supply the silicone pads that are put into pockets in the brasieres. The pads are shaped much like breasts and fit well to make the bust look natural. We work every day with Wacoal because we would like our products to contribute, even in a small way, to the beauty of our customers.

— What is special about Remamma products?

Katayama We aimed to achieve a balance of comfort and beauty. Wide straps and sides enhance stability, so the products are easy to wear, yet maintain beautiful curves. The products are designed with great care for details, with large pockets inside the cups for easy insertion of pads. They're also quite pretty. Many customers' eyes sparkle and say that they want to try them on.

Nippon Sigmax Co., Ltd.
Consumer Business Department
Healthcare Unit
Narie Miyaura

Wacoal is full of passion for customers

Just for customers to smile

Fukuoka Branch Store
Remamma Chief Advisor
Masami Katayama

— Miyaura, what is your impression of Wacoal?

Miyaura I feel everyone's passion to always take action and prioritize what is best for customers. I find it really impressive. Wacoal is a manufacturer specializing in innerwear that has its own facility called the Human Science Research Center that generates abundant data on women's physiques, and accumulates knowledge and expertise. The company applies such strengths to meet customers' demands and develop new products a step ahead of others. The advisors are not just highly capable; their hospitality is fantastic, too.

— Please tell us how you feel when interacting with customers, and also about the future of the Remamma business.

Katayama Some customers have said great things like "I can go out again

with my head held high." Another, with eyes filled with tears of joy, said, "This makes me feel like a woman again." Every moment like that reassures me that I am fortunate to have this job. Some of them even wrote me beautiful thank you letters, which gave me great pleasure. I want to remain fully committed to this work to eliminate my customers' concerns and anxieties. I'd also like to work on widening the promotional activities for Remamma too, because many customers tell me "I wish I had known about Remamma earlier." We will also need to catch up with advances in medical treatment, and respond to customers' requests and concerns with new product planning. I believe that our mission is to consider what only Wacoal is capable of achieving, understand customers' feelings, create products to help them, and consistently strive to provide better service.

Environmental Conservation Activities

Preserving the Environment as a Global Business

Conducting business worldwide, Wacoal considers preserving the global environment to be its responsibility as a company and promotes environmental activities based on the spirit of mutual trust with society. Currently, six domestic companies and two overseas companies in the Group are certified according to the standards of ISO 14001 (environment management system) and four domestic plants are certified according to KES (Kyoto Environmental Management System Standard).

Environmental Objectives

Medium-term Environmental Action Plan for April 2016–March 2019

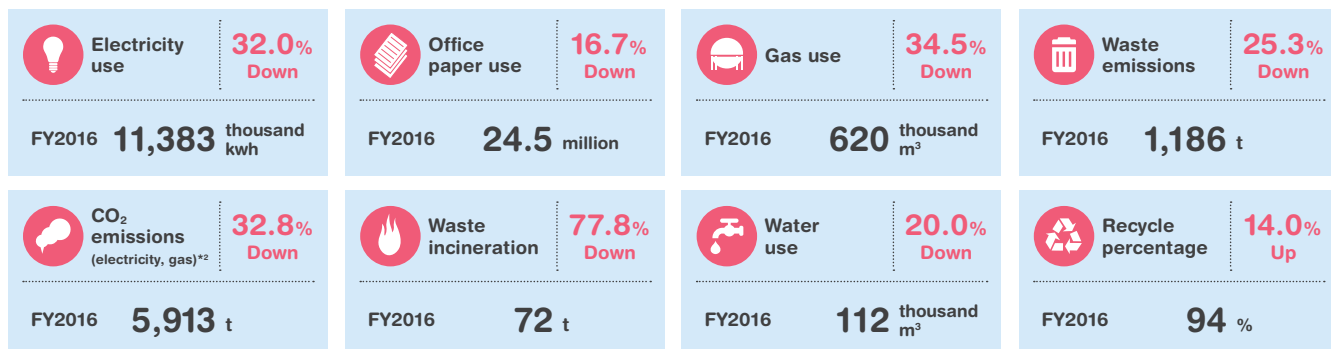
1. Promote environment-friendly business activities such that “operational improvement = environmental improvement = better productivity.”
2. Thorough control of CO₂ emissions
3. Respond to 2015 revision of ISO 14001
4. Promote green purchasing
5. Thorough waste management
6. Thorough environmental risk management
7. Publicize environmental information
8. Raise employees’ awareness through education on the environment
9. Cooperate with local communities to contribute to the environment



For details, please see CSR section on the company’s website:

http://www.wacoalholdings.jp/en/csr/pr_environment.html

Results of Activities*1



*1 Compared to FY2007

*2 Only CO₂ emissions resulting from electricity and gas equivalent values based on FY2011

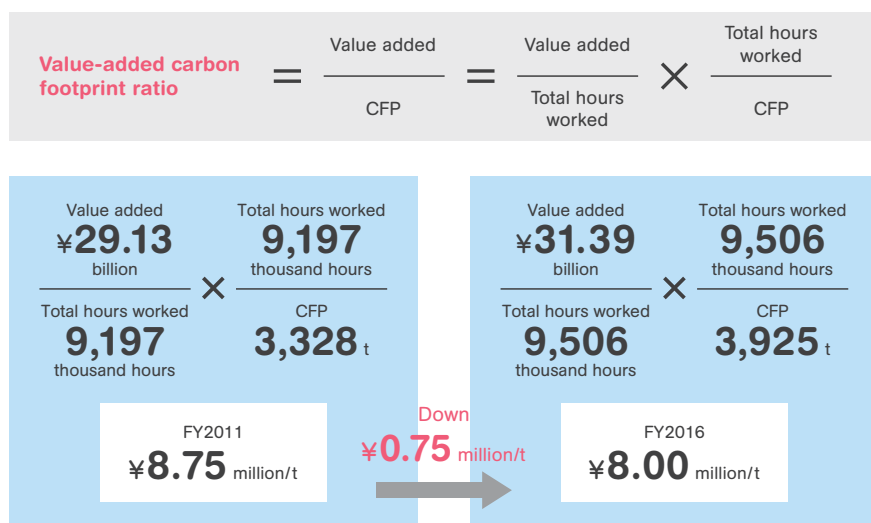
The Wacoal Group’s Original Self-evaluation Indicators

(for Wacoal Holdings Corp. and Wacoal Corp.)

Value-added Carbon Footprint* Ratio

We measure effect by calculating how much value we have added per unit of CO₂ emissions. This indicator is shown as the product of value-added labor productivity (value added/total hours worked) and CO₂ emissions per work hour. We aim to affect the actions of each individual by adopting a different approach that focuses on two areas: heightening the capabilities of each employee so that they work efficiently and reducing environmental burden during operational hours.

* Carbon footprint (CFP) includes CO₂ emissions resulting from electricity, gas, water, and waste. For CO₂ emissions resulting from energy, equivalent values for each region are used.



Health Management

Your Health Keeps the Company Healthy!

Health Management Basic Policy

1. Each employee is aware of the responsibility for protecting personal health, and managing it actively and autonomously. The company supports this strongly.
2. The company understands that maximizing each employee's talent makes the company stronger, so it develops health management/promotion projects, maintains healthy environments, and builds a company culture promoting comfortable workplaces.
3. The company, Wacoal Health Insurance Union, and Labor Union co-established the Health Management Committee. The committee continuously maintains the Plan, Do, Check, Act cycle by identifying health-related issues, deciding on and implementing measures, evaluating effects of such measures, and drawing up responsive plans.
4. When the Health Management Committee identifies issues and establishes measurements, it collaborates with the health data planning of the health insurance union to maximize synergy.
5. Privacy information including health data will be appropriately handled in compliance with relevant laws and regulations that are thoroughly implemented.

Wacoal GENKI Project 2020

Under the “Wacoal GENKI Project 2020,” a medium-term plan for all employees and the company to focus on health management, we set achievable targets and work on fostering healthy corporate culture and environments.

Target regarding lifestyle diseases

Reduction of lifestyle disease rate
Reduce (risk index*)

[Target]

under **25%**
(29.2% for FY2015)

* Risk index
Percentage of persons who are afflicted with any of the following: high cholesterol, obesity, abnormal blood pressure, or abnormal blood sugar level.

Target regarding cancer

Increased percentage of people tested for five major types of cancers

[Target]

100%
for each test

Percentage of people at high risk of disease who take secondary examination

[Target]

100%

Decreasing number of smokers.

[Target]

Less than **15%**
throughout the company

Target regarding mental health issues

Reduce long-term absenteeism or days absent due to mental health reasons

[Target]

Comprehensive index on mental health*

under **7,000**
(9,555 in FY2015)

* Total absence index
Number of absent employees x days absent

Chosen as a “Health & Productivity Stock Selection 2016”

The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select companies that enhance corporate value through employee health management initiatives. Wacoal was among companies chosen in the “Health & Productivity Stock Selection 2016.”

In November 2015, the company made an official health announcement that was intended to actively help employees manage their health and hold top executives responsible for maintaining, improving, and promoting health management. One of our efforts has

been making it easier for our female employees to be screened for cancer. In 2015, 82% of Wacoal's female employees were screened for breast cancer and 65% were screened for uterine cancer, which is a higher screening participation than at other companies.

Wacoal also addressed issues regarding working hours with the aim of improving productivity, and prescribed medications to help employees quit smoking. That the company was chosen as a “Health & Productivity Stock Selection 2016” is recognition of these efforts.



Directors and Audit & Supervisory Board Members

Wacoal Holdings Corp.
As of June 29, 2016



Hiroshi Shirai

Outside Audit & Supervisory Board Member

President,
Shirai Certified Public
Accountant Office
Outside Auditor,
Nóritz Corporation
Outside Auditor,
ALTECO Co., Ltd.

Akira Katayanagi

Outside Audit & Supervisory Board Member

Special Advisor,
Mitsubishi UFJ
NICOS Co., Ltd.
Outside Audit & Supervisory
Board Member,
TOTO Ltd.

Yoko Takemura

Outside Audit & Supervisory Board Member

Lawyer
Outside Statutory Auditor,
ADEKA Corporation

Masashi Yamaguchi

Director

Masaya Wakabayashi

Director and Vice President

Yoshikata Tsukamoto

President and Representative Director

Our Management



Hironobu Yasuhara
Director and Vice President

Atsushi Horiba
Outside Director

Representative Director and Chairman and President, HORIBA, Ltd.
Representative Director and Chairman, HORIBA STEC, Co., Ltd.
Outside Director, Rock Field Co., Ltd.

Mamoru Ozaki
Outside Director

Advisor, Yazaki Sogyo Corporation
Outside Director, Fujikyuko Co., Ltd.
Outside Director, Kikkoman Corporation

Tomoki Nakamura
Standing Audit & Supervisory Board Member

Madoka Mayuzumi
Outside Director

Visiting Professor, Kitasato University
Councilor, Governing Council of East Japan Railway Culture Foundation
Councilor, The National Art Center, Tokyo

Kiyotaka Hiroshima
Standing Audit & Supervisory Board Member

Corporate Governance

To build a relationship of mutual trust with every stakeholder, the Wacoal Group's overriding goal of corporate governance is to continuously grow enterprise value by ensuring that management is highly transparent, equitable, and objective with respect to all stakeholders.

Corporate Governance System

Employment format	Company with an Audit & Supervisory Board		
Reason for employment	Under this corporate governance system, meetings of the Board of Directors reach decisions reflecting the viewpoints of directors conversant with their respective businesses and the objective, neutral advice of outside directors with extensive business experience and specialized knowledge. In addition, the Audit & Supervisory Board includes outside Audit & Supervisory Board members. The Wacoal Group believes this system ensures the corporate governance of group companies and effectively improves and maintains the quality of business management for shareholders, customers, and all other stakeholders.		
Number of directors	7	Number of Board of Directors meetings	14
Number of outside directors	3	Number of Extraordinary Board of Directors meetings	0
Directors' term of office	1 year	Number of Executive Compensation Advisory Committee members	5 (1 outside director)
Number of Audit & Supervisory Board members	5	Independent outside officers	6 (3 outside directors / 3 outside Audit & Supervisory Board members)
Number of outside Audit & Supervisory Board members	3		
Independent outside officers	6 (3 outside directors / 3 outside Audit & Supervisory Board members)		

Wacoal Addresses Society's Demands in a Timely Manner

1977

Wacoal issues ADRs* (American Depositary Receipt)

Wacoal becomes the 8th Japanese company to issue ADRs. Upon issuance, the SEC (U.S. Securities and Exchange Commission) requires consolidated financial statements and accounting report in accordance with U.S. GAAP.

* In 2013, Wacoal stops listing ADRs on the U.S. NASDAQ market and de-registers with the SEC.

2002

Introduction of the corporate officer system

In June 2002, the company employs a corporate officer system in order to delegate authority and clarify responsibility more appropriately and efficiently. At the same time, the number of directors is reduced.

Number of directors:

13→9

2005

Switches to a pure holding company

We switch to a holding company system for effective, strategic decision making and resource placement in order to execute quickly and clarify responsibilities and delegation of responsibilities at operating affiliate companies.

Appointment of outside officers

To promote fairness and independence of the Board of Directors and the Audit & Supervisory Board, the Group increases the number of outside directors by two members and outside Audit & Supervisory Board members by one member.

➔ Direction of Japanese Listed Companies*

1961

- Sony becomes first Japanese company to issue ADRs.

1997

- Domestic companies start introducing the executive officers system.
- Revision of laws lift ban on domestic pure holding companies.

2001

- Following the revision of the Commercial Code, an increasing number of companies appoint outside directors.

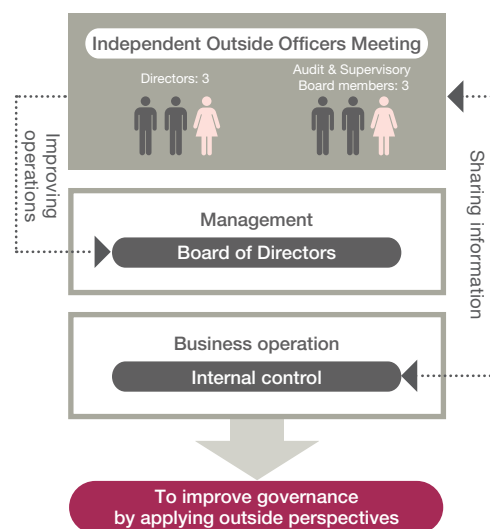
Pick up

Improving the Efficiency of the Board of Directors

Wacoal provides its directors and Audit & Supervisory Board members with the training that they need to fulfill their responsibilities, including useful information on the basic requirements of their positions, the Company's regulations and governance, compliance with laws and statutes, and management.

In addition, when outside directors and Audit & Supervisory Board members take office, Wacoal explains management strategy, business overview, market trends, business environment, etc. for better understanding of the Wacoal Group. The Corporate Planning Office distributes agendas of the Board of Directors meetings and provides explanations to outside directors in advance. To support our Audit & Supervisory Board members, including the outside Audit & Supervisory Board members, we have established an administrative office for our Audit & Supervisory Board. Advance briefings on proposals to be presented to the Board of Directors' meetings are conducted by our internal Audit & Supervisory Board members.

Since 2015, the Group has been holding an Independent Outside Officers Meeting at least once a year where members discuss how to improve corporate governance and the Board of Directors, and how to ensure the effectiveness of every function.



2007

Established Executive Compensation Advisory Committee

Regarding appointment, promotion, and remuneration of the directors and executive officers, the Executive Compensation Advisory Committee, chaired by the Director of the Administrative Department, was established with outside directors included as members.

Number of committee members (including outside directors):

4

2010

All outside officers are registered with the Tokyo Stock Exchange as independent officers

All outside directors and outside Audit & Supervisory Board members are registered with the Tokyo Stock Exchange as independent officers.

Independent officers registered:

6

2015

Independent Outside Officer Meeting is established

The Independent Outside Officer Meeting is established with the intention of sharing information about improving corporate governance, Board of Directors meetings, internal audits, etc. The committee includes independent outside officers.

2002

- The corporate officer system is improved after the Commercial Code is revised.

2009

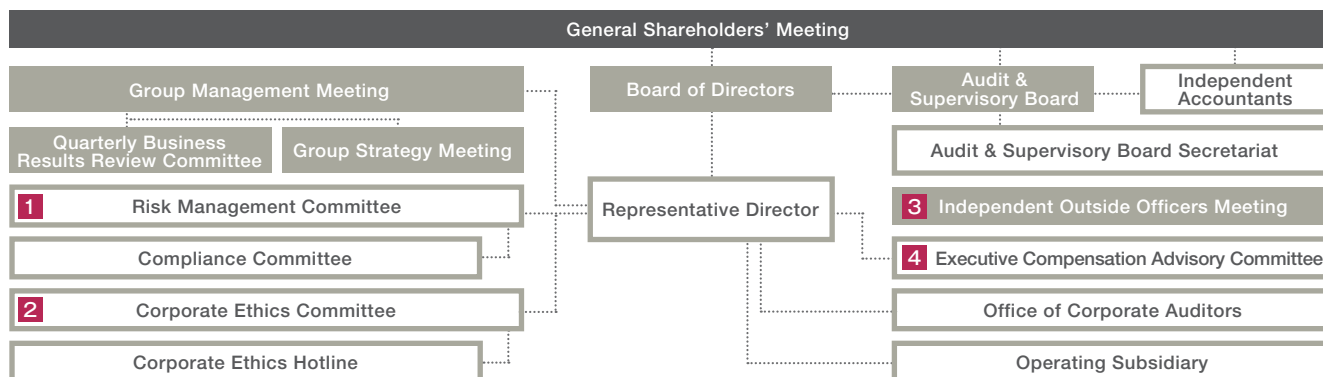
- Securities listing regulations require listed companies to have one or more independent officers.

2015

- Listing regulations, etc. are revised after corporate governance code is established.

* Wacoal research

Management decision making process, management organization according to business operations and supervision, and other corporate governance structures. (As of June 29, 2016)



1 Risk Management Committee

The committee consists of directors, heads of key business departments, and heads of administrative departments at headquarters. It investigates risks to the management of the Wacoal Group in order to enhance its risk management system through activities to mitigate and take precautions against such risks.

2 Corporate Ethics Committee

The committee consists of directors and Audit & Supervisory Board members of Wacoal Holdings and Wacoal Corp., and aims to thoroughly enhance and implement compliance according to the corporate ethics. It works on education and disseminates information about corporate ethics, as well as handles complaints related to corporate ethics in cooperation with relevant departments.

3 Independent Outside Officers Meeting

It consists of independent outside officers, and takes place at least once per year with an agenda including issues of corporate governance, improvement of operation of the Board of Directors, and sharing of information about internal audits, etc. The meeting can hire advisors from various fields, with fees to be borne by the Company.

4 Executive Compensation Advisory Committee

The committee is established in an advisory function to the Representative Director. It discusses and submits reports on the appointment, promotion, recognition, and remuneration of the directors and executive officers. The Executive Compensation Advisory Committee has independent outside directors as members.

Reasons for Appointment of the Said Outside Directors*

Mamoru Ozaki

It is anticipated that he will help enhance the transparency and objectivity of the Company's business management given his specialist knowledge and wide-ranging professional experience in such fields as finance.

Atsushi Horiba

It is anticipated that he will help strengthen the overseas development of the Company's businesses given his abundant experience and insight as a corporate manager in relation to business development in Japan and overseas as well as his strong leadership and extensive knowledge.

Madoka Mayuzumi

As a haiku poet, she has made wide-ranging contributions to the fields of art and culture in Japan and overseas. Her expertise and experience is expected to contribute to our efforts to realize business management that emphasizes diversity, making her an appropriate outside director for the Group.

Reasons for Appointment of the Said Outside Audit & Supervisory Board Members

Akira Katayanagi

Long experience in the financial industry and a wide range of experience and expertise in other industries make him an appropriate outside Audit & Supervisory Board member for the Group.

Yoko Takemura

Legal knowledge as an attorney and experience accumulated through specialization in commercial matters make her an appropriate outside Audit & Supervisory Board member for the Group.

Hiroshi Shirai

Specialized knowledge of accounting and finance as a certified public accountant, including U.S. GAAP, make him an appropriate outside Audit & Supervisory Board member for the Group.

* Wacoal newly documented "Criteria for the Election of Directors" and "Criteria for Independence of Outside Officers" at the Board of Directors meeting on April 30, 2015.

Attendance of Outside Directors at Meetings of the Board of Directors (April 2015–March 2016)

Mamoru Ozaki	Attended 14 of 14
Atsushi Horiba	Attended 11 of 14
Madoka Mayuzumi	Attended 10 of 10

Attendance of Outside Audit & Supervisory Board Members at Meetings of the Board of Directors and the Audit & Supervisory Board (April 2015–March 2016)

	Board of Directors	Audit & Supervisory Board
Akira Katayanagi	Attended 12 of 14	Attended 11 of 15
Yoko Takemura	Attended 14 of 14	Attended 13 of 15
Hiroshi Shirai	Attended 10 of 10	Attended 10 of 10

Details of Remunerations Paid to Officers

Category of Officers	Aggregate Amount of Remunerations, etc. (Millions of yen)	Aggregate Amount of Remunerations, etc., by Type Thereof (Millions of yen)				Number of Relevant Officers
		Basic Remuneration	Stock Option	Bonus	Retirement Allowance	
Directors (Excluding outside directors)	318	198	50	70	—	6
Audit & Supervisory Board members (Excluding outside Audit & Supervisory Board members)	33	33	—	—	—	3
Outside officers	45	45	—	—	—	7

Reviewing What was Taken for Granted Leads to Improvement in the Company Value.



Madoka Mayuzumi

Outside Director,
Wacoal Holdings Corp.

Contribute to improving company value from a neutral perspective

My responsibility as an outside director is to judge the management's decisions and contribute to the company's continuous growth from the position of a general consumer and a long-time loyal customer to Wacoal. As a haiku poet, who has experienced and interacted with many kinds of cultures and arts, I am aware of Wacoal's role in creating the current innerwear culture,

and that supporting Wacoal's history and tradition is also my important duty.

In these rapidly changing times, it is now very important to review what used to be taken for granted, both positive and negative, to bring about the next stage of growth. I am committed to fulfilling my responsibility as someone closest to the general shareholders and to contribute to further growth of Wacoal Group's company value.

Shift of corporate structure may be necessary according to the era

Aside from its strong brand power, Wacoal also maintains company strength based on a diversity of products, quality, and human assets. With clear positioning in the market, the company has established solid recognition as a top company in Japan. However, that very strength holds potential risk if it means the company cannot change.

As women's sense of values and beauty are changing, it is necessary to diversify the brand image. At the Board of Directors meetings, with an understanding of management policies and strategies, I ask simple questions from the viewpoints of general shareholders and consumers to see whether larger number of brands and products would bring profit to consumers, the company, and eventually to sharehold-

ers. Sometimes all of our opinions do not match, but my questions are always listened to respectfully, and answered promptly. When necessary, some topics are discussed again, so I feel there is definite feedback.

By creating environments for women to be more active, both society and women's sense of beauty will change

Based on Wacoal's mission of contributing to society by helping women to express their beauty, Wacoal has been creating the idea of female beauty from the post-war era up until today. I strongly feel the need to create and share a new style of beauty for women based on such history. In such context, the company's recent efforts in supporting women's careers are wonderful.

As Wacoal takes the lead in establishing environments in which women can thrive, and acts as a role model for the whole world, they are also fostering a general society in which women can take an active part. Thus more women will enjoy active careers, more kinds of beauty will be recognized, and as that connects to consumer activities, Wacoal will also benefit. I expect this sort of positive cycle because of what kind of company Wacoal is, and wish to be of help myself.



For more information about Wacoal Group's corporate governance, please see:

<http://www.wacoalholdings.jp/en/ir/governance/index.html>

Financial Section

Eleven-Year Financial Summary

Wacoal Holdings Corp. and Subsidiaries

Years ended March 31	2016	2015	2014
For the year			
Net sales	¥202,917	¥191,765	¥193,781
Cost of sales	95,901	90,722	91,008
% of net sales	47.3%	47.3%	47.0%
Selling, general and administrative expenses	93,151	87,940	88,913
% of net sales	45.9%	45.9%	45.9%
Special retirement related expenses			
Operating income	13,865	7,082	13,860
Total other income (expenses) – net	1,092	4,260	1,173
Income before income taxes, equity in net income of affiliated companies, and net (income) loss attributable to noncontrolling interests	14,957	11,342	15,033
Income taxes	4,730	3,303	5,641
Net income attributable to Wacoal Holdings Corp.	11,159	8,444	10,106
Return on assets (ROA)	5.0%	4.0%	5.7%
Return on equity (ROE)	4.9%	3.9%	5.2%
Net cash provided by operating activities	12,635	14,337	8,949
Net cash (used in) provided by investing activities	(11,407)	164	1,658
Net cash (used in) provided by financing activities	(4,547)	(8,391)	(5,554)
Depreciation and amortization	4,815	5,074	5,036
Capital expenditures	7,546	3,093	2,265
Per share of common stock (in yen)			
Net income attributable to Wacoal Holdings Corp. (Basic)	¥79.23	¥59.95	¥71.75
Cash dividends	33.00	30.00	33.00
Shareholders' equity	1,593	1,625	1,456
At year-end			
Total current assets	¥116,851	¥120,264	¥109,488
Total current liabilities	44,343	42,302	46,608
Cash and cash equivalents	34,059	38,410	30,658
Net property, plant and equipment	53,938	49,188	48,978
Total assets	292,854	300,272	271,988
Short-term bank loans and long-term debt, including current portion	12,147	14,817	18,147
Total shareholders' equity	224,374	228,857	205,106

For the fiscal year ended March 31, 2012, to reflect earnings and losses during the fiscal year in the consolidated financial statements more appropriately, certain consolidated subsidiaries have changed their settlement dates to March 31 to coincide with the settlement date of the Company. Consolidated financial statements for the fiscal year ended March 31, 2011, and prior fiscal years have been retroactively revised accordingly.

(Millions of yen, except per share amounts)

2013	2012	2011	2010	2009	2008	2007	2006
¥180,230	¥171,897	¥165,548	¥163,548	¥170,960	¥165,201	¥166,410	¥164,122
84,548	81,891	81,659	80,101	83,879	82,943	84,658	84,322
46.9%	47.6%	49.3%	49.0%	49.1%	50.2%	50.9%	51.4%
84,331	79,629	77,716	78,524	77,248	68,921	68,856	70,946
46.8%	46.3%	46.9%	48.0%	45.2%	41.7%	41.4%	43.2%
							7,521
8,499	10,377	4,401	3,829	9,833	13,337	12,896	1,333
2,441	(170)	(474)	(674)	(2,504)	816	1,024	2,133
10,940	10,207	3,927	3,155	7,329	14,153	13,920	3,466
3,772	4,199	2,010	1,655	3,083	5,774	6,502	1,459
7,880	6,913	2,785	2,475	5,062	4,845	9,029	2,821
4.6%	4.7%	1.8%	1.4%	3.2%	5.8%	5.7%	1.5%
4.4%	4.1%	1.6%	1.5%	2.9%	2.6%	4.8%	1.6%
12,309	10,060	10,441	9,463	8,202	14,249	9,339	719
(23,520)	(3,467)	(703)	(3,573)	(4,759)	3,709	(1,185)	(2,069)
5,379	(2,824)	(4,965)	(5,363)	(7,448)	(9,400)	(8,404)	(3,428)
4,888	4,660	4,685	4,765	4,544	3,892	3,735	3,433
2,475	2,708	2,652	3,981	2,370	1,110	2,536	6,456
¥55.95	¥49.08	¥19.73	¥17.51	¥35.57	¥34.29	¥63.18	¥19.60
28.00	28.00	20.00	20.00	25.00	25.00	22.00	20.00
1,325	1,218	1,189	1,217	1,187	1,285	1,375	1,296
¥103,587	¥ 97,295	¥ 90,410	¥ 89,455	¥ 90,778	¥ 97,671	¥ 92,915	¥110,773
50,504	35,607	33,880	34,945	31,762	35,802	34,868	35,525
24,514	29,985	26,316	22,328	21,954	27,069	19,816	19,893
49,665	49,078	49,734	51,804	49,165	51,185	52,782	53,501
254,536	221,098	215,276	222,889	213,827	240,053	250,266	242,296
18,765	6,482	6,436	8,162	5,302	5,701	5,984	6,458
186,646	171,496	167,480	171,860	166,767	184,128	193,278	186,475

Management's Discussion and Analysis

Wacoal Holdings Corp. and Subsidiaries

Financial information contained in this section is based on the consolidated financial statements included in this integrated report, prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The Wacoal Group consists of one holding company (the Company), 58 consolidated subsidiaries, and nine equity-method affiliates.

The Wacoal Group manufactures, wholesales, and—for certain products—retails women's foundation garments and lingerie, nightwear, children's underwear, outerwear and sportswear, hosiery, and other textile products. Other operations include restaurant businesses, cultural and service-related operations, and the construction of interiors for commercial premises.

OVERVIEW

We are a leading designer, manufacturer, and marketer in Japan of women's intimate apparel, with the largest share of the Japanese market for foundation garments and lingerie. Foundation garments (primarily brassieres and girdles) and lingerie (primarily slips, braslips, and women's briefs) accounted for 74.5% of consolidated net sales for fiscal year 2016. We also design, manufacture, and sell nightwear, children's underwear, outerwear, sportswear, hosiery and other apparel and textile products.

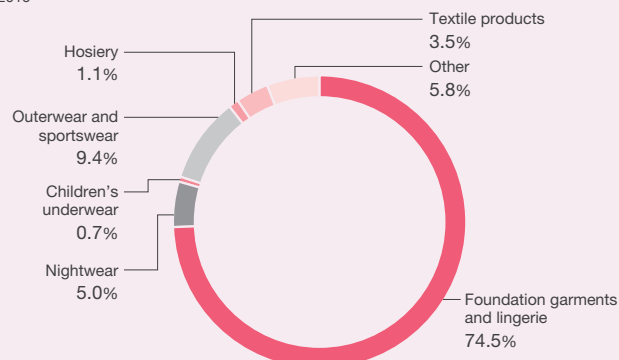
• NET SALES

We principally generate revenues from sales of innerwear (consisting of foundation garments and lingerie, nightwear, and children's underwear), outerwear and sportswear, hosiery, textile products, and other products.

For fiscal year 2016, approximately 79% of the net sales of Wacoal Corp. (the net sales of which account for approximately 59% of consolidated net sales) were apparel sales made on a wholesale basis to department stores, general merchandisers, and other general retailers and approximately 19% were apparel sales made through directly managed retail stores, catalogue sales, and the Internet. Sales from other businesses (which include cultural products and other services) constituted the remaining, approximately 2%, of Wacoal Corp.'s net sales for fiscal 2016.

Share of Net Sales

2016



Over the past five fiscal years, fluctuations in our sales have typically reflected changes in unit volume, as average unit prices have generally remained stable during this period.

• COST OF SALES

Our cost of sales arises principally from material and manufacturing costs related to the production of apparel products.

• SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses principally consist of employee compensation and benefit expenses and promotional expenses, such as advertising costs and renovation costs. Other SG&A expenses include shipping and handling costs, payment fees (including outsourcing payments), and rental payments for directly managed retail stores.

• KEY INDUSTRY TRENDS

We believe that the following have been key trends in our industry during the last two fiscal years:

Net Sales to External Customers (and Percentage) by Product Category

Millions of yen

	2016		2015		2014	
Innerwear						
Foundation Garments and Lingerie	¥151,166	74.5%	¥142,681	74.4%	¥144,322	74.5%
Nightwear	10,098	5.0%	9,514	5.0%	9,301	4.8%
Children's Underwear	1,386	0.7%	1,373	0.7%	1,475	0.8%
Total Innerwear	162,650	80.2%	153,568	80.1%	155,098	80.1%
Outerwear and Sportswear	19,074	9.4%	16,227	8.4%	16,954	8.7%
Hosiery	2,178	1.1%	2,437	1.3%	2,252	1.2%
Textile Products	7,161	3.5%	7,616	4.0%	8,577	4.4%
Other	11,854	5.8%	11,917	6.2%	10,900	5.6%
Total	¥202,917	100.0%	¥191,765	100.0%	¥193,781	100.0%

- (i) In the domestic innerwear market, sales began to decrease and the outlook remains uncertain due to a decline in customer confidence as a result of the consumption tax increase, the influence of rising prices associated with the weakening yen and other increasing burdens, while the female population is declining. On the other hand, inbound consumption is expanding due to an increase in tourists visiting Japan.
- (ii) As for sales channels, purchases are increasing at locations other than our traditional sales spaces such as department stores, general merchandisers and underwear specialty stores. Sales channels have changed and diversified, with growing sales on the Internet and at directly managed retail stores and casual apparel shops as a result of opening locations at shopping malls.
- (iii) The apparel market is becoming competitive due to major outerwear manufacturers entering the market alongside specialty apparel companies and non-store retailers. Retailers and specialty store retailers of private label apparel are trying to improve the frequency of purchase by increasing customer contact through direct retail sales, website sales, and other Internet sales. General merchandise stores are also strengthening the development of “private brand” merchandise. Manufacturing companies are making efforts to strengthen direct sales and OEM and to develop new sales channels.
- (iv) These manufacturers and other competitors are producing lower priced women’s innerwear garments by sourcing fabric and producing garments in lower cost countries in Asia, but due to the weakening yen and a rise in labor costs, tend to develop products at a higher price with value-added features.
- (v) We are conducting new marketing strategies to achieve more diversified sales channels and exposure to new consumer groups.

During the last two fiscal years, which are the reporting periods of the audited consolidated financial statements included in this report, we made efforts to cultivate new customers by responding to the diversifying domestic women’s innerwear market, to rebuild the Group’s production base, and to expand sales and profits in the overseas market in order to react to the above trends. With regard to the domestic market, we implemented initiatives to respond to diversification, which include strengthening our approach to the first-bra age group and senior customers, expanding high volume products mainly in the retail business, exploiting areas in which our market share remains relatively low, diversifying the directly managed retail store model, and acquiring the swimwear business. As for production base, we have a newly established factory in Myanmar and two raw materials manufacturing companies in Thailand. We aim to build a global production base by aligning these newly established companies and our existing manufacturing companies in the ASEAN region. With regard to the overseas market, in the United States, Wacoal America Inc. is expanding sales from e-commerce websites and its exports to surrounding countries. In Europe, we are making steady progress in restructuring. In China, we made efforts to improve profitability and to enhance brand recognition to the middle-class market. In addition, we have developed business and have already initiated sales in India. As a result of these management initiatives and sales efforts, consolidated business results for the current fiscal year were as follows: ¥202,917 million of sales, an increase of 5.8% as compared to the previous fiscal year, ¥13,865 million of operating income, an increase of 95.8%

as compared to the previous fiscal year, and ¥14,957 million of income before income taxes and equity in net income of affiliated companies, an increase of 31.9% as compared to the previous fiscal year.

SUMMARY OF BUSINESS RESULTS

• SUMMARY OF OPERATIONS

Our Group entered the last year of our three-year mid-term plan (from fiscal 2014 to fiscal 2016), and we (primarily Wacoal Corp., our core operating entity) continued our push for greater sales share by responding to the diversifying domestic women’s innerwear market, improving systems for businesses other than the women’s innerwear business and strengthening growth and profitability by actively developing overseas business.

As a result of the above, with respect to the consolidated business results for the fiscal year ended March 31, 2016, sales from our domestic business exceeded the results for the previous fiscal year due to the inclusion of sales of Ai Co., Ltd. and the increase in retail business. Overall sales exceeded the previous results due to superior performance of our domestic and overseas businesses, which were inflated by the depreciation of the Japanese yen. In terms of profit, overall operating income largely exceeded the results for the previous fiscal year as a result of the impairment charges we recognized in relation to our Peach John business during the previous fiscal year.

Net Sales:	¥202,917 million (up 5.8% compared to fiscal 2015)
Operating income:	¥13,865 million (up 95.8% compared to fiscal 2015)
Income before income taxes and equity in net income of affiliated companies:	¥14,957 million (up 31.9% compared to fiscal 2015)
Net income attributable to Wacoal Holdings Corp.:	¥11,159 million (up 32.2% compared to fiscal 2015)

Cost of Sales

Our cost of sales increased 5.7% from ¥90,722 million for fiscal 2015 to ¥95,901 million for fiscal 2016. This increase was mainly due to the inclusion of sales from Ai Co., Ltd. and the cost of sales from our foreign consolidated subsidiaries that were inflated by the depreciation of the Japanese yen. Cost of sales as a percentage of net sales for fiscal 2015 and fiscal 2016 was 47.3%.

Selling, General and Administrative Expenses

Our SG&A expenses increased 5.9% from ¥87,940 million for fiscal 2015 to ¥93,151 million for fiscal 2016. This increase was mainly due to the inclusion of sales from Ai Co., Ltd. and SG&A expenses at foreign consolidated subsidiaries that were inflated by the depreciation of the Japanese yen.

Goodwill and Other Intangible Assets

At the end of fiscal 2015, we examined potential impairment charges on trademarks and goodwill, all of which are recorded as other intangible fixed assets of Peach John, pursuant to its business plan, and accordingly, recorded ¥1,176 million and ¥4,845 million of impairment charges, respectively. There were no impairment charges for fiscal 2016.

Operating Margin

Our operating margin increased by 3.1% from 3.7% for fiscal 2015 to 6.8% for fiscal 2016. This increase was mainly due to the impairment charges recorded for the Peach John business for the fiscal 2015.

Other Income/Expenses

We recorded ¥1,092 million as other income, a decrease of ¥3,168 million, as compared to ¥4,260 million of other income for fiscal 2015. This decrease was mainly due to gain on sales and exchange of marketable securities and investments, which decreased by ¥1,495 million from fiscal 2015, and a profit of ¥1,405 million from the sale of paintings for fiscal 2015.

Net Income Attributable to Wacoal Holdings Corp.

Net income attributable to Wacoal Holdings Corp. for fiscal 2016 was ¥11,159 million, an increase of ¥2,715 million as compared to fiscal 2015 as a result of an improvement in our operating margin, despite a decrease in other income and an increase in tax expense.

• SUMMARY OF OPERATIONS BY OPERATING SEGMENT

Wacoal Business (Domestic)

In our domestic business, we focused on establishing a system that can respond to changes in the external environment and made efforts to expand customer contact by responding to growing inbound consumption and carrying out cross-channel initiatives in rural and unexploited areas. We also made efforts to develop and expand products targeting a generation that only recently started wearing brassieres and middle-aged and senior consumers.

With respect to our Wacoal brand business, core brassieres and products for seniors showed favorable performance. Despite the strong continued inbound demand at department stores in urban areas and successful promotion of red underwear products, due to the traditional link between red underwear and good luck, in the last six months of the current fiscal year, overall sales remained unchanged from the previous fiscal year.

In the Wing brand business, overall sales remained unchanged from the previous fiscal year due to the expansion of shops handling products for teens as well as the strong performance of core brassieres products, mainly our regular items.

In our retail business, sales from our directly managed retail store, AMPHI, showed steady performance as a result of successful initiatives of exclusive offers for members, various monthly sales promotions, and a significant increase of sales through e-commerce websites of other companies. Sales were also largely driven by inbound demand at Wacoal Factory Stores in outlet malls, particularly in areas around airports, and as a result, overall sales largely exceeded the results for the previous fiscal year.

In our wellness business, while sales of sports conditioning wear “CW-X” brand products through existing channels, including sports specialty stores, showed weak performance since we were not successful in attracting new customers, overall sales remained unchanged from the previous fiscal year as a result of offering new products for daily use.

In our catalog sales business, sales were below the results from the previous fiscal year due to the impact of reducing the number of products in our catalogues and decreasing the number of catalogue issues to improve profitability. Although Internet sales were strong as a result of an increase in visitors to our website, which was no longer affected by the shutdown that occurred the previous year, and as a result of strengthening of efforts to attract visitors using smartphones, overall sales fell below the results for the previous fiscal year.

Ai Co., Ltd., our domestic subsidiary that handles the swimwear business and directly manages underwear business, which we acquired from San-Ai group during the current fiscal year, saw sales from the swimwear business below what we anticipated due to unstable summer weather. In addition, sales from the underwear business also performed poorly, and were below the sales we anticipated.

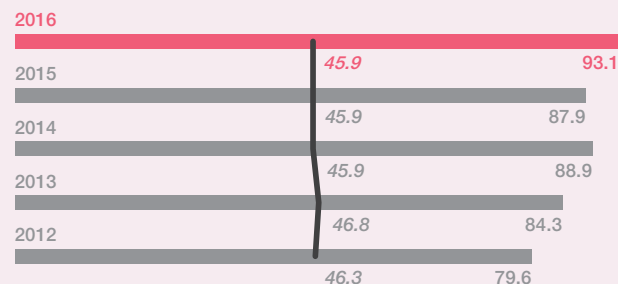
In summary, overall sales attributable to the “Wacoal Business (Domestic)” segment exceeded the results for the previous fiscal year due to increased sales from Wacoal Corp., our core operating entity, and the inclusion of sales from Ai Co., Ltd. With respect to profitability, operating income also exceeded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

Net Sales:	¥120,570 million (up 7.5% compared to fiscal 2015)
Operating income:	¥8,810 million (up 4.3% compared to fiscal 2015)

SG&A Expenses / % of Net Sales

(¥ billion / %)

■ SG&A Expenses — % of Net Sales



Wacoal Business (Overseas)

In the United States, Wacoal America, Inc. made efforts to improve profits by expanding its share in the high-end market and through enhancing sales of “b.tempt’d” brand products. Despite inventory control at department stores in the United States, overall sales exceeded the results for the previous fiscal year as a result of strong performance of core Wacoal brand products and favorable results of sales from e-commerce websites and of exports to surrounding countries (Canada). In terms of profit, operating income on a local currency basis fell below the results for the previous fiscal year due to an increase in SG&A expenses, resulting from increased labor costs, while we controlled PR related costs. However, operating income on a yen converted basis exceeded the results for the previous fiscal year due to the depreciated yen.

Wacoal Europe made efforts to promote recognition of the Wacoal brand and to expand sales across Europe and Australia. Sales in the United States and Australia were strong, while sales in

the United Kingdom remained unchanged from fiscal 2015. However, consumer spending in the Eurozone did not recover because of political and economic instability. Therefore, Eurozone sales fell significantly from the previous fiscal year, due to weakness of Huit brand products, in addition to poor performance overall, particularly in France. As a result, total sales on a local currency basis fell below the results for fiscal 2015, but sales on a yen converted basis remained unchanged. With regard to profit, operating income largely fell below the results for fiscal 2015 as a result of decreased sales and an increase in purchase costs due to dollar appreciation.

In China, we made efforts to expand brands targeting the middle-class market and to establish a profit system. Sales during the first six months of the current fiscal year from January to June showed favorable performance. Although sales growth slowed down during the second half of the current fiscal year, during which there was increasing concern that the economic slowdown was going to intensify as a result of a decreasing number of shop openings of LA ROSABELLE, a brand targeting the middle-class market, and of failing to achieve the sales target for our campaign on external e-commerce websites in November 2015, overall sales exceeded the results for fiscal 2015. In terms of profit, operating income largely exceeded the results for fiscal 2015 due to increased sales.

As a result of the above, with respect to the overall sales and operating income attributable to the "Wacoal Business (Overseas)" segment, overall sales exceeded the results for the previous fiscal year, while operating income was lower.

Net Sales:	¥51,869 million (up 7.8% compared to fiscal 2015)
Operating income:	¥4,433 million (down 7.2% compared to fiscal 2015)

Peach John Business

We made efforts to maintain existing Peach John Co., Ltd. customer contacts in our three-brand framework and to expand contact with new customers through shop openings. Sales from our core mail-order catalogues largely fell below the results for the previous fiscal year due to the decreased number of users visiting e-commerce websites. On the other hand, inbound demand contributed to sales from domestic directly managed retail stores which largely exceeded the results for the previous fiscal year as a result of keeping a fresh merchandising approach by changing the products offered in our shops on a weekly basis. Overseas sales largely exceeded those of the previous fiscal year due to a significant expansion of sales through e-commerce websites of other companies in China despite the weak performance of shop sales in Hong Kong. This offset a decrease in sales resulting from initiatives to discontinue underperforming shops.

As a result of the above, overall sales from our Peach John business fell below the previous year's results. In terms of profit, our operating income significantly improved from the previous fiscal year, during which we recorded an operating loss, as a result of efforts to improve sales profit by reviewing pricing and holding fewer discount sales as well as the impairment charges which we recognized during fiscal 2015, in addition to a decrease in operating loss incurred from our business in China.

Net Sales:	¥11,190 million (down 3.8% compared to fiscal 2015)
Operating income:	¥258 million (¥6,296 million operating loss in fiscal 2015)

Other

We moved to establish a stable profit structure and strengthen management bases.

We made efforts to cultivate new sales channels for the Lecien Corporation ("Lecien") and to build up our production base. Overall sales from Lecien fell below the results for the previous fiscal year due to the weak sales from our apparel business division although sales of our products to our major clients performed strongly in the core inner-wear business division. In terms of profit, we recorded an operating loss although there was a little sign of recovery compared to the previous fiscal year as a result of the reduced cost of raw materials and reviewing purchasing prices.

As for Nanasai Co., Ltd. ("Nanasai"), we worked to maintain and expand rental business as well as increase sales by acquiring new construction businesses. Sales from the rental business fell below results for fiscal 2015. In the construction business, although we received orders for the construction of new commercial facilities and orders from apparel brands, sales also fell below the previous year's results as the orders received were generally for smaller-scale projects. Our sales business showed an increase in the delivery of fixtures in connection with the construction orders received and largely exceeded the results for the previous fiscal year. As a result, overall sales exceeded the results for the previous fiscal year. In terms of profit, operating income largely exceeded the results for the previous fiscal year due to increased sales.

As a result of the above, with respect to the overall sales and operating income attributable to our "Other" segment, overall sales fell below the results for the previous fiscal year while operating income largely exceeded the results for the previous fiscal year.

Net Sales:	¥19,288 million (down 2.7% as compared to fiscal 2015)
Operating income:	¥364 million (up 130.4% compared to fiscal 2015)

• SUMMARY OF OPERATIONS BY REGION

Japan

With respect to Wacoal Corp., while consumers continue to be budget-conscious after the consumption tax increase, sales exceeded the results for the previous fiscal year as a result of the strong continued inbound demand, especially at department stores in urban areas and outlet malls near airports, and of the increase in shops that are part of our retail business. In terms of profit, operating income also exceeded the results for the previous fiscal year due to efforts to hold down costs and increased sales.

Sales from Ai Co., Ltd., a domestic subsidiary, which now handles the swimwear business and directly manages underwear business, were below the sales we anticipated due to unstable summer weather.

For the Peach John business, while inbound demand contributed to favorable sales from domestic directly managed stores, overall

sales fell below the results for the previous fiscal year due to decreased sales affected by the performance of our core mail-order catalogues, which was impacted by a decrease in users visiting e-commerce websites. In terms of profit, operating income significantly improved from the previous fiscal year, during which we recorded an operating loss, mainly due to impairment charges.

The overall sales of the Lecien Corporation ("Lecien") fell below the results for the previous fiscal year due to the weak sales from our apparel business division although sales from our core innerwear business division were strong. In terms of profit, we recorded an operating loss due to an increase in purchase costs impacted by the depreciation of the yen that could not be absorbed by efforts to reduce the cost of raw materials.

As for Nanasai Co., Ltd. ("Nanasai"), our sales business showed a significant expansion as a result of new transactions, and accordingly, overall sales exceeded the results for the previous fiscal year. Increased sales also resulted in an operating income that exceeded the previous results.

As a result of the above, sales from our business in Japan amounted to ¥150,673 million, an increase of 5.2% compared to the previous fiscal year.

Asia/Oceania

With respect to Wacoal China, sales during the first six months of the current fiscal year from January to June showed favorable performance. Although sales growth slowed down during the second half of the current fiscal year from July to December overall sales exceeded the results for the previous fiscal year. In terms of profit, operating income largely exceeded the results for the previous fiscal year due to increased sales and the closure of underperforming shops.

With respect to Peach John's directly managed overseas stores, sales exceeded those of the previous fiscal year as a result of initiatives to discontinue underperforming shops and to focus sales efforts on external e-commerce websites in China, despite the weak performance of shop sales in Hong Kong.

As a result of the above, sales from our business in Asia/Oceania amounted to ¥17,906 million, an increase of 10.1% as compared to the previous fiscal year.

Europe/North America

Wacoal America Inc.'s overall sales exceeded the results for the previous fiscal year as a result of strong performance of core Wacoal brand products and favorable results of sales from e-commerce websites and to neighboring Canada. In terms of profit, operating income on a local basis fell below the results for the previous fiscal year due to an increase in SG&A expenses, a result of increased labor costs. However, operating income on a yen converted basis exceeded the results for the previous fiscal year due to the depreciated yen.

With respect to Wacoal Europe, sales in the United Kingdom remained unchanged from the previous fiscal year while sales to the United States and Australia were strong. However, sales in the Eurozone showed poor performance, as did Huit brand products. As a result, overall sales on a local currency basis fell below the results for the previous fiscal year, but sales on a yen converted basis remained unchanged from the previous fiscal year. With regard to profit, operating income largely fell below the results for the previous fiscal year as a result of decreased sales and an increase in purchase costs due to the appreciation of the dollar.

As a result of the above, sales from business in Europe/North America amounted to ¥34,338 million, an increase of 6.5% as compared to the previous fiscal year.

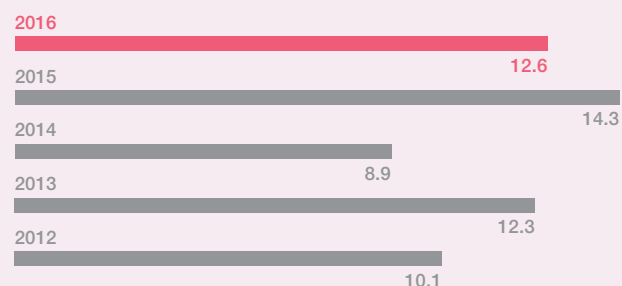
LIQUIDITY AND CAPITAL RESOURCES

Our current policy is to fund cash needs from cash flows from operations, which allows us to secure working capital, make capital investments, and pay dividends without relying on substantial borrowings or other financing from outside of our group companies. As of March 31, 2016, we had credit facilities at financial institutions totaling ¥36,940 million, and the unused lines of credit for short-term financing amounted to ¥11,948 million. Of this credit, ¥5,500 million is available to Wacoal Holdings Corp., ¥3,111 million is available to Wacoal Europe Ltd., ¥3,050 million is available to Wacoal Service Co., Ltd., and ¥288 million is available to Nanasai.

In general, most of our credit facilities have automatically renewed terms, and we are not aware of any issues with respect to any lenders that could cause these facilities to become unavailable. Even if any of our subsidiaries loses access to funds from our credit

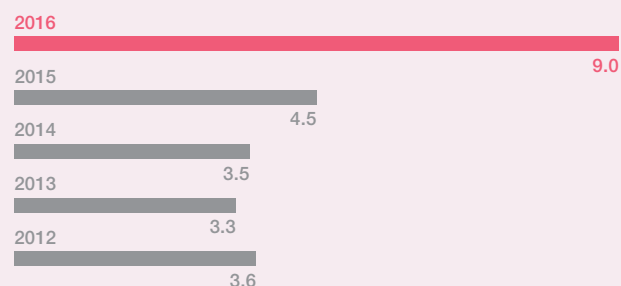
Net Cash Provided by Operating Activities

(¥ billion)



Capital Investment

(¥ billion)



facilities, we believe that it is possible for other companies in our Group to provide any necessary funds. Our borrowing requirements are not affected by seasonality.

We are not aware of any restrictions on the transfers of funds from a subsidiary to a parent company in the form of a cash dividend. We believe our working capital is adequate for present requirements and for business operations in the short to long term.

CASH FLOW STATUS.....

The balance of cash and cash equivalents at the end of fiscal 2016 was ¥34,059 million, a decrease of ¥4,351 million as compared to the end of the previous fiscal year.

• CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Cash flow provided by operating activities during fiscal 2016 was ¥12,635, a decrease of ¥1,702 million as compared to the previous fiscal year. It is the result after the net income of ¥11,472 million was adjusted for depreciation expenses, deferred taxes and changes in assets and liabilities.

• CASH FLOW USED IN INVESTING ACTIVITIES

Cash flow used in investing activities during fiscal 2016 was ¥11,407 million, as compared to ¥164 million of cash inflow for the previous fiscal year, due to capital expenditures and business acquisitions.

• CASH FLOW USED IN FINANCING ACTIVITIES

Cash flow used in financing activities during fiscal 2016 was ¥4,547 million, a decrease of ¥3,844 million as compared to the previous fiscal year, due to the cash dividend payments.

SUMMARY OF CAPITAL INVESTMENT, ETC.

The amount of capital investment for the fiscal year ended March 31, 2016 was ¥8,978 million. A majority of our capital investment was used in our construction project related to a business-use building, the information system investment for our domestic subsidiaries and maintenance and repair work implemented for the real properties held by the Company.

The amounts of capital investment made in Wacoal Business (Domestic), Wacoal Business (Overseas), Peach John Business, and Other were ¥6,977 million, ¥1,694 million, ¥245 million, and ¥62 million, respectively.

DIVIDEND POLICY

Our basic policy on profit distribution to shareholders is to make stable distributions based on consideration of consolidated performance while seeking to increase enterprise value through active investment aimed at higher profitability and to increase net income per share. Based on our basic policy, we provide a fiscal year-end dividend once a year.

We also prescribe that the Company may distribute earnings subject to the resolution of the Board of Directors' meeting pursuant to the provisions of Article 459 of the Companies Act.

Based on such policy, we plan to distribute the year-end dividend of 33.00 yen per share as a distribution of earnings for the current fiscal year.

As for retained earnings, with the aim of improving corporate value, we have actively invested in expanding new points of contact with consumers for our domestic business and investing in our overseas businesses. We also plan to use retained earnings in strategic investments for maintaining competitiveness and reinforcing growth. With these efforts, we seek to benefit shareholders by improving future profitability. We also intend to flexibly acquire treasury stock, and we will try to improve capital efficiency and return profits to shareholders.

RESEARCH AND DEVELOPMENT

Our research and development (R&D) activities are mainly conducted by our Human Science Research Center to achieve harmony between the human body and clothing and to support better product creation.

Since 1964, we have been conducting research into the female body in order to accurately understand the Japanese woman's physique. In particular, we have developed a silhouette analysis system and introduced a three-dimensional measuring system. We are also working on an even more advanced measurement of sensory comfort. R&D activities focus on addressing the proportional, physiological, and mental aspects of garment design. One of the most important results was the enrichment of sensory comfort research through participation in a project led by the Ministry of Trade and Industry (presently the Ministry of Economy, Trade and Industry) from 1995 to 1998. Based on that, we have been focusing on developing new products that are not only comfortable for the wearer, but also have a positive physiological effect based on the three factors of pressure, heat, and touch. In 2005, we developed and created a new market for our breakthrough Style Science series products, which support the creation of a healthy and beautiful body by changing the idea of everyday walking to walking for exercise. In 2010, we conducted an analysis and announced principles on the physiological changes associated with aging from a person's 20s to 50s. We also strengthened the development of new products for coping with aging and have been developing new functional products based on the lifestyle habits of people as they undergo small physical changes associated with aging.

Our Human Science Research Center promotes R&D based on a survey analysis that includes even the body shapes and needs of young customers at the age at which our products are first introduced, and the senior generation.

In terms of product development, during fiscal 2016, we enhanced the development of new products which focus on "comfort" aspects and of new products for young adults, an age group that does not wear girdles.

As a result of the above, we recorded ¥839 million for R&D during fiscal 2016.

Our R&D covers a wide range of activities from basic research to product development, mainly of women's innerwear. Therefore, it is difficult to relate each of those activities to a specific segment, and thus, we do not provide information regarding each project by segment.

In order to promote "the realization of an industry supporting women with unbounded living beauty," we will make efforts to enrich R&D activities that contribute to the improvement of customer satisfaction and corporate value based on the key concepts of beauty, comfort, and health. We will also work toward strengthening product appeal and developing new products or services that can gain support from and satisfy customers.

Consolidated Balance Sheets

Wacoal Holdings Corp. and Subsidiaries

March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 34,059	¥ 38,410	\$ 302,962
Time deposits	2,131	2,687	18,956
Marketable securities (Notes 3, 20 and 21)	1,880	2,387	16,723
Notes and accounts receivable (Note 18)	26,936	26,544	239,601
Allowance for returns and doubtful receivables (Note 4)	(2,229)	(2,409)	(19,827)
Inventories (Note 5)	44,445	42,893	395,348
Deferred income taxes (Note 17)	3,832	5,488	34,086
Other current assets (Notes 18, 20 and 21)	5,797	4,264	51,566
Total current assets	116,851	120,264	1,039,415
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 9)	21,677	22,009	192,822
Buildings and building improvements (Notes 9 and 11)	65,056	64,038	578,687
Machinery and equipment (Note 9)	17,552	16,760	156,129
Construction in progress	5,419	923	48,203
Total	109,704	103,730	975,841
Accumulated depreciation	(55,766)	(54,542)	(496,051)
Net property, plant and equipment	53,938	49,188	479,790
OTHER ASSETS:			
Investments in affiliated companies (Note 6)	20,713	22,052	184,247
Investments (Notes 3, 20 and 21)	56,021	59,963	498,319
Goodwill (Notes 7, 8 and 21)	17,911	18,750	159,322
Other intangible assets (Notes 7, 8 and 21)	12,112	12,739	107,739
Prepaid pension expense (Note 12)	8,145	10,577	72,452
Deferred income taxes (Note 17)	1,036	982	9,215
Other	6,127	5,757	54,501
Total other assets	122,065	130,820	1,085,795
TOTAL	¥292,854	¥300,272	\$2,605,000

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 9)	¥ 11,759	¥ 10,038	\$ 104,599
Notes and accounts payable:			
Trade notes	1,431	1,031	12,729
Trade accounts (Note 18)	12,017	11,346	106,894
Other payables	6,106	6,686	54,314
Accrued payroll and bonuses	7,152	6,936	63,619
Income taxes payable (Note 17)	711	2,064	6,324
Current portion of long-term debt (Notes 9 and 20)	293	534	2,606
Other current liabilities (Notes 20 and 21)	4,874	3,667	43,355
Total current liabilities	44,343	42,302	394,440
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9 and 20)	95	4,245	845
Liability for termination and retirement benefits (Note 12)	1,703	1,680	15,149
Deferred income taxes (Note 17)	15,588	18,796	138,659
Other long-term liabilities (Notes 11, 12 and 17)	1,724	1,681	15,335
Total long-term liabilities	19,110	26,402	169,988
COMMITMENTS AND CONTINGENCIES (Notes 9, 10 and 13)			
EQUITY:			
WACOAL HOLDINGS CORP. SHAREHOLDERS' EQUITY (Notes 14 and 23):			
Common stock, no par value - authorized, 500,000,000 shares in 2016 and 2015; issued 143,378,085 shares in 2016 and 2015	13,260	13,260	117,951
Additional paid-in capital (Note 14)	29,686	29,642	264,063
Retained earnings	162,196	155,264	1,442,769
Accumulated other comprehensive income (loss) (Note 16):			
Foreign currency translation adjustments	5,177	10,831	46,051
Unrealized gain on securities	17,966	20,821	159,811
Pension liability adjustments (Note 12)	(1,035)	1,934	(9,207)
Total accumulated other comprehensive income	22,108	33,586	196,655
Treasury stock, at cost -2,519,350 shares and 2,537,276 shares in 2016 and 2015, respectively	(2,876)	(2,895)	(25,583)
Total Wacoal Holdings Corp. shareholders' equity	224,374	228,857	1,995,855
NONCONTROLLING INTERESTS			
Total equity	229,401	231,568	2,040,572
TOTAL	¥292,854	¥300,272	\$2,605,000

Consolidated Statements of Income

Wacoal Holdings Corp. and Subsidiaries

Millions of yen				Thousands of U.S. dollars (Note 2)
Years Ended March 31, 2016, 2015 and 2014	2016	2015	2014	2016
NET SALES (Note 18)	¥202,917	¥191,765	¥193,781	\$1,804,990
OPERATING COSTS AND EXPENSES:				
Cost of sales (Notes 12 and 18)	95,901	90,722	91,008	853,060
Selling, general and administrative expenses (Notes 1, 10, 11, 12, 15 and 21)	93,151	87,940	88,913	828,598
Impairment charges on goodwill (Notes 8 and 21)		4,845		
Impairment charges on other intangible assets (Notes 8 and 21)		1,176		
Total operating costs and expenses	189,052	184,683	179,921	1,681,658
OPERATING INCOME	13,865	7,082	13,860	123,332
OTHER INCOME (EXPENSES):				
Interest income	161	142	97	1,432
Interest expense	(65)	(98)	(105)	(578)
Dividend income	1,057	1,011	831	9,402
Gain or loss on sales or exchange of marketable securities and investments – net (Notes 3 and 16)	90	1,585	84	801
Valuation loss on marketable securities and investments (Notes 3 and 16)	(20)	(14)	(47)	(178)
Gain on bargain purchase (Note 7)	173			1,539
Gain on sales of paintings		1,405		
Other – net (Notes 1, 16 and 21)	(304)	229	313	(2,705)
Total other income (expenses) – net	1,092	4,260	1,173	9,713
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES (Note 17)	14,957	11,342	15,033	133,045
INCOME TAXES (Note 17):				
Current	3,442	5,223	5,256	30,617
Deferred	1,288	(1,920)	385	11,457
Total income taxes	4,730	3,303	5,641	42,074
INCOME BEFORE EQUITY IN NET INCOME OF AFFILIATED COMPANIES	10,227	8,039	9,392	90,971
EQUITY IN NET INCOME OF AFFILIATED COMPANIES (Note 6)	1,245	705	985	11,075
NET INCOME	11,472	8,744	10,377	102,046
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(313)	(300)	(271)	(2,784)
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	¥ 11,159	¥ 8,444	¥ 10,106	\$ 99,262

Yen				U.S. dollars (Note 2)
Years Ended March 31, 2016, 2015 and 2014	2016	2015	2014	2016
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER SHARE (Note 19):				
Basic	¥ 79.23	¥ 59.95	¥ 71.75	\$ 0.70
Diluted	¥ 79.00	¥ 59.80	¥ 71.61	\$ 0.70
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER AMERICAN DEPOSITARY RECEIPT (5 shares of common stock) (Note 19):				
Basic	¥ 396.15	¥ 299.77	¥ 358.77	\$ 3.52
Diluted	¥ 394.99	¥ 299.00	¥ 358.03	\$ 3.51

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Wacoal Holdings Corp. and Subsidiaries

Millions of yen				Thousands of U.S. dollars (Note 2)
Years Ended March 31, 2016, 2015 and 2014	2016	2015	2014	2016
NET INCOME	¥ 11,472	¥ 8,744	¥10,377	\$ 102,046
OTHER COMPREHENSIVE INCOME, NET OF TAX (Note 16):				
Foreign currency translation adjustments:				
Amounts arising during the year	(5,670)	8,671	8,342	(50,436)
Reclassification adjustments			27	
Total foreign currency translation adjustments	(5,670)	8,671	8,369	(50,436)
Unrealized (loss) gain on securities:				
Amounts arising during the year	(2,833)	10,216	2,313	(25,200)
Reclassification adjustments	(47)	(974)	(11)	(418)
Total unrealized (loss) gain on securities	(2,880)	9,242	2,302	(25,618)
Pension liability adjustments:				
Amounts arising during the year	(2,327)	2,332	1,468	(20,699)
Reclassification adjustments	(644)	(176)	233	(5,729)
Total pension liability adjustments	(2,971)	2,156	1,701	(26,428)
OTHER COMPREHENSIVE INCOME	(11,521)	20,069	12,372	(102,482)
COMPREHENSIVE INCOME	(49)	28,813	22,749	(436)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(270)	(472)	(412)	(2,402)
COMPREHENSIVE INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	¥ (319)	¥28,341	¥22,337	\$ (2,838)

See notes to consolidated financial statements.

Consolidated Statements of Equity

Wacoal Holdings Corp. and Subsidiaries

Millions of yen

Years Ended March 31, 2016, 2015 and 2014	Shares of Outstanding Common Stock (Thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2013	140,844	¥13,260	¥29,514	¥145,306	¥ 1,458	¥(2,892)	¥186,646	¥2,179	¥188,825
Net income				10,106			10,106	271	10,377
Foreign currency translation adjustments					8,234		8,234	135	8,369
Unrealized gain on securities					2,296		2,296	6	2,302
Pension liability adjustments					1,701		1,701		1,701
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥140 per 5 shares of common stock				(3,944)			(3,944)		(3,944)
Cash dividends paid to noncontrolling interests								(148)	(148)
Repurchase of treasury stock	(6)					(6)	(6)		(6)
Sale of treasury stock	1					0	0		0
Share-based compensation granted (Note 15)			69				69		69
Equity transactions with noncontrolling interests (Note 14)			4				4	(13)	(9)
BALANCE, MARCH 31, 2014	140,839	13,260	29,587	151,468	13,689	(2,898)	205,106	2,430	207,536
Net income				8,444			8,444	300	8,744
Foreign currency translation adjustments					8,521		8,521	150	8,671
Unrealized gain on securities					9,215		9,215	27	9,242
Pension liability adjustments					2,161		2,161	(5)	2,156
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥165 per 5 shares of common stock				(4,648)			(4,648)		(4,648)
Cash dividends paid to noncontrolling interests								(190)	(190)
Repurchase of treasury stock	(3)					(3)	(3)		(3)
Share-based compensation granted and exercised (Note 15)	5		55			6	61		61
Equity transactions with noncontrolling interests (Note 14)			0				0	(1)	(1)
BALANCE, MARCH 31, 2015	140,841	13,260	29,642	155,264	33,586	(2,895)	228,857	2,711	231,568
Net income				11,159			11,159	313	11,472
Foreign currency translation adjustments					(5,654)		(5,654)	(16)	(5,670)
Unrealized loss on securities					(2,855)		(2,855)	(25)	(2,880)
Pension liability adjustments					(2,969)		(2,969)	(2)	(2,971)
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥150 per 5 shares of common stock				(4,225)			(4,225)		(4,225)
Cash dividends paid to noncontrolling interests								(206)	(206)
Repurchase of treasury stock	(5)					(7)	(7)		(7)
Sale of treasury stock	1					1	1		1
Share-based compensation granted and exercised (Note 15)	22		44	(2)		25	67		67
Increase due to establishment of subsidiaries (Note 7)								2,252	2,252
BALANCE, MARCH 31, 2016	140,859	¥13,260	¥29,686	¥162,196	¥22,108	¥(2,876)	¥224,374	¥5,027	¥229,401

Thousands of U.S. dollars (Note 2)

Year Ended March 31, 2016	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2015	\$117,951	\$263,672	\$1,381,107	\$298,755	\$ (25,752)	\$2,035,733	\$24,115	\$2,059,848
Net income			99,262			99,262	2,784	102,046
Foreign currency translation adjustments				(50,294)		(50,294)	(142)	(50,436)
Unrealized loss on securities				(25,396)		(25,396)	(222)	(25,618)
Pension liability adjustments				(26,410)		(26,410)	(18)	(26,428)
Cash dividends paid to Wacoal Holdings Corp. shareholders, \$1 per 5 shares of common stock			(37,582)			(37,582)		(37,582)
Cash dividends paid to noncontrolling interests							(1,832)	(1,832)
Repurchase of treasury stock					(62)	(62)		(62)
Sale of treasury stock					9	9		9
Share-based compensation granted and exercised (Note 15)		391	(18)		222	595		595
Increase due to establishment of subsidiaries (Note 7)							20,032	20,032
BALANCE, MARCH 31, 2016	\$117,951	\$264,063	\$1,442,769	\$196,655	\$ (25,583)	\$1,995,855	\$44,717	\$2,040,572

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Wacoal Holdings Corp. and Subsidiaries

Years Ended March 31, 2016, 2015 and 2014	Millions of yen			Thousands of U.S. dollars (Note 2)
	2016	2015	2014	2016
OPERATING ACTIVITIES:				
Net income	¥ 11,472	¥ 8,744	¥10,377	\$ 102,046
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,815	5,074	5,036	42,830
Share-based compensation (Note 15)	67	60	69	596
Provision for returns and doubtful receivables – net	(117)	(45)	365	(1,041)
Deferred income taxes	1,288	(1,920)	385	11,457
Gain or loss on sales or disposal of property, plant and equipment – net	59	38	94	525
Impairment charges on long-lived assets	256			2,277
Impairment charges on goodwill (Notes 8 and 21)		4,845		
Impairment charges on other intangible assets (Notes 8 and 21)		1,176		
Gain on sales or exchange of marketable securities and investments (Notes 3 and 16)	(90)	(1,585)	(84)	(801)
Valuation loss on marketable securities and investments (Notes 3 and 16)	20	14	47	178
Gain on bargain purchase (Note 7)	(173)			(1,539)
Gain on sales of paintings		(1,405)		
Equity in net income of affiliated companies, less dividends	(482)	(27)	(272)	(4,287)
Changes in assets and liabilities:				
(Increase) decrease in notes and accounts receivable	(195)	534	(1,368)	(1,735)
Increase in inventories	(1,008)	(1,038)	(339)	(8,966)
(Increase) decrease in other current assets	(1,111)	(442)	636	(9,883)
(Decrease) increase in notes and accounts payable	(45)	1,302	(1,541)	(400)
Decrease in liability for termination and retirement benefits	(2,101)	(1,601)	(827)	(18,689)
(Decrease) increase in accrued expenses, income taxes payable and other current liabilities	(261)	505	(3,649)	(2,322)
Other	241	108	20	2,144
Net cash provided by operating activities	12,635	14,337	8,949	112,390
INVESTING ACTIVITIES:				
Increase in time deposits	(2,459)	(3,548)	(2,347)	(21,873)
Decrease in time deposits	2,889	3,383	2,291	25,698
Proceeds from sales and redemption of available-for-sale securities (Note 3)	602	4,499	4,685	5,355
Payments to acquire available-for-sale securities	(420)	(1,353)	(57)	(3,736)
Proceeds from redemption of held-to-maturity debt securities	739	114	113	6,574
Payments to acquire held-to-maturity debt securities	(629)	(568)	(322)	(5,595)
Proceeds from sales of paintings		1,785		
Proceeds from sales of property, plant and equipment	775	174	24	6,894
Capital expenditures	(7,546)	(3,093)	(2,265)	(67,123)
Payments to acquire intangible assets (Note 8)	(1,432)	(1,385)	(1,199)	(12,738)
Proceeds from sales of other investments	12	124	762	107
Proceeds from sales of shares of affiliated companies	6	6		53
Acquisitions of subsidiaries, net of cash acquired and payments to acquire additional shares of a subsidiaries		(1)	(8)	
Payments to acquire additional shares of affiliated companies			(16)	
Payments associated with the acquisition of the business (net of cash and cash equivalents acquired) (Note7)	(3,822)			(33,998)
Other	(122)	27	(3)	(1,085)
Net cash (used in) provided by investing activities	(11,407)	164	1,658	(101,467)
FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank loans with three months or less maturity - net	2,101	(6,784)	(455)	18,689
Repayments of short-term bank loans with more than three months maturity			(100)	
Proceeds from issuance of long-term debt		4,460		
Repayments of long-term debt	(4,463)	(1,226)	(901)	(39,699)
Repurchase of treasury stock	(7)	(3)	(6)	(62)
Proceeds from sales of treasury stock	1		0	9
Dividends paid on common stock	(4,225)	(4,648)	(3,944)	(37,582)
Dividends paid to noncontrolling interests	(206)	(190)	(148)	(1,832)
Proceeds from payments from noncontrolling interests	2,252			20,032
Net cash used in financing activities	(4,547)	(8,391)	(5,554)	(40,445)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,032)	1,642	1,091	(9,180)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,351)	7,752	6,144	(38,702)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	38,410	30,658	24,514	341,664
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 34,059	¥38,410	¥30,658	\$ 302,962
ADDITIONAL CASH FLOW INFORMATION:				
Cash paid for:				
Interest	¥ 67	¥ 100	¥ 98	\$ 596
Income taxes	5,756	4,497	8,305	51,201
NONCASH INVESTING ACTIVITIES:				
Acquisition of property, plant and equipment by assuming payment obligation	¥ 736	¥ 419	¥ 582	\$ 6,547

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Wacoal Holdings Corp. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENTS—Wacoal Holdings Corp. (the “Company”) and subsidiaries are predominantly engaged in one industry, the manufacture and sale of apparel, including foundation garments, lingerie, nightwear and outerwear in Japan, the United States of America, Europe and certain Asian countries.

The accompanying consolidated financial statements, stated in Japanese yen, have been prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP).

CONSOLIDATION—The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (collectively, the “Companies”). All intercompany transactions and balances are eliminated.

Some foreign subsidiaries of the Company have a fiscal year ending December 31. The accounts of those subsidiaries are included in the Company’s consolidated financial statements based on the subsidiaries’ fiscal year. Necessary adjustments have been made for significant events that occurred during the period between their fiscal year ends and March 31.

Investments in affiliated companies where the Companies’ ownership is 20% to 50% are accounted for using the equity method.

Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee between 20% and 50%, although other factors are considered in determining whether the equity method of accounting is appropriate.

USE OF ESTIMATES—The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS—Cash and cash equivalents include all time deposits (all of which are interest bearing) with original maturities of three months or less.

FOREIGN CURRENCY TRANSLATION—Assets and liabilities of foreign subsidiaries have been translated to Japanese yen at period-end exchange rates and income and expenses have been translated using average exchange rates for the period. Translation adjustments resulting from the process of translating consolidated financial statements, net of tax, are included in accumulated other comprehensive income, a separate component of equity. Exchange gains and losses resulting from foreign currency transactions and the conversion of monetary assets and liabilities denominated in foreign currencies are included in other income (expenses) in the consolidated statements of income.

Foreign currency translation gains (losses) for the years ended March 31, 2016, 2015 and 2014 were ¥(519) million, ¥300 million and ¥161 million, respectively. They have been included in other - net of other income (expenses).

MARKETABLE SECURITIES AND INVESTMENTS—The Companies classify their marketable securities and investments into one of two categories: held to maturity or available for sale. Held-to-maturity securities are measured at amortized cost. The Companies classify debt securities as held to maturity only if the Companies have the positive intent and ability to hold those securities to maturity. Available-for-sale securities are carried at fair value with a corresponding recognition of unrealized holding

gain or loss (net of tax) in accumulated other comprehensive income or loss, a separate component of equity, until realized. Equity securities that do not have readily determinable fair values are recorded at cost. Gains and losses on sales of investments are computed based on cost determined using the average cost method.

If a decline in the fair value of marketable securities and investments is determined to be other than temporary, an impairment charge is recorded in the consolidated statements of income. The Companies periodically determine whether a decline in the fair value of marketable securities and investments is deemed to be other than temporary based on criteria that include the duration of the market decline, the extent to which cost exceeds fair value, the financial position and business outlook of the issuer and the intent and ability of the Companies to retain the impaired marketable securities and investments for a sufficient period of time for anticipated recovery in fair value.

ALLOWANCE FOR SALES RETURNS—Allowance for sales returns is estimated based on historical products returns experience, sales movements, and the overall retail industry situation.

ALLOWANCE FOR DOUBTFUL RECEIVABLES—Allowance for doubtful notes and receivables is estimated based on historical collection experience and additional information including current economic conditions and creditworthiness of each applicable customer.

INVENTORIES—Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method for raw materials and the average cost method for work in process and finished products. Cost includes net prices paid for materials purchased, production labor cost, factory overhead and charges for customs duties.

PROPERTY, PLANT AND EQUIPMENT—Property, plant and equipment is stated at cost less accumulated depreciation and impairment charges. Depreciation of property, plant and equipment is computed by the declining-balance method, except for buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method, based upon the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and building improvements: 2–50 years (mainly 38 years)
Machinery and equipment

(except for the part of the painting): 2–20 years (mainly 5 years)

Depreciation expenses for the years ended March 31, 2016, 2015 and 2014 are ¥3,278 million, ¥3,356 million and ¥3,212 million, respectively. The Companies recorded ¥295 million of land held for sale in other current assets in the consolidated balance sheet as of March 31, 2016, which represents the old site of the old Nagoya branch. The land is included in the asset group for Wacoal Business (Domestic) in the segment information. Please see information at Note 23 Subsequent events for information on the transfer of this land.

IMPAIRMENT OF LONG-LIVED ASSETS—The carrying values of long-lived assets, held and used by the Companies, are evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. The impairment charge is measured as the amount by

which the carrying amount of a long-lived asset exceeds its fair value. Impairment charges on long-lived assets for the year ended March 31, 2016 were ¥256 million in selling, general and administrative expenses. The Companies recorded no impairment charges on long-lived assets for the years ended March 31, 2015 and 2014.

GOODWILL AND OTHER INTANGIBLE ASSETS—Goodwill represents the excess of the purchase price of an acquired entity over the fair value of assets acquired and liabilities assumed.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if conditions indicate an earlier review is necessary. The goodwill is allocated to the reporting unit in which the business that created the goodwill resides. To test for goodwill impairment, the carrying value of each reporting unit is compared with its fair value. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed by comparing the carrying amount of reporting unit goodwill with its implied fair value. If the carrying amount of reporting unit goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess.

To test for impairment of other intangible assets with indefinite useful lives, the carrying value of an intangible asset is compared with its fair value. If the carrying amount of an intangible asset with indefinite useful life exceeds its fair value, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets with estimable useful lives consist primarily of brands, customer relationships and software and are amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Brands:	20–25 years (mainly 25 years)
Customer relationships:	7 years
Software:	5 years

ASSET RETIREMENT OBLIGATIONS—The Companies have obligations arising from contractual commitments to remove leasehold improvements from leased facilities and return the property to a specified condition when the lease terminates. The Companies recognize asset retirement obligations at the inception of a lease. The asset retirement obligations are measured with an expected present value technique based on historical experience and recorded in other long-term liabilities in the consolidated balance sheets and subsequently adjusted for changes in estimated disposal costs. The difference between the gross expected future cash flow and its present value is accreted over the life of the related lease, which is determined using best estimate because the Companies' lease contracts generally have automatic renewal articles. The estimated asset retirement costs are capitalized as part of the carrying amount of the associated long-lived asset and depreciated over its useful life.

TERMINATION AND RETIREMENT PLANS—Termination and retirement benefits are accounted for in accordance with the guidance for retirement benefits. The Companies amortize net actuarial gains and losses and prior service cost over the average employees' remaining service period by the declining-balance method and by the straight-line method, respectively.

The Companies do not recognize a gain or loss on settlement of the pension liability when the cost of all settlements in a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

LEASES—Certain noncancelable leases are classified as capital leases and the leased assets are included as part of property, plant and equipment. Other leases are classified as operating leases and are not

capitalized. The payments on such leases are recorded as expense. The rental expense under operating leases is recognized on a straight-line basis.

TREASURY STOCK—The Companies account for treasury stock under the cost method and include treasury stock as a component of equity.

ACQUISITIONS—The Companies account for acquisitions using the acquisition method in accordance with the guidance for business combinations. The Companies allocate the purchase price to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition, including intangible assets that can be identified and named. The purchase price in excess of the fair value of the net assets is recorded as goodwill. In the case where the purchase price is below the fair value of the net assets, the Companies recognize the fair value of the net assets in excess of the purchase price in earnings as a gain on bargain purchase in the consolidated statements of income.

REVENUE RECOGNITION—The Companies recognize revenue on sales to retailers, mail order catalog sales and Internet sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred resulting in transfer of title and risk of loss, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured. As for consignment sales, the Companies recognize revenue when the products are sold to the ultimate customer. The Companies recognize revenue on direct retailing sales at the Companies' directly managed retail stores at the point of sale to the customer.

SHIPPING AND HANDLING COSTS—Shipping and handling fees billed to customers are classified in net sales. Shipping and handling costs are expensed as incurred. Shipping and handling costs for the years ended March 31, 2016, 2015 and 2014 were ¥5,560 million, ¥5,487 million and ¥5,708 million, respectively, and have been included in selling, general and administrative expenses.

ADVERTISING EXPENSES—Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2016, 2015 and 2014 were ¥13,167 million, ¥13,103 million and ¥14,295 million, respectively, and have been included in selling, general and administrative expenses.

RESEARCH AND DEVELOPMENT COSTS—Research and development costs are expensed as incurred. Research and development costs for the years ended March 31, 2016, 2015 and 2014 were ¥839 million, ¥869 million and ¥808 million, respectively, and have been included in selling, general and administrative expenses.

CONSUMPTION TAXES—Consumption taxes are excluded from sales, costs, and expenses in the consolidated statements of income.

INCOME TAXES—The provision for income taxes is determined under the asset and liability method in accordance with the guidance for income taxes. Under this method, deferred tax assets and liabilities are determined for temporary differences between the financial statements and tax bases of assets and liabilities and tax loss carryforwards at presently enacted tax rates. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized in the future.

The Companies assess their income tax positions and record tax benefits for all years subject to examination based upon their evaluation of the facts, circumstances and information available as of the end of the fiscal year. For those tax positions only where there is greater than a 50% likelihood that the tax position will be sustained, the Companies record the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

SHARE-BASED COMPENSATION—Share-based compensation is

accounted for in accordance with the guidance for stock compensation. The Company measures share-based compensation cost at the grant date, based on the fair value of the award and recognizes the cost over the requisite service period, which is the vesting period. The fair value of the award is estimated using the Black-Scholes option-pricing model.

DERIVATIVES—Derivative instruments, including certain derivative instruments embedded in other contracts, are accounted for in accordance with the guidance for derivatives and hedging. Because such derivative instruments are not designated as hedges, changes in the fair value are recorded in earnings or losses.

SUBSEQUENT EVENTS—In accordance with the guidance for subsequent events, the Company has evaluated subsequent events through June 29, 2016.

RECLASSIFICATIONS—Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year's presentation.

RECENT ACCOUNTING PRONOUNCEMENTS:

REVENUE RECOGNITION—In May 2014, the Financial Accounting Standard Board (the "FASB") issued a new accounting standard related to revenue recognition. This guidance is based on the principle that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard provides comprehensive guidance, and requires the disclosure of information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, FASB issued additional guidance and deferred the effective date of the guidance for a year. In May 2016, FASB also issued additional guidance to improve above guidance by reducing the potential for diversity in practice at initial application and the cost and complexity of applying Topic 606 both at transition and on an ongoing basis. This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within that annual period. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

EXTRAORDINARY AND UNUSUAL ITEMS—In January 2015, the FASB issued a new accounting standard related to extraordinary and unusual items. This guidance eliminates from U.S. GAAP the concept of extraordinary items and the requirements to 1) segregate an extraordinary item from the results of ordinary operations, 2) present the item separately on the income statement, net of tax, after income from continuing operations and 3) disclose income taxes and earnings-per-share data applicable to the extraordinary item. This guidance is effective for fiscal years and interim periods within that annual period, beginning after December 15, 2015. It is not expected to have an impact on the Companies' consolidated financial position, results of operations, or cash flows, since it relates only to disclosure requirements.

FAIR VALUE MEASUREMENT—In May 2015, the FASB issued a new standard which amends fair value measurement. This guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The adoption of this

guidance is not expected to have an impact on the Companies' consolidated financial position, results of operations, or cash flows, since it relates only to disclosure requirements.

MEASUREMENT OF INVENTORY—In July 2015, the FASB issued a new standard related to simplifying the measurement of inventory. Currently an entity is required to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. This guidance requires an entity to measure inventory at the lower of cost or realizable value. This guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

BALANCE SHEET CLASSIFICATION OF DEFERRED TAXES—In November 2015, FASB issued a new accounting standard related to balance sheet classification of deferred taxes. This guidance requires an entity to classify deferred tax liabilities and assets as noncurrent on the consolidated financial position. This guidance is effective for fiscal years beginning after December 15, 2016. The Company is currently evaluating the impact of the adoption on the Company's consolidated financial position, result of operations, or cash flows.

RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS—In January 2016, FASB issued a new accounting standard related to recognition and measurement of financial assets and financial liabilities. This guidance requires an entity to measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value with changes in fair value recognized in net income and change of related disclosures. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

LEASE—In February 2016, FASB issued a new accounting standard related to leases. This guidance requires an entity to recognize lease assets and lease liabilities on the balance sheet for, with a few exceptions, those leases classified as operating leases under current U.S. GAAP. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within that annual period. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

EQUITY METHOD—In March 2016, FASB issued a new accounting standard related to simplifying the transition to the equity method of accounting. This guidance eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step by step basis as if the equity method had been in effect during all previous periods that the investment had been held. This guidance also requires that an entity that has an available-for sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. This guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within that annual period. Earlier application is permitted. The Company adopted this guidance for the year ended March 31, 2016. The adoption of this guidance does not have a material impact on the Companies' consolidated financial position, results of operations, or cash flows.

2. TRANSLATION INTO U.S. DOLLAR STATEMENTS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for convenience of readers outside of Japan and have

been made at the rate of ¥112.42 to \$1, the noon buying rate for yen in New York City as of March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. MARKETABLE SECURITIES AND INVESTMENTS

HELD-TO-MATURITY AND AVAILABLE-FOR-SALE SECURITIES—The fair value of debt and marketable equity securities classified as held to maturity and available for sale is based on quoted market prices as of March 31, 2016 and 2015. The cost, gross unrealized gain and loss and the fair value of held-to-maturity and available-for-sale securities by major security type were as follows:

Millions of yen				
2016	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities:				
Current:				
National debt securities and municipal bonds	¥ 10	¥ 0		¥ 10
Corporate debt securities	395		¥0	395
Mutual funds	1,083	279	1	1,361
Total	¥ 1,488	¥ 279	¥1	¥ 1,766
Noncurrent:				
Equity securities	¥23,592	¥30,336	¥3	¥53,925
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥ 114		¥1	¥ 113
Noncurrent:				
Corporate debt securities	¥ 808	¥ 0	¥3	¥ 805

Millions of yen				
2015	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities:				
Current:				
National debt securities and municipal bonds	¥ 10			¥ 10
Corporate debt securities	500	¥ 1		501
Mutual funds	1,104	291	¥5	1,390
Total	¥ 1,614	¥ 292	¥5	¥ 1,901
Noncurrent:				
Equity securities	¥23,587	¥34,461	¥0	¥58,048
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥ 486	¥ 0	¥1	¥ 485
Noncurrent:				
Corporate debt securities	¥ 620	¥ 0	¥3	¥ 617

Gross unrealized holding losses and fair values of held-to-maturity securities, all of which have been in a continuous unrealized loss position for more than 12 months as of March 31, 2016 and 2015, were as follows:

Millions of yen				
	2016		2015	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥114	¥1	¥	¥
Noncurrent:				
Corporate debt securities	¥345	¥3	¥	¥

Gross unrealized holding losses and fair values of available-for-sale and held-to-maturity securities, all of which have been in a continuous unrealized loss position for less than 12 months as of March 31, 2016 and 2015, were as follows:

					Millions of yen	
					2016	2015
					Gross	Gross
					Unrealized Loss	Unrealized Loss
					Fair Value	Fair Value
Available-for-sale securities:						
Current:						
Corporate debt securities					¥395	¥0
Mutual funds					480	1
Noncurrent:						
Equity securities					102	3
Held-to-maturity securities:						
Current:						
Corporate debt securities						242
Noncurrent:						
Corporate debt securities					232	0

As of March 31, 2016, the available-for-sale securities in a continuous unrealized loss position are composed of three equity securities, two corporate debt securities, and one mutual fund. The severity of decline was less than 25.0%. The Companies periodically determine whether a decline in the fair value of available-for-sale and held-to-maturity securities is deemed to be other than temporary based on criteria that includes the duration of market decline, the extent to which cost exceeds fair value, the financial position and business outlook of the issuer and the intent and ability of the Companies to retain the impaired available-for-sale and held-to-maturity securities for sufficient period of time for anticipated recovery in fair value as described in Note 1. No available-for-sale and held-to-maturity securities were identified that meet the Companies' criteria for recognition of an impairment charge on available-for-sale and held-to-maturity securities in unrealized loss position presented above. Therefore, the Companies do not believe the unrealized losses represent an other-than-temporary impairment as of March 31, 2016 and 2015.

Future maturities of debt securities and mutual funds classified as available for sale excluding debt securities and mutual funds without fixed maturities as of March 31, 2016, were as follows:

			Millions of yen	
			Cost	Fair Value
Due within one year			¥ 395	¥ 394
Due after one year through five years			482	481
Due within ten years				
More than ten years			279	289
Total			¥1,156	¥1,164

Future maturities of debt securities classified as held to maturity as of March 31, 2016 were as follows:

			Millions of yen	
			Cost	Fair Value
Due within one year			¥114	¥113
Due after one year through five years			808	805
Total			¥922	¥918

Proceeds from sales of available-for-sale securities and the gross realized gain or loss on the sales of available-for-sale securities during the years ended March 31, 2016, 2015 and 2014, were as follows:

				Millions of yen	
				2016	2015
				2014	
Proceeds from sales of available-for-sale securities				¥102	¥3,499
Gross realized gain on sales of available-for-sale securities				90	1,516
					64

During the year ended March 31, 2015, the Companies exchanged certain equity securities for other marketable securities. The Companies recorded the newly received securities at fair value and recognized a gain of ¥1 million in the year ended March 31, 2015. There was no exchange of marketable securities for the years ended March 31, 2014 and 2016.

The amount of impairment charges the Companies recognized on available-for-sale securities in which declines in fair value were other than temporary were ¥20 million, ¥4 million and ¥47 million in the years ended March 31, 2016, 2015 and 2014, respectively.

COST-METHOD SECURITIES—Investments in nonmarketable equity securities for which there are no readily determinable fair values were accounted for using the cost method and aggregated ¥1,288 million, ¥1,295 million and ¥1,362 million as of March 31, 2016, 2015 and 2014, respectively. Investments in nonmarketable equity securities are reviewed annually or upon the occurrence of an event for other-than-temporary impairment. The Companies recognized impairment charges on investments in nonmarketable equity securities of ¥0 million and ¥10 million in the years ended March 31, 2016 and 2015, respectively. There were no impairment charges on investments in nonmarketable equity securities for the year ended March 31, 2014.

4. VALUATION AND QUALIFYING ACCOUNTS

Information related to the Companies' allowance for doubtful receivables was as follows:

	Millions of yen		
	2016	2015	2014
Balance at the beginning of the year	¥ 198	¥201	¥180
Charged to costs and expenses	110	45	32
Balances written-off/reversed	(112)	(48)	(11)
Balance at the end of the year	¥ 196	¥198	¥201

Information related to the Companies' allowance for sales returns was as follows:

	Millions of yen		
	2016	2015	2014
Balance at the beginning of the year	¥ 2,211	¥ 2,120	¥ 1,702
Charged to costs and expenses	2,033	2,211	2,120
Balances utilized	(2,211)	(2,120)	(1,702)
Balance at the end of the year	¥ 2,033	¥ 2,211	¥ 2,120

5. INVENTORIES

The components of inventories as of March 31, 2016 and 2015, were as follows:

	Millions of yen	
	2016	2015
Finished products	¥37,689	¥36,935
Work in process	4,056	3,625
Raw materials	2,700	2,333
Total	¥44,445	¥42,893

6. INVESTMENTS IN AFFILIATED COMPANIES

Investments are accounted for using the equity method of accounting if the investment provides the Companies the ability to exercise significant influence over an investee. Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee between 20% and 50%, although other factors are considered in determining whether the equity method of accounting is

appropriate. The Companies record investments in equity method investees meeting these characteristics as "Investments in affiliated companies." Under the equity method, the Companies record their proportionate share of an affiliated companies' income or loss based on the most recently available financial statements.

The primary affiliated companies and percentage of ownership as of March 31, 2016 and 2015, were as follows:

	Percentage of ownership (%)	
Name of Investee	2016	2015
THAI WACOAL PUBLIC CO., LTD.	34	34
Shinyoung Wacoal Inc.	25	25
PT. Indonesia Wacoal	42	42
Taiwan Wacoal Co., Ltd.	50	50
House of Rose Co., Ltd.	24	24

Aggregate carrying amounts and fair values of investments in affiliated companies which have a quoted market price as of March 31, 2016 and 2015, were as follows:

	Millions of yen	
	2016	2015
Carrying amount	¥13,522	¥14,155
Aggregate value of quoted market price	11,561	12,107

The following tables represent the affiliated companies' summarized information from the balance sheets as of March 31, 2015, and statements of income for the years ended March 31, 2015 and 2014. Summarized information of the balance sheets and statements of income of the affiliated companies for the year ended March 31, 2016, is not disclosed as it is immaterial.

	Millions of yen
	2015
Current assets	¥45,218
Noncurrent assets	45,317
Total	¥90,535
Current liabilities	¥10,262
Long-term liabilities	9,678
Equity	70,595
Total	¥90,535

	Millions of yen	
	2015	2014
Net sales	¥62,459	¥60,257
Gross profit	31,519	31,011
Income before income taxes	2,848	3,664
Net income	2,196	2,503

Dividends received from the affiliated companies were ¥763 million, ¥678 million and ¥713 million during the years ended March 31, 2016, 2015 and 2014, respectively.

Retained earnings include net undistributed earnings of affiliated companies in the amount of ¥15,226 million and ¥14,948 million as of March 31, 2016 and 2015, respectively.

7. ACQUISITIONS

On April 1, 2015, Ai Co., Ltd., a wholly-owned domestic subsidiary of the Company, acquired the swimwear business and underwear business from San-Ai Co., Ltd. and San-Ai Style Co., Ltd., and the difference between the acquisition cost and the estimated fair values of the identifiable assets acquired and liabilities assumed, the details of which were investigated and analyzed, was recorded on the consolidated statements of income as a gain on bargain purchase in the amount of ¥173 million.

The fair values of the assets and liabilities as of the date of the acquisition have been revised based on updated information obtained after the date of acquisition, and are adjusted retroactively to the date of the acquisition.

In January 2016, Wacoal Corp., a wholly-owned subsidiary of the Company, established A Tech Textile Co., Ltd. ("A Tech") and G Tech Material Co., Ltd. ("G Tech") in the Kingdom of Thailand pursuant to joint venture agreements executed on November 13, 2015. A Tech and G Tech executed business transfer agreements with Textile Prestige Public Company Limited ("TPC") and Erawan Textile Company Limited ("ETC"), respectively, and transfers of the material business assets and liabilities were completed on February 1, 2016.

In connection with these business transfers, A Tech and G Tech estimates the purchase price for the assets acquired and liabilities assumed, in the amount of ¥2,350 million (THB 704 million) and ¥693 million (THB 208 million), respectively.

By establishing these two subsidiaries, the Group will build a world-wide system to supply materials and products in the ASEAN region, which has the potential to further develop and grow, improve the manufacturing quality and cost competitiveness of our entire group and aims to stably supply high value-added materials and products to the global network of the Wacoal group and customers in the future.

The fiscal year end of these two subsidiaries is December 31. The impacts of the establishment of these two subsidiaries and the business

transfers have been reflected during the current consolidated fiscal year in consideration of the material impact of intervening events that occurred during the period after December 31, 2015 to March 31, 2016.

As a result of purchase price allocations for A Tech and G Tech, goodwill was recognized and recorded in the amount of ¥246 million and ¥223 million, respectively, on the consolidated balance sheets. Goodwill is not deductible for tax purposes.

The provisional fair value of the assets and liabilities of the businesses, which A Tech and G Tech acquired, were as follows:

	Millions of yen	
	February 1, 2016	
	A Tech	G Tech
Cash and cash equivalents	¥210	
Notes and accounts receivable	557	¥150
Inventories	608	101
Other current assets	18	4
Property, plant and equipment	1,243	342
Goodwill	246	223
Other fixed assets		1
Total	2,882	821
Current liabilities	281	82
Other long-term liabilities	251	46
Total	532	128
Total shareholder's equity	¥2,350	¥693

Subsequent to March 31, 2016, on May 31, 2016, A Tech and TPC reached an agreement on the purchase price for assets acquired and liabilities assumed. The final purchase price is ¥2,334 million (THB 699 million), and ¥230 million of goodwill is recognized. The ¥16 million adjustment to goodwill will be reflected in the first quarter of the year ending March 31, 2017, as an adjustment during the measurement period.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL—The changes in the carrying amount of goodwill for the years ended March 31, 2016, 2015 and 2014 were as follows:

	2016		
	Wacoal Business (Overseas)	Peach John Segment	Total
Balance at the beginning of the year:			
Goodwill	¥14,425	¥11,203	¥25,628
Accumulated impairment charges		(6,878)	(6,878)
Total	14,425	4,325	18,750
Acquisition during the year	469		469
Foreign currency translation adjustments	(1,308)		(1,308)
Balance at the end of the year:			
Goodwill	13,586	11,203	24,789
Accumulated impairment charges		(6,878)	(6,878)
Total	¥13,586	¥ 4,325	¥17,911

Millions of yen

	2015		
	Wacoal Business (Overseas)	Peach John Segment	Total
Balance at the beginning of the year:			
Goodwill	¥13,553	¥11,203	¥24,756
Accumulated impairment charges		(2,033)	(2,033)
Total	13,553	9,170	22,723
Foreign currency translation adjustments	872		872
Impairment charges		(4,845)	(4,845)
Balance at the end of the year:			
Goodwill	14,425	11,203	25,628
Accumulated impairment charges		(6,878)	(6,878)
Total	¥14,425	¥ 4,325	¥18,750

Millions of yen

	2014		
	Wacoal Business (Overseas)	Peach John Segment	Total
Balance at the beginning of the year:			
Goodwill	¥11,272	¥11,203	¥22,475
Accumulated impairment charges		(2,033)	(2,033)
Total	11,272	9,170	20,442
Foreign currency translation adjustments	2,281		2,281
Balance at the end of the year:			
Goodwill	13,553	11,203	24,756
Accumulated impairment charges		(2,033)	(2,033)
Total	¥13,553	¥ 9,170	¥22,723

Millions of yen

During the year ended March 31, 2015, the Companies recorded impairment charges on goodwill of ¥4,845 million in the Peach John Segment. See Note 21 for further information.

OTHER INTANGIBLE ASSETS—The components of acquired intangible assets excluding goodwill as of March 31, 2016 and 2015 were as follows:

Year Ended March 31	2016		2015	
	Gross Carrying Amount	Accumulated Amortization and Impairment Charge	Gross Carrying Amount	Accumulated Amortization and Impairment Charge
Amortized intangible assets:				
Brands	¥ 6,766	¥1,212	¥ 7,440	¥ 999
Software	8,034	4,597	8,271	5,035
Others	1,646	633	1,570	605
Total	¥16,446	¥6,442	¥17,281	¥6,639
Unamortized intangible assets:				
Trademarks	¥ 5,316	¥3,322	¥ 5,316	¥3,322
Other	114		103	
Total	¥ 5,430	¥3,322	¥ 5,419	¥3,322

Millions of yen

Other intangible assets acquired during the year ended March 31, 2016 totaled ¥1,432 million which primarily consist of software with an estimated useful life of five years.

The gross carrying amounts of brands include foreign currency translation adjustments.

During the year ended March 31, 2015, the Companies recorded an impairment charge on other intangible assets for the trademarks of ¥1,176 million in the Peach John Segment. During the years ended March 31, 2016 and 2014, the Companies recorded no impairment charge on other intangible assets. See Note 21 for further information.

Aggregate amortization expenses for the years ended March 31,

2016, 2015 and 2014 related to other intangible assets were ¥1,537 million, ¥1,536 million and ¥1,824 million, respectively. Future estimated amortization expenses as of March 31, 2016, were as follows:

Year Ending March 31	Millions of yen
Estimated amortization expense	
2017	¥1,355
2018	1,273
2019	1,042
2020	783
2021	499
Total	¥4,952

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans as of March 31, 2016 and 2015, consisted of the following:

	2016	2015
Unsecured bank loans	¥11,759	¥10,038

The weighted-average annual interest rate on short-term bank loans as of March 31, 2016 and 2015 was 0.4%.

Unused lines of credit for short-term financing as of March 31, 2016 and 2015, aggregated ¥24,779 million and ¥25,189 million, respectively. The Companies compensate banks for these facilities in the form of commitment fees, which were not material during the years ended March 31, 2016 and 2015.

Long-term debt as of March 31, 2016 and 2015, is summarized below. The interest rates and maturities are for loans as of March 31, 2016.

	2016	2015
Collateralized bank loans, with fixed interest at 1.5%–1.8%, maturing through 2022	¥ 231	¥ 271
Unsecured bank loans, with floating interest at 1.0%, maturing through 2016		3,957
Unsecured bank loans, with fixed interest at 0.2%–1.5%, maturing through 2022	157	551
Total	388	4,779
Less current portion	(293)	(534)
Long-term debt, less current portion	¥ 95	¥4,245

The annual maturities of long-term debt as of March 31, 2016, were as follows:

Year Ending March 31	Millions of yen
2017	¥293
2018	20
2019	20
2020	20
2021	20
Thereafter	15
Total	¥388

A subsidiary has pledged assets as security for loans. As of March 31, 2016 and 2015, assets pledged as collateral for bank loans were as follows:

	2016	2015
Land	¥150	¥150
Buildings	236	258
Total	¥386	¥408

As is customary in Japan, both short-term and long-term loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank. The bank has the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank.

10. LEASES

The Companies lease most of their store premises and certain equipment. Most leases have automatic renewal provisions and allow the Companies to extend the lease term beyond the initial base period, subject to the terms agreed at lease inception. Future minimum rental commitments on operating leases having a remaining noncancelable lease term in excess of one year as of March 31, 2016 are presented below:

Year Ending March 31	Millions of yen
2017	¥ 716
2018	566
2019	344
2020	102
2021	81
Thereafter	89
Total	¥1,898

Rental expenses were ¥7,902 million, ¥6,476 million and ¥5,975 million for the years ended March 31, 2016, 2015 and 2014, respectively, and have been included in selling, general and administrative expenses.

11. ASSET RETIREMENT OBLIGATIONS

The Companies recorded the fair value of asset retirement obligations in order to recognize legal obligations associated with the removal of leasehold improvements from leased facilities and return of the property to a specified condition when the lease terminates.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation was as follows:

	Millions of yen		
	2016	2015	2014
Balance at the beginning of the year	¥777	¥728	¥648
Accretion expense	20	8	6
Liabilities incurred	157	66	112
Liabilities settled	(74)	(32)	(43)
Change due to translation of foreign currencies	(2)	7	5
Balance at the end of the year	¥878	¥777	¥728

12. TERMINATION AND RETIREMENT PLANS

EMPLOYEE RETIREMENT PLANS—The Company and certain subsidiaries sponsor termination and retirement benefit plans that cover substantially all employees. Benefits are based on the employee's years of service, position and performance. If the termination is involuntary or caused by death, the employee is usually entitled to greater payments than in the case of voluntary termination.

The Company and certain subsidiaries have a contributory defined retirement benefit plan and several unfunded termination plans administered by the Company and certain subsidiaries. Benefits under the contributory defined retirement benefit plan are usually paid in a lump sum at the earlier of termination or retirement, although periodic payments are available under certain conditions. Benefits under the other termination and retirement benefit plan are paid either as lump-sum payments or periodic payments under certain conditions. The benefits are usually paid as a lump-sum payment, if the employee resigns before the mandatory retirement age.

CONTRIBUTORY DEFINED RETIREMENT BENEFIT PLAN—The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Millions of yen		
	2016	2015	2014
Change in benefit obligations:			
Benefit obligations at the beginning of the year	¥34,085	¥33,712	¥34,449
Service cost	1,074	1,021	1,025
Interest cost	321	417	398
Participants' contributions	66	66	66
Actuarial loss	1,893	1,001	(258)
Benefits paid from plan assets	(950)	(908)	(879)
Settlement paid from plan assets	(850)	(1,075)	(995)
Settlement paid by the Company and certain subsidiaries	(100)	(149)	(94)
Changes in foreign currency exchange rate	(6)		
Change in the scope of consolidation	244		
Benefit obligations at the end of the year	35,777	34,085	33,712
Change in plan assets:			
Fair value of plan assets at the beginning of the year	¥43,137	¥37,738	¥34,178
Actual return on plan assets	(516)	5,565	3,659
Employer contributions	1,275	1,751	1,709
Participants' contributions	66	66	66
Benefit payments	(950)	(908)	(879)
Settlement payments	(850)	(1,075)	(995)
Changes in foreign currency exchange rate	(6)		
Fair value of plan assets at the end of the year	42,156	43,137	37,738
Funded status at the end of the year	¥6,379	¥9,052	¥4,026

Amounts recognized in the consolidated balance sheets as of March 31, 2016 and 2015, consist of:

	Millions of yen	
	2016	2015
Prepaid pension expense	¥ 8,145	¥10,577
Accrued expenses	(63)	(63)
Liability for termination and retirement benefits	(1,703)	(1,462)
	¥ 6,379	¥ 9,052

Amounts recognized in accumulated other comprehensive income (loss), pre-tax, as of March 31, 2016 and 2015, were as follows:

	Millions of yen	
	2016	2015
Actuarial loss	¥(1,264)	¥2,573
Prior service benefit	607	1,098
	¥ (657)	¥3,671

The accumulated benefit obligation for all defined retirement benefit plans as of March 31, 2016 and 2015, was as follows:

	Millions of yen	
	2016	2015
Accumulated benefit obligation	¥35,777	¥34,085

The projected benefit obligations and the fair value of the plan assets for the Company and certain subsidiaries' pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of the plan assets for the Company and certain subsidiaries' pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of yen	
	2016	2015
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	¥2,659	¥2,342
Fair value of plan assets	893	817
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	2,659	2,342
Fair value of plan assets	893	817

Net periodic benefit costs for the Company and certain subsidiaries' plans consisted of the following for the years ended March 31, 2016, 2015 and 2014:

	Millions of yen		
	2016	2015	2014
Service cost	¥1,074	¥1,021	¥1,025
Interest cost	321	417	398
Expected return on plan assets	(967)	(865)	(803)
Amortization of actuarial loss	(461)	220	936
Amortization of prior service benefit	(491)	(492)	(574)
	¥ (524)	¥ 301	¥ 982

The unrecognized net actuarial loss and prior service benefit are being amortized over 12 years (the average remaining service life of active participants) using the declining-balance method and the straight-line method, respectively.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2016, 2015 and 2014 were as follows:

	Millions of yen		
	2016	2015	2014
Current year actuarial gain	¥(3,376)	¥3,699	¥3,114
Amortization of actuarial loss	(461)	220	936
Amortization of prior service benefit	(491)	(492)	(574)
	¥(4,328)	¥3,427	¥3,476

The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year are summarized as follows:

	Millions of yen	
	2016	2015
Actuarial gain	¥ 216	
Prior service benefit		(486)

The Company and certain subsidiaries use a measurement date of March 31 for their plans. The weighted-average assumptions used as of March 31, 2016 and 2015 in computing the benefit obligations shown above were as follows:

	2016	2015
Discount rate	0.5%	1.0%

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The weighted-average assumptions used as of March 31, 2016, 2015 and 2014, in computing the net periodic benefit cost shown above were as follows:

	2016	2015	2014
Discount rate	1.0%	1.3%	1.2%
Rate of increase in future compensation	5.3%	7.6%	7.6%
Expected long-term rate of return on plan assets	2.5%	2.5%	2.5%

The Company's approach to establishing the discount rate is based upon corporate bond indices. The discount rate assumption is based upon the effective yields as of March 31, 2016 on the corporate bond indices whose maturity dates approximate the timing of the expected future benefit payments.

The retirement benefit plan of the Company and a certain subsidiary is the point-based benefits system, therefore, the rate of compensation increase has not been consolidated in computing the benefit obligations.

The expected long-term rate of return on plan assets is derived proportionally from return assumptions determined for each of the major asset classes. The return expectations for each of the asset classes are based largely on assumptions about economic growth and inflation, which are supported by long-term historical data. The estimated long-term rate of return is based on an asset allocation of equity securities of 26.0%, debt securities of 54.0%, life insurance company general accounts of 18.0% and short-term financing of 2.0%.

The Company and certain subsidiaries' investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Company and certain subsidiaries' investments are broadly diversified, consisting primarily of equity and debt securities. The Company and certain subsidiaries believe these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payment.

The asset allocation as of March 31, 2016 and 2015, was as follows:

	2016	2015
Equity securities	46.4%	49.4%
Debt securities	30.6%	29.8%
Life insurance company general accounts	12.2%	12.0%
Real estate	3.9%	1.4%
Short-term financing	6.9%	7.4%

The target allocation percentages are reviewed and approved by the Pension Committee. The actual allocations for 2016 and 2015 are different from the target allocation percentages primarily because Wacoal Corp. maintained additional equity securities within a separate plan asset which is assigned to the plan based on an agreement between Wacoal Corp. and its employees and is not governed by the Pension Committee. As such, the actual allocation percentage of equity securities to the total plan assets is higher than the target allocation, and similarly, the actual allocation for some other types of assets is lower than the target allocation.

The following tables present the Company and certain subsidiaries' plan assets using the fair value hierarchy as of March 31, 2016 and 2015. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. For the reference to each level, see Note 21.

2016	Millions of yen			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Japanese companies	¥9,508			¥ 9,508
Pooled funds (a)		¥ 9,397		9,397
Debt securities:				
Foreign government bonds	25			25
Pooled funds (b)		9,139		9,139
Life insurance company general accounts		5,135		5,135
Other types of investments:				
Hedge funds (c)		1,273		1,273
Pooled funds (d)		6,288		6,288
Short-term financing		1,391		1,391
Total	¥9,533	¥32,623		¥42,156

	Millions of yen			
2015	Level 1	Level 2	Level 3	Total
Equity securities:				
Japanese companies	¥9,424			¥ 9,424
Pooled funds (a)		¥11,552		11,552
Debt securities:				
Foreign government bonds	17			17
Pooled funds (b)		9,717		9,717
Life insurance company general accounts		5,164		5,164
Other types of investments:				
Hedge funds (c)		1,194		1,194
Pooled funds (d)		3,301		3,301
Short-term financing		2,768		2,768
Total	¥9,441	¥33,696		¥43,137

(a) This class includes common stock of approximately 32% Japanese companies and 68% foreign companies as of March 31, 2016 and those percentages were 25% and 75%, respectively, as of March 31, 2015.

(b) This class includes approximately 27% of Japanese government bonds, 4% of Japanese municipal bonds, 36% of foreign government bonds and 33% of corporate bonds as of March 31, 2016, and those percentages were 28%, 3%, 33% and 36%, respectively, as of March 31, 2015.

(c) This class is hedge funds that invest both long and short in debt securities as of March 31, 2016 and 2015.

(d) This class includes approximately 39% of corporate bonds, 2% of common stock of Japanese companies, 8% of common stock of foreign companies, 27% of real estate and 24% of short-term financing as of March 31, 2016. This class includes approximately 58% of corporate bonds, 2% of common stock of Japanese companies, 10% of common stock of foreign companies, 18% of real estate and 12% of short-term financing as of March 31, 2015.

Equity securities and debt securities presented in Level 1 are primarily valued using a market approach based on the quoted market prices of identical instruments. Pooled funds in equity securities or debt securities and hedge funds which are categorized in Level 2 are valued by the sponsor of the funds primarily based on quoted prices in both active and inactive market for identical instruments which comprise funds. Life insurance company general accounts include contracts with the insurance companies with guaranteed rates of return and capital, and those values are based on the sum of original value and return.

The Company and certain subsidiaries' funding policy for the funded plans is to contribute amounts computed in accordance with actuarial methods accepted by Japanese tax law. The Company and certain subsidiaries expect to contribute ¥640 million to their plans in the year ending March 31, 2017.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

Year Ending March 31	Millions of yen
2017	¥1,928
2018	1,951
2019	2,032
2020	1,951
2021	1,896
Thereafter	9,342

DEFINED CONTRIBUTION PLAN—Certain subsidiaries have defined contribution plans. The amounts of cost recognized for their contributions to the plan were ¥219 million, ¥203 million and ¥196 million for the years ended March 31, 2016, 2015 and 2014, respectively.

EMPLOYEE EARLY RETIREMENT PROGRAM—The Company and certain subsidiaries provide additional benefits to employees that elect to participate in the Company and certain subsidiaries' early retirement program. Retirement benefits of ¥125 million, ¥114 million and ¥228 million were paid in addition to normal benefits and charged to selling, general and administrative expenses for the years ended March 31, 2016, 2015 and 2014, respectively.

TERMINATION PLAN FOR DIRECTORS—The Company previously had, and certain subsidiaries currently have, termination plans for directors. Payment of termination benefits to directors is made in a lump sum upon termination and requires the approval of the shareholders before payment. In June 2005, the Company rescinded its termination plan for directors upon the approval of its shareholders. The amount of benefit for each individual was fixed as of June 29, 2005 and will remain frozen until the retirement of each respective director. The outstanding liabilities were ¥340 million and ¥399 million as of March 31, 2016 and 2015, respectively, and were recorded in other long-term liabilities. Subsidiaries maintained plans for their directors and recorded a liability for termination benefits for directors at the amount that would be needed if all directors were to resign at each balance sheet date in accordance with the guidance for determination of vested benefit obligation for a defined benefit pension plan. However, the subsidiaries rescinded its termination plan for directors in the year ended March 31, 2016. There was no outstanding balance of the liabilities for termination benefits for directors as of March 31, 2016. The liabilities for termination benefits for directors as of March 31, 2015 was ¥218 million, and was included in liability for termination and retirement benefits.

13. COMMITMENTS AND CONTINGENT LIABILITIES

The Company entered into a construction supervision contract and construction contract of ¥6,395 million, in connection with the office that was established in Minami-ku, Kyoto on October 20, 2014. The Company had

contractual obligations of ¥5,763 million as of March 31, 2015. The amount of contractual obligations as of March 31, 2016, is not disclosed as the remaining terms of those contracts are less than one year.

14. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the companies have prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the companies so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

During the years ended March 31, 2016 and 2015, changes in Wacoal Holdings Corp.'s additional paid-in capital due to equity transactions with noncontrolling interest shareholders were as follows:

	Millions of yen	
	2016	2015
Net income attributable to Wacoal Holdings Corp.	¥11,159	¥8,444
Increase in Wacoal Holdings Corp.'s additional paid-in capital due to transfers of Wacoal Holdings Corp.'s ownership interests in its subsidiaries from noncontrolling interests		0
Change in net income attributable to Wacoal Holdings Corp. and transfers from noncontrolling interests	¥11,159	¥8,444

15. SHARE-BASED COMPENSATION

The Company adopted an annual stock option plan in the year ended March 31, 2009. Under the stock option plan, the Company granted shares of its common stock to directors of the Company excluding outside directors and directors of the Company's wholly-owned subsidiary, Wacoal Corp., in the years ended March 31, 2016, 2015 and 2014. The Company believes that such awards better align the interests of its directors with those of its shareholders, by sharing both risk and return from fluctuations in stock prices and giving motivation to enhance its corporate value. Each stock option is exercisable to acquire 1,000 shares of the Company's common stock at ¥1 per share. The compensation cost is measured at fair value on the grant date. Options vest over one year in proportion to the services rendered by the directors, and are exercisable from the day after the date of retirement up to (i) 20 years from the grant date or (ii) 5 years from the day after the date of retirement, whichever is earlier.

The fair value of the options is estimated by using the Black-Scholes option-pricing model with the following assumptions.

Expected dividend yield is based on the actual payout of dividends in the last fiscal year and the closing price of the Company's common stock on the grant date. Expected volatility is based on the historical volatility of the Company's share price over the most recent period commensurate with the expected term of the Company's stock options. The risk-free interest rate is based on the Japanese government bond yield curve in effect at the time of grant for a period commensurate with the expected term of the Company's share options. The expected term of options granted is based on the average remaining service period of directors, assuming that those who are granted options will render service until the stated retirement date and they will exercise options immediately after their retirement.

	2016	2015	2014
Expected dividend yield	2.0%	3.2%	2.8%
Expected volatility	20.9%	18.7%	20.6%
Risk-free interest rate	0.0%	0.1%	0.1%
Expected term	2.6 years	3.1 years	2.8 years

A summary of stock option activities under the plan for the year ended March 31, 2016, was as follows:

	Shares	Yen Weighted-Average Exercise Price	Years Weighted-Average Remaining Contractual Term	Millions of yen Aggregate Intrinsic Value
Outstanding as of April 1, 2015	404,000	¥1		
Granted	49,000	1		
Exercised	22,000	1		
Outstanding as of March 31, 2016	431,000	1	13.99 years	¥578
Exercisable as of March 31, 2016	84,000	1	3.77 years	113

The total intrinsic value of options exercised was ¥31 million and ¥6 million for the years ended March 31, 2016 and 2015, respectively. There were no options exercised during the year ended March 31, 2014.

The total compensation costs recognized for the years ended March 31, 2016, 2015 and 2014 were ¥67 million, ¥60 million and ¥69 million, respectively. The total recognized tax benefits related thereto for the years ended March 31, 2016, 2015 and 2014 were ¥21 million, ¥21 million and ¥25 million, respectively.

The weighted-average grant date fair values of options granted for the years ended March 31, 2016, 2015 and 2014 were ¥1,419, ¥937 and ¥918, respectively.

As of March 31, 2016, there was ¥13 million in total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the plan. That cost is expected to be recognized over three months.

16. OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of accumulated other comprehensive income, including amounts attributable to noncontrolling interests were as follows:

	2016			2015		
	Foreign Currency Translation Adjustments	Unrealized Loss on Securities	Pension Liability Adjustments	Foreign Currency Translation Adjustments	Unrealized Gain on Securities	Pension Liability Adjustments
Balance at the beginning of the year (after-tax)	¥10,831	¥20,821	¥1,934	¥ 2,310	¥11,606	¥ (227)
Amount arising during the year:						
Pre-tax amount	(5,890)	(4,169)	(3,418)	9,019	15,809	3,651
Tax credit	220	1,336	1,091	(348)	(5,593)	(1,319)
Net amount	(5,670)	(2,833)	(2,327)	8,671	10,216	2,332
Reclassification adjustments:						
Pre-tax amount		(70)	(952)		(1,513)	(272)
Tax credit		23	308		539	96
Net amount		(47)	(644)		(974)	(176)
Other comprehensive income attributable to noncontrolling interests (after-tax)	16	25	2	(150)	(27)	5
Balance at the end of the year (after-tax)	5,177	17,966	(1,035)	10,831	20,821	1,934

Millions of yen			
2014			
	Foreign Currency Translation Adjustments	Unrealized Gain on Securities	Pension Liability Adjustments
Balance at the beginning of the year (after-tax)	¥(5,924)	¥9,310	¥(1,928)
Amount arising during the year:			
Pre-tax amount	8,582	3,709	2,578
Tax credit	(240)	(1,396)	(1,110)
Net amount	8,342	2,313	1,468
Reclassification adjustments:			
Pre-tax amount	27	(17)	362
Tax credit		6	(129)
Net amount	27	(11)	233
Other comprehensive income attributable to noncontrolling interests (after-tax)	(135)	(6)	
Balance at the end of the year (after-tax)	2,310	11,606	(227)

Reclassification adjustments (pre-tax) of foreign currency translation adjustments are included in "Other - net."

Reclassification adjustments (pre-tax) of unrealized gain or loss on securities are included in "Gain or loss on sales or exchange of marketable securities and Investments - net" and "Valuation loss on marketable securities and investments."

Reclassification adjustments (pre-tax) of pension liability adjustments are included in "Cost of sales" and "Selling, general and administrative expenses" as the net periodic benefit costs.

17. INCOME TAXES

Domestic and foreign components of income before income taxes, equity in net income of affiliated companies were summarized as follows:

Millions of yen			
	2016	2015	2014
Japan	¥24,002	¥19,902	¥22,877
Foreign	(9,045)	(8,560)	(7,844)
Total	¥14,957	¥11,342	¥15,033

Domestic and foreign components of income tax expense consist of:

Millions of yen			
	2016	2015	2014
Current:			
Japan	¥1,666	¥ 3,852	¥3,710
Foreign	1,776	1,371	1,546
	¥3,442	¥ 5,223	¥5,256
Deferred:			
Japan	¥1,483	¥(1,983)	¥ 549
Foreign	(195)	63	(164)
	¥1,288	¥(1,920)	¥ 385
Total income taxes	¥4,730	¥ 3,303	¥5,641

Income taxes in Japan applicable to the Companies, imposed by the national, prefectural and municipal governments, in the aggregate resulted in a normal effective statutory tax rate of approximately 33.1%, 35.6% and 38.0% for the years ended March 31, 2016, 2015 and 2014, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The Companies are subject to a number of different taxes based on income. The effective income tax rates differed from the normal statutory tax rates for the following reasons for the years ended March 31, 2016, 2015 and 2014:

	2016	2015	2014
Normal Japanese statutory tax rates	33.1%	35.6%	38.0%
Increase (decrease) in taxes resulting from:			
Permanently nondeductible expenses	2.8	3.6	3.3
Change in valuation allowance	1.1	(9.4)	(2.9)
Undistributed earnings of associated companies	0.1	(0.5)	0.1
Differences in foreign subsidiaries' tax rate	(1.2)	(3.3)	(2.6)
Tax exemption	(0.2)	(0.1)	(0.2)
Unrecognized tax benefits	(0.1)	0.0	0.2
Impairment charges on goodwill		15.2	
Changes in Japanese income tax rates	(3.0)	(10.7)	1.6
Other - net	(1.0)	(1.4)	0.0
Effective tax rates	31.6%	29.0%	37.5%

Amendments to the Japanese tax regulations were issued on March 31, 2014. As a result of these amendments, the statutory income tax rate was reduced from 38.0% to 35.6% effective from the year beginning April 1, 2014. Consequently, the statutory income tax rate utilized for deferred tax assets and liabilities expected to be settled or realized in the period from April 1, 2014 is 35.6%. The adjustment of deferred tax assets and liabilities for this change in the tax rate resulted in an increase of income taxes by ¥255 million and has been reflected in income taxes in the consolidated statements of income for the year ended March 31, 2014.

Following the amendments described above, new amendments, the Act on the Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act on the Partial Revision of Local Tax Act, etc. (Act No. 2 of 2015), were issued on March 31, 2015, and the corporate tax rate has been lowered starting from the consolidated fiscal year beginning on and after April 1, 2015. Accordingly, from the end of the fiscal year ended March 31, 2015, with respect to the Company and our major domestic subsidiaries, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from the current 35.6% to 33.1% for the temporary differences which were expected to reverse during the consolidated fiscal year beginning April 1, 2015 and to 32.3% for the temporary differences which are expected to

reverse in and after the consolidated fiscal year beginning April 1, 2016.

Due to this tax rate change, the deferred income taxes recognized in the fiscal year ended March 31, 2015 decreased by ¥1,209 million as a result of a reversal of the deferred tax assets and deferred tax liabilities.

Following the amendments described above, new amendments, the Act on the Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act on the Partial Revision of Local Tax Act, etc. and Related Matters (Act No. 13 of 2016), were enacted in the Diet session on March 29, 2016, and the corporate tax rate is lowered starting from the consolidated fiscal year beginning on or after April 1, 2016. Accordingly, with respect to the Company and our major domestic subsidiaries, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 32.3% to 30.9% for the temporary differences which are expected to reverse during the consolidated fiscal year beginning April 1, 2016 and the consolidated fiscal year beginning April 1, 2017, and to 30.6% for the temporary differences which are expected to reverse in and after the consolidated fiscal year beginning April 1, 2018.

Due to this tax rate change, the deferred income taxes recognized in the fiscal year ended March 31, 2016 decreased by ¥454 million as a result of a reversal of the deferred tax assets and deferred tax liabilities.

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances as of March 31, 2016 and 2015 were as follows:

	2016		2015	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Allowance for returns	¥ 638		¥ 737	
Allowance for doubtful receivables	17		43	
Accruals not currently deductible	139		136	
Inventory valuation	964		1,058	
Accrued bonuses	1,038		1,067	
Impairment charges on marketable securities and investments	1,118		1,273	
Advanced depreciation on property, plant and equipment		¥ 1,126		¥ 1,200
Undistributed earnings of associated companies		2,564		2,731
Net unrealized gain on marketable securities and investments		9,395		11,411
Net realized gain on exchange of investments		818		961
Capitalized supplies	167		215	
Enterprise taxes	86		204	
Accrued vacation	743		771	
Asset retirement obligation	277		253	
Prepaid pension cost		1,872		2,825
Pension expense	415		430	
Tangible fixed assets	1,439		1,214	
Tax loss carryforwards	2,017		3,300	
Intangible assets		2,017		2,276
Other temporary differences	577	203	974	62
Total	9,635	17,995	11,675	21,466
Valuation allowance	(2,360)		(2,535)	
Total	¥ 7,275	¥17,995	¥ 9,140	¥21,466

Millions of yen

Financial Section

The valuation allowance decreased by ¥175 million and ¥1,481 million for the years ended March 31, 2016 and 2015, respectively.

On November 28, 2014, the Company resolved a restructuring plan for its group organization. Based on the resolution, most of the assets and liabilities of Lecien Corp., a wholly-owned subsidiary of the Company, were transferred to a newly established subsidiary, and Wacoal Corp., another wholly-owned subsidiary of the Company, merged Lecien Corp. with the remainder of their assets and liabilities on April 1, 2015.

In conjunction with the merger, deferred tax assets for temporary differences concerning the merged assets and liabilities and tax loss carryforwards were transferred from Lecien Corp. to Wacoal Corp., such deferred tax assets which had been fully covered by a valuation allowance due to the poor operating results of Lecien Corp. However, as a result of considering the change in the realizability of deferred tax assets triggered by the resolution, the Company reversed ¥1,398 million of valuation allowance and recognized the same amount of income tax benefit for the year ended March 31, 2015.

The Companies reversed a part of its valuation allowance and utilized ¥189 million and ¥811 million of tax loss carryforwards, and recognized tax benefits of ¥56 million and ¥246 million for the years ended March 31, 2016 and 2015, respectively.

As of March 31, 2016, certain subsidiaries had tax loss carryforwards, which are available to offset future taxable income of such subsidiaries, expiring as follows:

Year Ending March 31	Millions of yen
2017	¥ 351
2018	321
2019	543
2020	786
2021	95
2022	4
2023	
2024	42
2025	330
Thereafter	4,159
Total	¥6,631

There was no portion of undistributed earnings of foreign subsidiaries and foreign corporate joint ventures which was deemed to be permanently invested as of March 31, 2016 and 2015.

A reconciliation of beginning and ending amounts of unrecognized tax benefits was as follows:

	Millions of yen		
	2016	2015	2014
Balance at the beginning of the year	¥312	¥296	¥ 313
Additions based on tax positions related to the current year	1	16	133
Reductions for tax positions of prior years	(13)		(150)
Balance at the end of the year	¥300	¥312	¥ 296

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is ¥300 million, ¥312 million and ¥296 million as of March 31, 2016, 2015 and 2014, respectively.

The Companies recognize interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Total amounts of interest and penalties recognized in the consolidated statements of income for the years ended March 31, 2016, 2015 and 2014 were not material.

The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2014 with few exceptions. For other countries, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2010 with few exceptions. The transfer pricing examinations of certain domestic and U.S. subsidiaries' 2007 and 2010 fiscal years were completed.

18. RELATED-PARTY TRANSACTIONS

The Companies purchase merchandise from numerous suppliers throughout the world, including certain affiliated companies of the Companies. The Companies purchased merchandise from affiliated companies in the amount of ¥2,468 million, ¥2,581 million and ¥2,375 million in the fiscal years ended March 31, 2016, 2015 and 2014, respectively. The accounts payable to affiliated companies were ¥188 million and ¥142 million as of March 31, 2016 and 2015, respectively.

The Companies also sell supplies, materials and products to certain affiliated companies. Aggregate sales to affiliated companies were ¥335 million, ¥386 million and ¥342 million in the fiscal years ended March 31,

2016, 2015 and 2014, respectively. The accounts receivable from affiliated companies were ¥97 million and ¥70 million as of March 31, 2016 and 2015, respectively.

The Companies earn royalties from the use of the Wacoal Brand by certain affiliated companies. The amount of royalty revenue earned was ¥266 million, ¥288 million and ¥248 million in the fiscal years ended March 31, 2016, 2015 and 2014, respectively. Other accounts receivable from affiliated companies, which are included in other current assets in the consolidated balance sheets, were ¥225 million and ¥219 million as of March 31, 2016 and 2015, respectively.

19. EARNINGS PER SHARE

Basic net income attributable to Wacoal Holdings Corp. per share has been computed by dividing net income attributable to Wacoal Holdings Corp. by the weighted-average number of common shares outstanding during each year. Diluted net income attributable to Wacoal Holdings Corp. per share assumes the dilution that could occur if share-based option to issue common stock were exercised.

The weighted-average number of common shares outstanding used in the computations of basic net income attributable to Wacoal Holdings

Corp. per share was 140,842,184 shares, 140,839,059 shares and 140,841,722 shares for the years ended March 31, 2016, 2015 and 2014, respectively. The weighted-average number of diluted common shares outstanding used in the computations of diluted net income attributable to Wacoal Holdings Corp. per share was 141,255,241 shares, 141,203,998 shares and 141,135,395 shares for the years ended March 31, 2016, 2015 and 2014, respectively.

20. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial instruments as of March 31, 2016 and 2015 were as follows:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Marketable securities (Notes 3 and 21)	¥ 1,880	¥ 1,879	¥ 2,387	¥ 2,386
Investments (Notes 3 and 21)	54,733	54,730	58,668	58,665
Foreign exchange contracts (Note 21)			209	209
Total assets	¥56,613	¥56,609	¥61,264	¥61,260
Liabilities:				
Foreign exchange contracts (Note 21)	¥ (297)	¥ (297)		
Long-term debt including current portion	(388)	(389)	¥ (4,779)	¥ (4,780)
Total liabilities	¥ (685)	¥ (686)	¥ (4,779)	¥ (4,780)

There are investments in nonmarketable equity securities and debt securities for which there are no readily determinable fair values. See Note 3 for further information. The carrying amounts of all other financial instruments approximate their estimated fair values because of the short maturity of those instruments.

FOREIGN EXCHANGE CONTRACTS—The Companies are exposed to foreign currency exchange risks on the transactions denominated in foreign currencies relating to its ongoing business operations. Such risks are primarily managed by using foreign currency exchange contracts. The Companies measure forward currency exchange contracts at the fair value since they are not designated as hedge.

MARKETABLE SECURITIES AND INVESTMENTS—Held-to-maturity debt securities are classified as marketable securities and investments as of March 31, 2016 and as investments as of March 31, 2015, respectively. The fair value of these held-to-maturity debt securities are classified as Level 1. For all other investments included in marketable securities and investments, see Notes 3 and 21.

LONG-TERM DEBT—The fair values for long-term debt are estimated by

discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities. The estimated fair value is based on Level 2 input.

LIMITATIONS—Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

CONCENTRATION OF CREDIT RISK—The Companies' business consists primarily of sales of women's intimate apparel to a large number of diverse customers in the Japanese retail industry, which include well-established department stores, general merchandise stores and other general retailers and specialty stores. No single customer constitutes 10.0% or more of the total sales, although the general retail customers that are consolidated companies within the Aeon Group collectively accounted for approximately 8.8%, 8.9% and 10.0% of the total sales in fiscal years ended March 31, 2016, 2015 and 2014, respectively.

21. FAIR VALUE MEASUREMENTS

The guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1—Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3—Inputs are unobservable.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2016 and 2015 were as follows:

	Millions of yen			
2016	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Municipal bonds		¥ 10		¥ 10
Corporate bonds		395		395
Mutual funds		1,361		1,361
Total marketable securities		1,766		1,766
Investments:				
Equity securities	¥53,925			53,925
Total assets	¥53,925	¥1,766		¥55,691
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		¥ (297)		¥ (297)
Total liabilities		¥ (297)		¥ (297)

	Millions of yen			
2015	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Municipal bonds		¥ 10		¥ 10
Corporate bonds		501		501
Mutual funds		1,390		1,390
Total marketable securities		1,901		1,901
Investments:				
Equity securities	¥58,048			58,048
Derivative instruments:				
Foreign exchange contracts		209		209
Total assets	¥58,048	¥2,110		¥60,158

Marketable securities and investments presented in Level 1 are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Bonds presented in Level 2 are valued by the financial institution using quoted market price for identical instruments in markets that are not active and mutual funds presented in Level 2 are valued by the financial institution based on quoted prices in both active and inactive market for identical instruments which comprise funds.

As presented in Note 3, the Companies recorded impairment charges on marketable securities and investments if a decline in fair value of marketable securities and investments is determined to be other than temporary.

Derivative instruments are composed of foreign currency exchange contracts. Financial instruments presented in Level 2 are valued using quotes obtained from third parties.

The changes in the fair value of the foreign currency exchange contracts are recorded in earnings, since the foreign currency exchange contracts are not designated as a hedge. The Companies recognized a gain of ¥(506) million, ¥192 million and ¥5 million in other - net of other income (expenses) in the years ended March 31, 2016, 2015 and 2014, respectively.

The Companies recorded the derivative instruments at fair value in the consolidated balance sheets as other current liabilities of ¥297 million and as other current assets of ¥209 million as of March 31, 2016 and 2015, respectively.

ASSETS MEASURED AT FAIR VALUE ON A NONRECURRING BASIS

Assets measured at fair value on a nonrecurring basis as of March 31, 2016 and 2015 were as follows:

	Millions of yen				
2016	Level 1	Level 2	Level 3	Total	Total Losses
Land			¥133	¥133	¥(233)
Buildings and building improvements			0	0	(8)
Machinery and equipment			0	0	(15)
					¥(256)

	Millions of yen				
2015	Level 1	Level 2	Level 3	Total	Total Losses
Goodwill (Note 8)			¥4,325	¥4,325	¥(4,845)
Trademarks (Note 8)			1,994	1,994	(1,176)
					¥(6,021)

During the fiscal year ended March 31, 2016, the Company categorized a certain asset group as real estate for rent. The Company performed an impairment analysis as of March 31, 2016 and determined that the fair value of the real estate was below its carrying amount. Accordingly, the Company reduced the carrying amount from ¥366 million to ¥133 million for land and from ¥8 million to ¥0 million for buildings and structures, respectively. The fair value is measured mainly based on the real estate appraisal value. The impairment charge on the long-lived assets of ¥241 million was included in an operating expense of Wacoal Business (Domestic) in the segment information.

As of March 31, 2015, goodwill with a carrying amount of ¥9,170 million was written down to its implied fair value of ¥4,325 million, resulting in an impairment charge of ¥4,845 million, which is included in earnings for the year ended March 31, 2015. The impairment arose due to the decline in its fair value, which was mainly caused by a downturn in consumption due to general market conditions. To measure the fair values of the reporting units, the Companies used the expected present value of future cash flows and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date.

Trademarks with a carrying amount of ¥3,170 million as of March 31, 2015, were written down to their fair values of ¥1,994 million, resulting in recognition of an impairment charge of ¥1,176 million for the year ended March 31, 2015. The impairment arose due to the decline in their fair value, which was mainly caused by a downturn in consumption due to general market conditions. To measure the fair value of the trademarks, the Companies used the relief-from royalty method and incorporated relevant

unobservable inputs, such as management's internal assumptions about future cash flows, the rate of royalty, and appropriately risk-adjusted discount rate, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date. Future cash flows were based on the management's cash flow projections for the future five years, and after five years, future cash flows were estimated using the perpetuity growth rate of 0%. The management's cash flow projections were developed using estimates for expected future revenue growth rates, profit margins and working capital levels of the reporting units. The rate of royalty used for the valuation was based on the actual royalty ratio used in transactions. The risk-adjusted discount rate represents a weighted-average cost of capital (WACC) adjusted for inherent risk spread.

There were no significant assets or liabilities that were measured at fair value on a nonrecurring basis as of March 31, 2014.

Valuation process:

The valuation process involved in Level 3 measurements for applicable asset and liability is governed by the valuation policies and procedures, including evaluation method for fair value measurements, pre-approved by the Companies. Based on the policies and procedures, either personnel from the accounting division or personnel in charge of valuation determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist us in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All the valuations including those performed by the external experts are reviewed and approved by the management of the Company before being recorded in the general ledger.

Quantitative information regarding Level 3 fair value measurements:

Information about valuation techniques and significant unobservable inputs used for Level 3 assets measured at fair value for the year ended March 31, 2015 is as follows:

March 31, 2015	Millions of yen		Valuation Technique	Principal Unobservable Input	Range
	Fair Value				
Trademarks	¥1,994		Relief-from royalty method	Discount rate	7.3%–11.3%
				Royalty rate	3.0%–4.0%
				Short-term revenue growth rates (within five years)	2.3%–5.3%
				Perpetuity growth rate (over five years)	0%

22. SEGMENT INFORMATION

OPERATING SEGMENT INFORMATION

The Companies have three reportable segments: “Wacoal business (domestic),” “Wacoal business (overseas),” and “Peach John,” which are based on their locations and brands. These segments represent components of the Companies for which separate financial information is available and for which operating income (loss) is reviewed regularly by the chief operating decision maker in deciding how to allocate the Companies’ resources and in assessing their performance. The accounting policies used for these reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

“Wacoal business (domestic)” segment primarily produces and sells

innerwear (consisting of foundation, lingerie, nightwear and children’s innerwear), outerwear, sportswear and hosiery. “Wacoal business (overseas)” segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children’s innerwear), outerwear, sportswear and hosiery. “Peach John” segment produces and sells innerwear (consisting of foundation, lingerie, nightwear), outerwear, and other textile-related products, which are sold under the “Peach John” brand. “Other” segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children’s innerwear), outerwear, sportswear, other textile-related products, mannequins and construction of stores and interior design.

Information about operating results and assets for each segment as of and for the years ended March 31, 2016, 2015 and 2014 is as follows:

	Millions of yen					
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
2016						
Net sales:						
External customers	¥120,570	¥51,869	¥11,190	¥19,288		¥202,917
Intersegment	1,427	8,595	775	6,102	¥(16,899)	
Total	121,997	60,464	11,965	25,390	(16,899)	202,917
Operating costs and expenses:						
Operating costs and expenses	110,144	54,711	11,442	24,839	(16,899)	184,237
Depreciation and amortization	3,043	1,320	265	187		4,815
Total	113,187	56,031	11,707	25,026	(16,899)	189,052
Operating income	8,810	4,433	258	364		13,865
Total assets and capital expenditures:						
Total assets	254,269	80,580	11,959	18,866	(72,820)	292,854
Capital expenditures	6,977	1,694	245	62		8,978

	Millions of yen					
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
2015						
Net sales:						
External customers	¥112,203	¥48,107	¥11,626	¥19,829		¥191,765
Intersegment	1,906	8,592	650	5,046	¥(16,194)	
Total	114,109	56,699	12,276	24,875	(16,194)	191,765
Operating costs and expenses:						
Operating costs and expenses	102,789	50,444	12,080	24,469	(16,194)	173,588
Depreciation and amortization	2,876	1,479	471	248		5,074
Impairment charges on goodwill (Note 8)			4,845			4,845
Impairment charges on other intangible assets (Note 8)			1,176			1,176
Total	105,665	51,923	18,572	24,717	(16,194)	184,683
Operating income (loss)	8,444	4,776	(6,296)	158		7,082
Total assets and capital expenditures:						
Total assets	261,467	78,143	11,748	20,789	(71,875)	300,272
Capital expenditures	3,338	742	300	98		4,478

	Millions of yen					
2014	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥118,085	¥43,636	¥12,482	¥19,578		¥193,781
Intersegment	2,149	8,049	455	5,406	¥(16,059)	
Total	120,234	51,685	12,937	24,984	(16,059)	193,781
Operating costs and expenses:						
Operating costs and expenses	108,015	46,410	12,270	24,249	(16,059)	174,885
Depreciation and amortization	2,935	1,238	584	279		5,036
Total	110,950	47,648	12,854	24,528	(16,059)	179,921
Operating income	9,284	4,037	83	456		13,860
Total assets and capital expenditures:						
Total assets	244,502	69,352	18,026	20,070	(79,962)	271,988
Capital expenditures	2,210	621	296	337		3,464

The sum of the operating income of the reportable segments is consistent with the operating income on the consolidated statements of income. For a reconciliation from operating income to income before income taxes and equity in net income of affiliated companies, see other income (expenses) on the consolidated statements of income.

The Companies account for intersegment sales and transfers at cost plus a markup. Operating income (loss) represents net sales less operating costs and expenses.

PRODUCTS AND SERVICE INFORMATION

Net sales information by product and service for the years ended March 31, 2016, 2015 and 2014 is as follows:

	Millions of yen		
	2016	2015	2014
Innerwear:			
Foundation and lingerie	¥151,166	¥142,681	¥144,322
Nightwear	10,098	9,514	9,301
Children's underwear	1,386	1,373	1,475
Subtotal	162,650	153,568	155,098
Outerwear/Sportswear	¥ 19,074	¥ 16,227	¥ 16,954
Hosiery	2,178	2,437	2,252
Other textile goods and related products	7,161	7,616	8,577
Others	11,854	11,917	10,900
Total	¥202,917	¥191,765	¥193,781

GEOGRAPHIC INFORMATION

Information by major geographic area as of and for the years ended March 31, 2016, 2015 and 2014 is as follows:

	Millions of yen		
	2016	2015	2014
Net sales:			
Japan	¥150,673	¥143,250	¥149,715
Asia and Oceania	17,906	16,261	14,871
Americas and Europe	34,338	32,254	29,195
Consolidated	¥202,917	¥191,765	¥193,781
Long-lived assets:			
Japan	¥ 46,136	¥ 43,200	¥ 43,446
Asia and Oceania	4,490	2,998	2,894
Americas and Europe	3,312	2,990	2,638
Consolidated	¥ 53,938	¥ 49,188	¥ 48,978

Countries or areas are classified according to their geographical proximity.

Asia and Oceania includes East Asia, Southeast Asia, West Asia and Australia.

Net sales are attributed to countries or areas based on the location of sellers.

Long-lived assets represent property, plant and equipment.

23. SUBSEQUENT EVENTS

(Transfer of property plant and equipment)

The Board of Directors resolved at the meeting held on January 29, 2016 to transfer property, plant and equipment (land) as described below, and accordingly, the delivery of land was completed on April 27, 2016.

a. Reason for Transfer

The Companies have decided to transfer the land, the site of the Nagoya branch, to make effective use of managerial resources because it is unlikely that the Companies will use this site for our business in the future.

b. Details of Subject Transferred Asset

Details of Subject Asset: Land (1,370m²)

Location: 15 Sakae 5-chome, Naka-ku,
Nagoya-shi, Aichi

Current Status: Leased for parking spaces

Carrying Amount: ¥295 million

Transfer Price: ¥4,149 million

c. Outline of Transferee

Kabushiki Kaisha Nihon Ceremony

d. Schedule of Transfer

Resolution of the Board Meeting: January 29, 2016

Execution of Agreement: February 12, 2016

Transfer of Land: April 27, 2016

e. Impact on Business Results

In connection with the transfer of the subject property, plant and equipment the Company will record approximately ¥3.8 billion of gain on sale of property, plant and equipment during the consolidated first quarter of the fiscal year ending March 2017.

(Purchase of Treasury Stock)

On May 27, 2016, the Board of Directors resolved to purchase treasury stock with the specific purchasing method as described below pursuant to the provisions of Paragraph 1, Article 156 of the Companies Act, which are applied by replacing the provisions of Paragraph 3, Article 165 of the Companies Act, and carried out as follows.

a. Reason for Purchase: To improve capital efficiency and to implement our capital policy with increased flexibility tailored to the business environment

b. Type of Shares to Be Purchased: Common stock of the Company

c. Total Number of Shares to Be Purchased: 2,300,000 shares
(at maximum)

d. Purchase Period: From June 2, 2016 through September 30, 2016

e. Total Amount to Be Purchased: ¥3,000 million (at maximum)

f. Method of Purchase: Market purchase through trust method

(Dividend Declaration)

On May 9, 2016, the Board of Directors resolved to pay a cash dividend of ¥165 per 5 shares of common stock to holders of record as of March 31, 2016 (aggregate amount of ¥4,648 million).

Independent Auditors' Report



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To the Board of Directors and Stockholders of Wacoal Holdings Corp.
Kyoto, Japan

We have audited the accompanying consolidated financial statements of Wacoal Holdings Corp. and its subsidiaries, (the "Company") which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 31, 2016 (all expressed in Japanese yen), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wacoal Holdings Corp. and its subsidiaries as of March 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audits also comprehended the translation of the Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the financial statement amounts into U.S. dollars has been made solely for convenience of readers outside of Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditors' Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

June 29, 2016

Member of
Deloitte Touche Tohmatsu Limited

Management's Annual Report on Internal Control Over Financial Reporting (Translation)

NOTE TO READERS

The following is an English translation of management's report on internal control over financial ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business units selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly based on the quantitative guidance which provides an approximately measure for the scope of assessment of internal control over business processes, we designated the business units that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business units" which should be subject to the process-level controls.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Yoshikata Tsukamoto, President and Representative Director and Masaya Wakabayashi, Director and Vice President, are responsible for the designing and operating effective internal control over financial reporting of Wacoal Holdings Corp. (the "Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2016. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we designated the business locations that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business locations" which should be subject to the process-level controls.

At the selected significant business units, we included, in the scope of assessment, those business processes leading to sales or accounts receivable and inventories, as significant accounts that may have a material impact on the business objectives of us. Further, not only at selected significant business units, but also at other business units, we added to the scope assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Relating to the Results of Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2016.

4. Supplementary Matters

Not applicable.

5. Special Information

Not applicable.

Yoshikata Tsukamoto
President and Representative Director
WACOAL HOLDINGS CORP.

Masaya Wakabayashi
Director and Vice President
WACOAL HOLDINGS CORP.

Independent Auditors' Report



NOTE TO READERS:

The following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under the attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business units selection and/or account selection. In an audit of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business process, we used a measure of approximately 70% of total assets on a consolidated basis and income before income taxes on a consolidated basis for the selection of significant business units.

(TRANSLATION)

Deloitte Touche Tohmatsu LLC
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Fumihiko Kimura
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seiichiro Nakashima

To the Board of Directors of Wacoal Holdings Corp.

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2016 of Wacoal Holdings Corp. and its consolidated subsidiaries (the "Company"), and the consolidated statement of income, comprehensive income, equity and cash flows for the fiscal year from April 1, 2015 to March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to the third paragraph of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No. 11 of the Cabinet Office Ordinance in 2002), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wacoal Holdings Corp. and its consolidated subsidiaries as of March 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2016.

Management's Responsibility for the Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Wacoal Holdings Corp. and its consolidated subsidiaries as of March 31, 2016 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

June 29, 2016

Member of
Deloitte Touche Tohmatsu Limited

Corporate Data

As of March 31, 2016

HEAD OFFICE

29, Nakajima-cho, Kisshoin,
Minami-ku, Kyoto 601-8530, Japan
Tel 075-694-3111 Fax 075-694-3109

Homepage
www.wacoalholdings.jp/en

Date of Foundation
June 15, 1946

Date of Establishment
November 1, 1949

Shareholders' Equity
¥224,374 million

Number of Employees
(Consolidated)
21,892

Domestic Principal Subsidiaries

Wacoal Holdings Equity Owned	%
Wacoal Corp.	100
Lecien Corporation	100
Peach John Co., Ltd.	100
Nanasai Co., Ltd.	99
Une nana cool Corp.	100
Ai Co., Ltd.	100
Kyushu Wacoal Manufacturing Corp.	100
Niigata Wacoal Sewing Corp.	100
Hokuriku Wacoal Sewing Corp.	100
Torica Inc.	57
Wacoal Career Service Corp.	100
Wacoal Service Co., Ltd.	100
Wacoal Distribution Corp.	100

Overseas Principal Subsidiaries

Wacoal Holdings Equity Owned	%
Wacoal International Corp. (U.S.A.)	100
Wacoal America, Inc.	100
WACOAL CANADA INC.	100
Wacoal Dominicana Corp.	100
Wacoal Europe Ltd.	100
Wacoal China Co., Ltd.	100
Guangdong Wacoal Inc.	100
Dalian Wacoal Co., Ltd.	100
Wacoal Hong Kong Co., Ltd.	80
Wacoal International Hong Kong Co., Ltd.	100
Wacoal Singapore Pte. Ltd.	100
Vietnam Wacoal Corp.	100
Philippine Wacoal Corp.	67
Wacoal India Private Limited	51
A Tech Textile Co., Ltd.	54
G Tech Material Co., Ltd.	51

Domestic Principal Joint Ventures

Wacoal Holdings Equity Owned	%
House of Rose Co., Ltd.	24

Overseas Joint Ventures

Wacoal Holdings Equity Owned	%
Thai Wacoal Public Company Limited	34
Taiwan Wacoal Co., Ltd.	50
Shinyoung Wacoal Inc. (South Korea)	25
PT. Indonesia Wacoal	42
Wacoal Malaysia Sdn. Bhd.	50
Shanghai Yadie Fashion Co., Ltd.	20

International Network

Wacoal International Corp. (U.S.)

One Wacoal Plaza, Lyndhurst,
N.J. 07071, U.S.A.
Tel 1-201-933-8400

Wacoal America, Inc.

136 Madison Avenue,
New York, N.Y. 10016, U.S.A.
Tel 1-212-532-6100

WACOAL CANADA INC.

155 Rene-Levesque Blvd, W.40th Floor
Montreal, Q.C., Canada H3B 3V2
Tel 1-514-448-2173

Wacoal Dominicana Corp.

Las Americas Industrial Free Zone,
KM.22, aut. Las Americas,
Santo Domingo, Dominican Republic
Tel 1-809-549-1090

Wacoal Europe Ltd.

The Corsetry Factory, Rothwell Road,
Desborough, Kettering,
Northamptonshire NN14 2PG,
United Kingdom
Tel 44-1536-760-282

Wacoal China Co., Ltd.

Jia 16 Tongji North Road,
Beijing Economic and Technological
Development Area, Beijing 100176, P.R.C.
Tel 86-10-6787-2185

Guangdong Wacoal Inc.

Huahai Industrial District,
Xinhua Town, Huadu Qu,
Guangzhou City, Guangdong, P.R.C.
Tel 86-20-8686-1170

Dalian Wacoal Co., Ltd.

No.6 Fu An Street, Economic and
Technical Development Zone, Dalian,
116600, P. R. C.
Tel 86-411-8733-7722

Wacoal Hong Kong Co., Ltd.

8th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong
Tel 852-2811-3202

Wacoal International Hong Kong Co., Ltd.

8th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong
Tel 852-2561-9191

Wacoal Singapore Pte. Ltd.

215 Henderson Road,
#01-08 Henderson Industrial Park,
Singapore 159554
Tel 65-6270-2887

Vietnam Wacoal Corp.

110 Amata Road,
Amata Modern Industrial Park,
Long Binh Ward, Bien Hoa City,
Dong Nai Province,
Socialist Republic of Vietnam
Tel 84-61-3936770

Philippine Wacoal Corp.

3rd Floor, 6788 Ayala Avenue,
Oledan Square, Makati City 1226,
Philippines
Tel 63-2-893-7432

Thai Wacoal Public Company Limited

132 Soi Charoenrat 7,
Bangklo, Bangkholaem,
Bangkok, 10120, Thailand
Tel 66-2-289-3100

Taiwan Wacoal Co., Ltd.

15 Jingkwo Road, Taoyuan,
Taiwan, R.O.C.
Tel 886-3-326-9369

Shinyoung Wacoal Inc. (South Korea)

345-54 Gasan-Dong, Geumcheon Gu,
Seoul 153-023, Korea
Tel 82-2-818-5120

PT. Indonesia Wacoal

Jl. Tarikolot Rt.01/Rk.001 No. 59,
Citeureup-Bogor 16810, Indonesia
Tel 62-21-560-0715

Wacoal Malaysia Sdn. Bhd.

5th Floor, Plaza Hamodal,
Lot 15, Jalan 13/2 (Section 13),
46200 Petaling Jaya,
Selangor, Malaysia
Tel 60-3-7960-8308

Investor Information

As of March 31, 2016

STOCK LISTING

Tokyo

FISCAL YEAR-END

March 31

SECURITIES CODE

3591

COMMON STOCK

Issued: 143,378,085 shares

Outstanding: 140,858,735 shares

TRADING UNIT

1,000 shares

SHAREHOLDER REGISTER AGENT FOR COMMON STOCK

Mitsubishi UFJ Trust and Banking Corporation,
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

AMERICAN DEPOSITARY RECEIPTS

Cusip No.: 930004205

Ratio (ADR:ORD): 1:5

Market: OTCQX

Symbol: WACLY

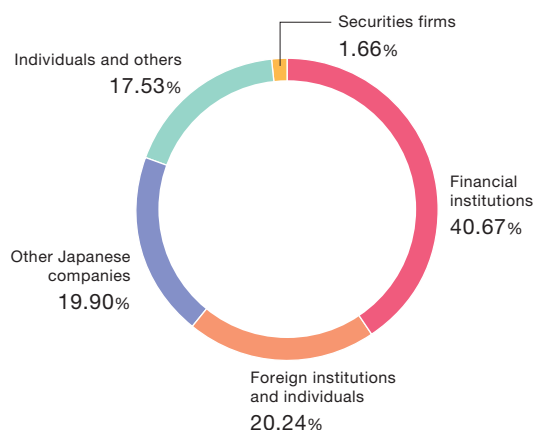
DEPOSITARY

The Bank of New York Mellon,
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel 1-212-815-8161
U.S. toll free 888-269-2377
(888-BNY-ADRS)
www.adrbny.com

NUMBER OF SHAREHOLDERS

14,078

Ownership and Distribution of Shares



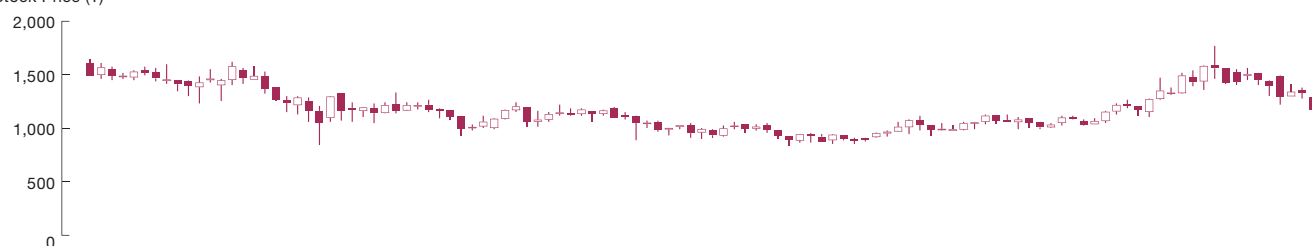
Major Shareholders*

	%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.96
Meiji Yasuda Life Insurance Company	4.33
Japan Trustee Services Bank Ltd. (Trust Account)	3.72
The Bank of Kyoto, Ltd.	3.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.20
Nippon Life Insurance Company	2.60
The Shiga Bank, Ltd.	2.58
Mitsubishi UFJ Trust and Banking Corporation	2.16
The Dai-ichi Life Insurance Company, Ltd.	1.93
Asahi Kasei Fibers Corp.	1.76

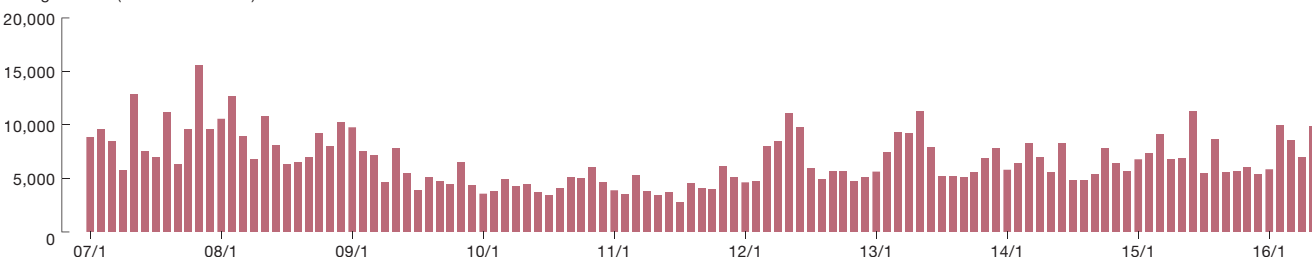
*The percentages exclude treasury stock.

Stock Price / Trading Volume

Stock Price (¥)



Trading Volume (Thousand shares)



Forward-Looking Statements: Statements contained in this integrated report that are not historical facts are forward-looking statements, which reflect the Company's plans and expectations at the time of writing.

These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those anticipated in these statements.

