

[Translation]

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

January 29, 2016

Listed Company: Wacoal Holdings Corp.
Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)
Representative: Position: President and Representative Director
Name: Yoshikata Tsukamoto
For Inquiries: Position: General Manager of Corporate Planning
Name: Akira Miyagi

Stock Exchange: Tokyo

Tel: +81 (075) 682-1010

Scheduled quarterly report submission date: February 12, 2016
Scheduled dividend payment start date: -
Supplementary materials regarding quarterly business results: None
Explanatory meeting regarding quarterly business results: None

(Amounts less than 1 million yen have been rounded)

1. Third Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 – December 31, 2015)

(1) Consolidated Business Results

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

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Third Quarter ended December 31, 2015	154,017	7.0	12,692	109.9	14,213	66.4	10,027	78.1
Third Quarter ended December 31, 2014	143,980	(1.3)	6,047	(55.4)	8,542	(42.2)	5,631	(39.7)

(Note) Quarterly comprehensive income: 10,138 million yen (decrease of 48.3%) for the third quarter ended December 31, 2015
19,619 million yen (decrease of 13.4%) for the third quarter ended December 31, 2014

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Third Quarter ended December 31, 2015	71.19	70.99
Third Quarter ended December 31, 2014	39.98	39.88

(2) Consolidated Financial Condition

	Total Assets	Total Equity (Net Assets)	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2015	304,561	237,540	234,552	77.0	1,665.33
As of the end of Fiscal Year (March 31, 2015)	300,272	231,568	228,857	76.2	1,624.93

2. Status of Dividends

	Annual Dividend				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2015	–	–	–	30.00	30.00
Fiscal Year Ending March 31, 2016	–	–	–		
Fiscal Year Ending March 31, 2016 (Estimates)				33.00	33.00

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

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

(% indicates increase from the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.		Net Income Attributable to Wacoal Holdings Corp. Per Share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
Annual	205,000	6.9	14,000	97.7	14,500	27.8	10,000	18.4	71.00	

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

Notes

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

	Third Quarter ended December 31, 2015	Fiscal Year ended March 31, 2015
(i) Number of issued shares (including treasury stock) as of the end of:	143,378,085 shares	143,378,085 shares
(ii) Number of shares held as treasury stock as of the end of:	2,534,181 shares	2,537,276 shares
(iii) Average number of shares during consolidated third quarter (third quarter ended December 31):	140,839,694 shares	140,838,338 shares

*Notes on Implementation of Quarterly Review Procedures

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

*Cautionary Statement regarding Forecast of Business Results

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

These risks, uncertainties and other factors include: the impact of the ongoing global economic downturn on our sales and profitability in Japan and our other markets; the impact on our business of anticipated continued weakness of department stores and other general retailers in Japan; our ability to successfully develop, manufacture, and market products in Japan and our other markets that meet the changing tastes and needs of consumers and to deliver high quality products; the highly competitive nature of our business and the strength of our competitors; our ability to successfully expand our network of our own specialty retail stores and achieve profitable operations at these stores; our ability to further develop our Internet sales capabilities; our ability to effectively manage our inventory levels; our ability to reduce costs; our ability to attract and retain highly qualified personnel; effects of irregular weather events on our business and performance; risks related to conducting our business internationally; risks from acquisitions and other strategic transactions with third parties; risks relating to return of investment for development of new markets; risks relating to intellectual property; risks relating to information systems; risks relating to the protection of customer information and our ability to protect our trade secrets; risks relating to internal controls over financial reporting; the impact of weakness in the Japanese equity markets on our holdings of Japanese equity securities; the impact of any natural disaster or epidemic on our business; and other risks referred to from time to time in our annual report and other disclosures.

Table of Contents for Attached Materials

1.	Qualitative Information regarding Consolidated Performance during the Third Quarter -----	2
(1)	Qualitative Information regarding Consolidated Business Results -----	2
(2)	Qualitative Information regarding Consolidated Financial Condition -----	5
(3)	Qualitative Information regarding Forecast of Consolidated Business Results -----	5
2.	Matters Concerning Summaries (Notes) -----	5
(1)	Summary of Changes in Significant Subsidiaries during the Current Consolidated Cumulative Quarter -----	5
(2)	Application of Simplified Accounting Methods and Specific Accounting Methods -----	5
(3)	Summary of Changes in Accounting Principles -----	5
3.	Consolidated Quarterly Financial Statements -----	6
(1)	Consolidated Quarterly Balance Sheets -----	6
(2)	Consolidated Quarterly Statements of Income -----	8
(3)	Consolidated Quarterly Statements of Comprehensive Income -----	8
(4)	Consolidated Quarterly Statements of Cash Flows -----	9
(5)	Notes on Consolidated Quarterly Financial Statements -----	10
	(Notes on Going Concern) -----	10
	(Notes on Significant Changes in the Amount of Total Shareholders' Equity) -----	10
	(Segment Information) -----	10
	(Material Subsequent Events) -----	11
(6)	Status of Sales -----	13

1. Qualitative Information regarding Consolidated Performance during the Third Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Nine Months ended December 31, 2015

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

As a result of the above, with respect to our consolidated business results for the nine months ended December 31, 2015, in domestic business, despite the fact that sales growth in our core wholesale channel slowed down as compared to the first six months of the current fiscal year because consumer spending remained slow after the consumption tax increase, sales were supported by sales from our directly managed stores and inbound demand and exceeded the results for the corresponding period of the previous fiscal year. Further, sales from our overseas business were inflated by the depreciation of the yen, and as a result, overall sales exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, overall operating income largely exceeded the results for the corresponding period of the previous fiscal year as a result of the impairment charges which we recognized in relation to Peach John Co., Ltd. during the corresponding period of the previous fiscal year.

Net sales:	154,017 million yen (an increase of 7.0% as compared to the corresponding period of the previous fiscal year)
Operating income:	12,692 million yen (an increase of 109.9% as compared to the corresponding period of the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	14,213 million yen (an increase of 66.4% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	10,027 million yen (an increase of 78.1% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

Our business in the domestic market faced difficult operating conditions during the current third quarter (from October to December) as a result of weak sales mainly at our wholesale channel caused by the temperatures in November which remained above normal, in addition to a continuing trend among consumers towards being selective.

With respect to our Wacoal brand business, although our core winter undergarment products showed poor performance, strong continued inbound demand at department stores in urban areas and our successful promotion of red underwear products, in connection with an old saying that wearing red underwear in the Year of the Monkey brings good luck, contributed to the favorable performance of overall shorts products, and as a result, overall sales remained unchanged from the results for the corresponding period of the previous fiscal year.

With respect to our Wing brand business, while our autumn campaign bottom products showed weak performance, overall sales of our core brassieres products performed strongly despite a large discrepancy in performance between products that performed strongly and products that performed weakly. In addition, sales of our winter undergarment products showed favorable performance as a result of the addition of a lineup of products having thin texture, and the expansion of our brand products for teens also contributed to overall sales, which remained unchanged from the corresponding period of the previous fiscal year.

In our retail business, despite the decreasing number of shop visitors, sales from our directly managed retail store, AMPHI, the favorable performance of our collaboration products with stylists and models and our approach to sell products in line with seasonal events and themes contributed to an increase in average spending per customer. Further,

inbound consumption significantly contributed to sales with respect to our Wacoal Factory Store in outlet malls in areas around airports, and as a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year.

In our wellness business, with respect to our sports conditioning wear “CW-X” brand products, while sales through existing channels, including sports specialty stores, showed weak performance, favorable performance of sales through e-commerce websites of other companies and a launch of new products for daily use contributed to overall sales which remained unchanged from the corresponding period of the previous fiscal year.

In our catalog sales business, sales fell below the results for the corresponding period of the previous fiscal year due to the impact of a decreased number of orders received for our winter catalog products. With respect to sales from our website, our internet sales performed strongly as a result of a significant increase in the number of internet users visiting our website because we were no longer affected by the shutdown of our website that occurred in the previous year and as a result of our strengthening of our efforts to attract visitors using smartphones. As a result, overall sales remained unchanged from the results for the corresponding period of the previous fiscal year.

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

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

Net sales:	92,213 million yen (an increase of 7.1% as compared to the corresponding period of the previous fiscal year)
------------	---

Operating income:	8,415 million yen (an increase of 5.4% as compared to the corresponding period of the previous fiscal year)
-------------------	--

b. Wacoal Business (Overseas)

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

With respect to Wacoal Europe, sales in the United Kingdom performed well due to the expansion of our Wacoal brand portfolio there, and sales in the United States also performed well as a result of growth in sales from e-commerce websites of other companies. However, consumer spending in the Eurozone area did not show a recovery due to the terrorist attacks in Paris, in addition to the influence of the unstable political and economic situation in Europe. Therefore, sales in Eurozone, particularly in France, showed a substantial decrease. As a result, total sales on a local currency basis fell below the results for the corresponding period of the previous fiscal year, but sales on a yen converted basis exceeded the results for the corresponding period of the previous fiscal year. With regard to profit, operating income largely fell below the results for the corresponding period of the previous fiscal year as a result of decreased sales and an increase in purchase costs due to the appreciation of the dollar.

With respect to our business in China, while sales growth of our core Wacoal brand products slowed down when compared to the first six months of the current fiscal year, sales in China showed favorable performance although there is increasing concern that the economic slowdown is intensifying, and sales from e-commerce websites of other companies and outlet malls also showed an expansion. On the other hand, while sales of LA ROSABELLE, our brand targeting the middle-class market, showed strong performance, our existing shops performed poorly, and thus, we focused on profit-making shops and conducted an extensive review of our shop opening plans. As a result, overall sales exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, operating income largely exceeded the

results for the corresponding period of the previous fiscal year as a result of the increased sales profit due to our achieving an expansion in local procurement and a higher sales ratio in channels with a higher gross margin rate.

As a result of the above, with respect to the overall sales and operating income attributable to our “Wacoal Business (Overseas)” segment, overall sales exceeded the results for the corresponding period of the previous fiscal year, while operating income fell below the results for the corresponding period of the previous fiscal year.

Net sales:	39,355 million yen (an increase of 10.8% as compared to the corresponding period of the previous fiscal year)
Operating income:	3,636 million yen (a decrease of 8.3% as compared to the corresponding period of the previous fiscal year)

c. Peach John Business

Sales from our core mail-order catalogues largely fell below the results for the corresponding period of the previous fiscal year due to the impact of a shortened online clearance sales period as well as the lower purchase rate, despite the higher number of users visiting our website using smartphones. Inbound demand contributed to sales from our domestic direct retail stores which largely exceeded the results for the corresponding period of the previous fiscal year. Despite the low proportion, sales through e-commerce websites of other companies are also performing strong. With respect to our overseas business, sales on a yen converted basis exceeded the results for the corresponding period of the previous fiscal year due to increased sales resulting from our initiatives to discontinue our underperforming shops for our business and to shift to sales through e-commerce websites of other companies in China, despite the weak performance of shop sales in Hong Kong.

As a result of the above, overall sales from our Peach John business fell below the results for the corresponding period of the previous fiscal year. In terms of profit, our operating income significantly improved from the corresponding period of the previous fiscal year, during which we recorded an operating loss, as a result of our efforts to improve sales profit by reviewing our pricing method and by holding fewer sales campaigns and reducing PR/production related costs as well as the impairment charges which we recognized during the corresponding period of the previous fiscal year.

Net sales:	8,424 million yen (a decrease of 3.4% as compared to the corresponding period of the previous fiscal year)
Operating income:	440 million yen (as compared to 6,140 million yen of operating loss for the corresponding period of the previous fiscal year)

d. Other

With respect to the business of Lecien Corporation (“Lecien”), overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year due to the weak sales from our apparel business division which fell largely below the results for the corresponding period of the previous fiscal year, although sales of our new price range products to our major clients performed strongly in our core innerwear business division. In terms of profit, we recorded a significant operating loss as a result of the worsening sales profit rate, which was impacted by the weak yen.

As for Nanasai Co., Ltd., while sales from the rental business remained unchanged from the results for the corresponding period of the previous fiscal year, sales from our construction business largely exceeded the results for the corresponding period of the previous fiscal year as a result of our receiving large-scale orders for construction of new commercial facilities and orders from apparel brands, and our sales business also showed an expansion in the delivery of fixtures in connection with the construction orders received. As a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, operating income largely exceeded the results for the corresponding period of 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 exceeded the results for the corresponding period of the previous fiscal year, while operating income largely fell below the results for the corresponding period of the previous fiscal year.

Net sales: 14,025 million yen
(an increase of 2.6% as compared to the corresponding period of the previous fiscal year)

Operating income: 201 million yen
(a decrease of 14.1% as compared to the corresponding period of the previous fiscal year)

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated third quarter were 304,561 million yen, an increase of 4,289 million yen from the end of the previous fiscal year, due to increases in investments and construction in progress.

Our total liabilities were 67,021 million yen, a decrease of 1,683 million yen from the end of the previous fiscal year, due to a decrease in other long-term liabilities.

Total Wacoal Holdings Corp. shareholders' equity was 234,552 million yen, an increase of 5,695 million yen from the end of the previous fiscal year, due to an increase in retained earnings.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated third quarter was 77.0%, an increase of 0.8% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated third quarter of the current fiscal year were 38,940 million yen, an increase of 530 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 12,000 million yen, a decrease of 1,928 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 10,314 million yen plus adjustments for depreciation and amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 6,011 million yen, an increase of 3,558 million yen as compared to the corresponding period of the previous fiscal year, due to capital expenditures and payments to acquire intangible assets.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 5,425 million yen, a decrease of 1,208 million yen as compared to the corresponding period of the previous fiscal year, due to cash dividend payments.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not revised our forecast of consolidated business results for the fiscal year ending March 31, 2016 since our announcement on May 11, 2015.

2. Matters Concerning Summaries (Notes)

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

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

(3) Summary of Changes in Accounting Principles:
Not applicable.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2015	Current Consolidated Third Quarter as of December 31, 2015	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	38,410	38,940	530
Time deposits	2,687	2,455	(232)
Marketable securities	2,387	1,747	(640)
Notes and accounts receivable	26,544	23,879	(2,665)
Allowance for returns and doubtful receivables	(2,409)	(2,878)	(469)
Inventories	42,893	45,572	2,679
Deferred income taxes	5,488	3,886	(1,602)
Other current assets	4,264	5,495	1,231
Total current assets	120,264	119,096	(1,168)
II. Property, plant and equipment:			
Land	22,009	21,957	(52)
Buildings and building improvements	64,038	64,432	394
Machinery and equipment	16,760	17,232	472
Construction in progress	<u>923</u>	<u>4,177</u>	<u>3,254</u>
	103,730	107,798	4,068
Accumulated depreciation	(54,542)	(56,146)	(1,604)
Net property, plant and equipment	49,188	51,652	2,464
III. Other assets:			
Investments in affiliated companies	22,052	20,481	(1,571)
Investments	59,963	63,167	3,204
Goodwill	18,750	18,807	57
Other intangible assets	12,739	12,783	44
Prepaid pension expense	10,577	11,434	857
Deferred income taxes	982	984	2
Other	5,757	6,157	400
Total other assets	130,820	133,813	2,993
Total assets	300,272	304,561	4,289

Accounts	Previous Fiscal Year as of March 31, 2015	Current Consolidated Third Quarter as of December 31, 2015	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	10,038	13,454	3,416
Notes and accounts payable:			
Trade notes	1,031	1,732	701
Trade accounts	11,346	11,560	214
Other payables	<u>6,686</u>	<u>4,706</u>	<u>(1,980)</u>
	19,063	17,998	(1,065)
Accrued payroll and bonuses	6,936	5,554	(1,382)
Income taxes payable	2,064	730	(1,334)
Other current liabilities	4,201	6,096	1,895
Total current liabilities	42,302	43,832	1,530
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,680	1,392	(288)
Deferred income taxes	18,796	19,793	997
Other long-term liabilities	5,926	2,004	(3,922)
Total long-term liabilities	26,402	23,189	(3,213)
Total liabilities	68,704	67,021	(1,683)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,642	29,685	43
III. Retained earnings	155,264	161,066	5,802
IV. Accumulated other comprehensive income:			
Foreign currency translation adjustments	10,831	9,332	(1,499)
Unrealized gain on securities	20,821	22,647	1,826
Pension liability adjustments	1,934	1,454	(480)
V. Treasury stock, at cost	(2,895)	(2,892)	3
Total Wacoal Holdings Corp. shareholders' equity	228,857	234,552	5,695
VI. Noncontrolling interests	2,711	2,988	277
Total equity	231,568	237,540	5,972
Total liabilities and equity	300,272	304,561	4,289

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)		Current Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	143,980	100.0	154,017	100.0	10,037
II. Operating costs and expenses					
Cost of sales	66,500	46.2	71,367	46.4	4,867
Selling, general and administrative expenses	65,412	45.4	69,958	45.4	4,546
Impairment charges on goodwill and other intangible assets	6,021	4.2	-		(6,021)
Total operating costs and expenses	137,933	95.8	141,325	91.8	3,392
Operating income	6,047	4.2	12,692	8.2	6,645
III. Other income (expenses):					
Interest income	95		113		18
Interest expense	(78)		(55)		23
Dividend income	892		1,017		125
Gain or loss on sales or exchange of marketable securities and investments - net	1		90		89
Valuation loss on marketable securities and investments	(14)		(20)		(6)
Gain on sales of paintings	1,059		-		(1,059)
Other - net	540		376		(164)
Total other income (expenses)	2,495	1.7	1,521	1.0	(974)
Income before income taxes and equity in net income of affiliated companies	8,542	5.9	14,213	9.2	5,671
Income taxes	3,320	2.3	4,900	3.2	1,580
Income before equity in net income of affiliated companies	5,222	3.6	9,313	6.0	4,091
Equity in net income of affiliated companies	673	0.5	1,001	0.7	328
Net income	5,895	4.1	10,314	6.7	4,419
Net income attributable to noncontrolling interests	(264)	(0.2)	(287)	(0.2)	(23)
Net income attributable to Wacoal Holdings Corp.	5,631	3.9	10,027	6.5	4,396

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)	Current Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	5,895	10,314	4,419
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	8,111	(1,507)	(9,618)
Unrealized gain on securities	5,748	1,811	(3,937)
Pension liability adjustments	(135)	(480)	(345)
Other comprehensive income	13,724	(176)	(13,900)
Comprehensive income	19,619	10,138	(9,481)
Comprehensive income attributable to noncontrolling interests	(350)	(264)	86
Comprehensive income attributable to Wacoal Holdings Corp.	19,269	9,874	(9,395)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)	Current Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	5,895	10,314
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	3,765	3,508
(2) Provision for returns and doubtful receivables - net	228	468
(3) Deferred income taxes	(1,064)	1,967
(4) Gain or loss on sales or disposal of property, plant and equipment - net	23	(69)
(5) Gain on sales of paintings	(1,059)	-
(6) Impairment charges on goodwill and other intangible assets	6,021	-
(7) Gain or loss on sales or exchange of marketable securities and investments - net	(1)	(90)
(8) Valuation loss on marketable securities and investments	14	20
(9) Equity in net income of affiliated companies, less dividends	(18)	(246)
(10) Changes in assets and liabilities		
Decrease in notes and receivables	3,647	2,700
Increase in inventories	(2,382)	(1,920)
Increase in other current assets	(971)	(1,226)
Increase (decrease) in notes and accounts payable	118	(1,258)
Decrease in liability for termination and retirement benefits	(1,190)	(1,849)
Increase (decrease) in other liabilities	764	(493)
(11) Other	138	174
Net cash provided by operating activities	13,928	12,000
II. Investing activities		
1. Increase in time deposits	(2,317)	(2,223)
2. Decrease in time deposits	2,249	2,444
3. Proceeds from sales and redemption of marketable securities	311	1,126
4. Payments to acquire marketable securities	-	(534)
5. Proceeds from sales of paintings	1,275	-
6. Proceeds from sales of property, plant and equipment	163	366
7. Capital expenditures	(2,578)	(4,813)
8. Payments to acquire intangible assets	(995)	(1,107)
9. Proceeds from sales of investments	14	237
10. Payments to acquire investments	(593)	(522)
11. Payments to acquire additional shares of a subsidiary	(1)	-
12. Other	19	(985)
Net cash used in investing activities	(2,453)	(6,011)
III. Financing activities		
1. Net increase in short-term bank loans	(1,193)	3,580
2. Repayment of long-term debt	(601)	(4,570)
3. Repurchase of treasury stock	(1)	(4)
4. Dividends paid on common stock	(4,648)	(4,225)
5. Dividends paid to noncontrolling interests	(190)	(206)
6. Other	-	0
Net cash used in financing activities	(6,633)	(5,425)
IV. Effect of exchange rate changes on cash and cash equivalents	1,800	(34)
V. Net increase in cash and cash equivalents	6,642	530
VI. Cash and cash equivalents, beginning of period	30,658	38,410
VII. Cash and cash equivalents, end of period	37,300	38,940

Additional Cash Flow Information

Cash paid for:		
Interest	79	56
Income taxes	4,206	5,297
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	436	617

(5) Notes on Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

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

Not applicable.

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	86,066	35,518	8,723	13,673	143,980	-	143,980
(2) Intersegment	1,525	6,523	476	3,863	12,387	(12,387)	-
Total	87,591	42,041	9,199	17,536	156,367	(12,387)	143,980
Operating expenses	79,604	38,075	9,208	17,302	144,189	(12,387)	131,802
Depreciation and amortization on customer relationships	-	-	110	-	110	-	110
Impairment charges on goodwill and other intangible assets	-	-	6,021	-	6,021	-	6,021
Total operating expenses	79,604	38,075	15,339	17,302	150,320	(12,387)	137,933
Operating income (loss)	7,987	3,966	(6,140)	234	6,047	-	6,047

Current Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	92,213	39,355	8,424	14,025	154,017	-	154,017
(2) Intersegment	1,222	6,658	575	4,554	13,009	(13,009)	-
Total	93,435	46,013	8,999	18,579	167,026	(13,009)	154,017
Operating expenses	85,020	42,377	8,559	18,378	154,334	(13,009)	141,325
Operating income	8,415	3,636	440	201	12,692	-	12,692

(Note) Core products of respective businesses:

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

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

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

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

(ii) Segment Information by Region

Previous Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	108,165	11,996	23,819	143,980
Distribution ratio	75.1%	8.3%	16.6%	100.0%
Operating income	2,009	1,466	2,572	6,047

Current Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	114,391	13,558	26,068	154,017
Distribution ratio	74.3%	8.8%	16.9%	100.0%
Operating income	8,899	1,607	2,186	12,692

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

(Material Subsequent Events)

(i) Establishment of Subsidiaries and Execution of Business Transfer Agreements

Based on the Joint Venture Agreements executed on November 13, 2015, Wacoal Corp., our consolidated subsidiary, established two subsidiaries in the Kingdom of Thailand (“Thailand”) in January 2016 as described below. On January 27, 2016, these two subsidiaries executed the Business Transfer Agreements with Textile Prestige Public Company Limited and Erawan Textile Company Limited, respectively, and accordingly on February 1, 2016, we plan to assume their material manufacture businesses.

a. Purpose of Establishing Subsidiaries and Execution of Business Transfer Agreements

We expect to achieve an improvement in the manufacturing quality and cost competitiveness of our entire group and will aim to stably supply high value-added materials and products to our global network of the Wacoal group and customers in the future, by building a worldwide system to supply materials and products in the ASEAN region, which has the potential to further develop and grow.

b. Outline of Subsidiaries

Trade Name:	A Tech Textile Co., Ltd.
Location of Office:	Bangkok, Thailand
Business Description:	Warp knitting, circular knitting and, planning, development, manufacturing, staining and sales of embrace products, etc.
Date of Incorporation:	January 15, 2016
Capital Amount:	1,000 million Thai baht
Ratio of Capital Contribution:	Wacoal Corp.: 54.2% Violetta Co., Ltd.: 2.9% Toyo Senko & Co., Ltd.: 2.9% Thai Contributors: 40.0%
A Tech Textile Co., Ltd. falls under the category of a specified subsidiary (<i>tokutei kogaisha</i>) of the Company as the amount of contribution in this subsidiary is equal to or more than 10/100 of the capital amount of the Company.	

Trade Name:	G Tech Material Co., Ltd.
Location of Office:	Bangkok, Thailand
Business Description:	Mold, circular knitting and, planning, development, manufacturing and sales of wire products, etc.
Date of Incorporation:	January 12, 2016
Capital Amount:	300 million Thai baht
Ratio of Capital Contribution:	Wacoal Corp.: 50.4% Cosmo Co., Ltd.: 9.6% Thai Contributors: 40.0%

(ii) Transfer of Fixed Assets

Our board of directors (“Board”) resolved at a meeting held on January 29, 2016 to transfer the fixed assets (land) as described below.

a. Reason for Transfer

We have decided to transfer the subject land, the old site of our Nagoya branch, for effective use of our managerial resources because it is unlikely that we would use this site for our business in the future.

b. Details of Subject Asset to be Transferred

Details of Subject Asset:	land (1,370 m ²)
Location:	15 Sakae 5-chome, Naka-ku, Nagoya-shi, Aichi
Current Status:	leased for parking spaces
Book Value of Subject Asset:	295 million yen
Transfer Value:	4,149 million yen

c. Outline of Transferee

Kabushiki Kaisha Nihon Ceremony

d. Schedule of Transfer

Resolution of Board Meeting:	January 29, 2016
Execution of Agreement:	February 12, 2016 (scheduled)
Delivery of Land:	April 28, 2016 (scheduled)

e. Impact on Business Results

In connection with the transfer of the subject fixed assets, we expect to record approximately 3.8 billion yen of gain on sale of fixed assets during the consolidated first quarter of the fiscal year ending March 2017.

(6) Status of Sales

Type of product		Previous Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)		Current Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 107,531	% 74.7	Millions of Yen 114,849	% 74.6	Millions of Yen 7,318	% 6.8
	Nightwear	7,461	5.2	7,470	4.9	9	0.1
	Children's underwear	1,128	0.8	1,086	0.7	(42)	(3.7)
	Subtotal	116,120	80.7	123,405	80.2	7,285	6.3
Outerwear/Sportswear		12,242	8.5	14,928	9.7	2,686	21.9
Hosiery		1,906	1.3	1,711	1.1	(195)	(10.2)
Other textile goods and related products		6,097	4.2	5,582	3.6	(515)	(8.4)
Other		7,615	5.3	8,391	5.4	776	10.2
Total		143,980	100.0	154,017	100.0	10,037	7.0