

[Translation]

**Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2017
[U.S. GAAP]**

July 29, 2016

Listed Company: Wacoal Holdings Corp.
Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)
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Scheduled quarterly report submission date: August 10, 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. First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – June 30, 2016)

(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	%
First Quarter ended June 30, 2016	48,440	(2.8)	2,780	(37.3)	6,887	28.8	4,942	29.4
First Quarter ended June 30, 2015	49,854	8.4	4,432	35.6	5,348	13.7	3,819	26.3

(Note) Quarterly comprehensive income: (3,631) million yen (- %) for the first quarter ended June 30, 2016
9,254 million yen (increase of 64.5%) for the first quarter ended June 30, 2015

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
First Quarter ended June 30, 2016	35.13	35.03
First Quarter ended June 30, 2015	27.12	27.04

(Note) As described in “(5) Notes to Consolidated Quarterly Financial Statements (Notes to Business Combinations)” in Section 3 “Consolidated Quarterly Financial Statements” on page 10, retroactive adjustments have been made to the results for the first quarter ended June 30, 2015.

(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 June 30, 2016	286,405	219,908	215,111	75.1	1,538.15
As of the end of Fiscal Year (March 31, 2016)	292,854	229,401	224,374	76.6	1,592.90

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, 2016	–	–	–	33.00	33.00
Fiscal Year Ending March 31, 2017	–				
Fiscal Year Ending March 31, 2017 (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, 2017 (April 1, 2016 - March 31, 2017)

(% 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	
Six-month Period Ending September 30, 2016	104,000	(1.6)	6,000	(38.0)	10,000	(6.1)	6,800	(9.1)	48.34	
Annual	203,000	0.0	10,000	(27.9)	14,500	(3.1)	10,000	(10.4)	71.09	

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

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative first 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)

	First Quarter ended June 30, 2016	Fiscal Year ended March 31, 2016
(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:	3,527,378 shares	2,519,350 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	140,661,785 shares	140,839,822 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.

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1. Qualitative Information regarding Consolidated Performance during the First Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Three Months ended June 30, 2016

Our group entered the first year of our three-year mid-term plan (from fiscal year 2017 to fiscal year 2019). While we make efforts to improve profitability and business efficiency in line with the five elements of the basic policies, which are (i) to improve the infrastructure of our group management base as a foundation, (ii) to ensure profits from our domestic business, (iii) to achieve further growth of our overseas business, (iv) to achieve group synergies through collaboration and to strengthen our competitiveness, and (v) to attempt to expand our business portfolio, we will aim to improve corporate value by implementing an efficient capital policy.

Under these initiatives, sales as shown in our consolidated business results for the three months ended June 30, 2016 in domestic business fell below the results for the corresponding period of the previous fiscal year due to inbound demand which has tapered off and sales of luxury products which were sluggish. Further, sales from our overseas business decreased due to the impact of currency fluctuations, in addition to the weak performance of sales from our core regions. As a result, our group's overall sales fell below the results for the corresponding period of the previous fiscal year. In terms of profit, overall operating income largely fell below the results for the corresponding period of the previous fiscal year due to an increase in selling, general and administrative expenses which resulted from our domestic business and costs accrued in connection with the reorganization proceedings by a subsidiary located in France. Income before income taxes and equity in net income of affiliated companies largely exceeded the results for the corresponding period of the previous fiscal year as a result of our recorded 3,770 million yen of gain on sale of fixed assets during the current first quarter in connection with the transfer of fixed assets (land) which we announced on January 29, 2016.

Net sales:	48,440 million yen (a decrease of 2.8% as compared to the corresponding period of the previous fiscal year)
Operating income:	2,780 million yen (a decrease of 37.3% as compared to the corresponding period of the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	6,887 million yen (an increase of 28.8% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	4,942 million yen (an increase of 29.4% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

In our domestic business, we are making efforts this fiscal year to improve the productivity of our wholesale business and to enhance the profitability of our retail business in order to establish a customer-centered multi-channel system which can respond to changes in the external environment. In terms of products, we will newly develop high value-added products and will aim to carry out an appropriate merchandise policy which is tailored to each target group.

With respect to our Wacoal brand business, sales of our core brassieres products showed favorable performance which were driven by the sales of the campaign products, which achieved unprecedented comfortability. Overall sales, however, remained unchanged from the results for the corresponding period of the previous fiscal year as a result of the inbound demand which has tapered off at department stores in certain areas and the sales of luxury products which were sluggish.

With respect to our Wing brand business, while favorable performance of the good-luck shorts products associated with the signs of the Chinese zodiac and our summer undergarments products, as well as the strong performance of our brassieres products, particularly the spring campaign products as a result of our placing TV commercials, contributed to shop sales which showed an increasing trend, overall sales fell below the results for the corresponding period of the previous fiscal year partly due to the influence of the inventory adjustment at shops.

In our retail business, despite the decreasing number of shop visitors at our existing stores, sales from our directly managed retail store, AMPHI, exceeded the results for the corresponding period of the previous fiscal year as a result of an increasing number of shop openings. The broad rollout of common merchandise of our brand products for directly managed stores from this spring and the enhancement of storefront promotion activities and promotion activities using SNS have led new customers to purchase our products, which contributed to the improvement of profits. As a result, overall sales exceeded the results for the corresponding period of the previous fiscal year.

In our wellness business, although sales (of mainly new spring products) of our sports conditioning wear “CW-X” brand products through sports specialty stores and e-commerce websites showed steady performance, sales of our products for daily use which are mainly sold at the lingerie section of department stores fell below the results for the corresponding period of the previous fiscal year due to poor performance. Further, our exports to the United States showed poor sales and, as a result, overall sales fell below the results for the corresponding period of the previous fiscal year.

In our catalog sales business, an increase in the number of internet users visiting our website resulting from our extended services and enhanced features of our website did not lead to an expansion of sales, and sales from our website remained unchanged from the results for the corresponding period of the previous fiscal year. Sales from our summer catalog and newspaper inserts also showed weak performance, and as a result, overall sales fell below the results for the corresponding period of the previous fiscal year.

With respect to Ai Co., Ltd., while sales from the underwear business expanded through new shop openings, the worsening location of our key stores and decreasing number of limited-time shops impacted sales from the swimwear business, despite the launch of sales through e-commerce websites operated by other companies, and as a result, overall sales fell below the results for the corresponding period of the previous fiscal year.

In summary, overall sales attributable to our “Wacoal Business (Domestic)” segment fell below the results for the corresponding period of the previous fiscal year due to decreased sales from Wacoal Corp., our core operating entity. With respect to profit, our operating income also largely decreased from the results for the corresponding period of the previous fiscal year partly due to an increase in retirement benefits costs and a higher tax underpro-forma basis taxation following tax reforms.

Net sales:	28,214 million yen (a decrease of 2.2% as compared to the corresponding period of the previous fiscal year)
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Operating income:	1,483 million yen (a decrease of 35.4% as compared to the corresponding period of the previous fiscal year)
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b. Wacoal Business (Overseas)

With respect to our overseas business, we are working to build a stable management structure in the United States, Europe and China, the three largest markets in the world, and aim to build a system that can achieve an operating margin of at least 10% at all times.

With respect to Wacoal International Corp. (U.S.), sales (mostly of our core Wacoal brand products) at department stores in the United States showed steady performance and sales from our e-commerce website also showed favorable performance. Overall sales, however, fell below the results for the corresponding period of the previous fiscal year, as a result of the impact of the inventory control conducted by our clients in the United States, in addition to the decreased number of products exported to Europe and the poor performance of our exports to surrounding countries. In terms of profit, operating income largely fell below the results for the corresponding period of the previous fiscal year due to decreased sales and a decline in the sales profit rate, despite our efforts to control PR related costs.

With respect to Wacoal Europe, although sales at department stores in most countries and regions showed weak performance, total sales on a local currency basis remained unchanged from the results for the corresponding period of the previous fiscal year as a result of the favorable performance of sales through e-commerce websites of other companies. However, sales on a yen converted basis largely fell below the results for the corresponding period of the previous fiscal year. With regard to profit, we recorded an operating loss due to a decline in the sales profit rate and a recorded portion of the costs incurred for the reorganization proceedings by our subsidiary.

With respect to our business in China, although sales from e-commerce websites of other companies and outlet malls showed steady performance, overall sales fell below the results for the corresponding period of the previous fiscal year due to decreased sales at department stores, which are our core sales channel, and the temporary suspension of shop

openings for LA ROSABELLE, our brand targeting the middle-class market. In terms of 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 labor costs.

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

Net sales:	13,019 million yen (a decrease of 8.8% as compared to the corresponding period of the previous fiscal year)
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Operating income:	1,027 million yen (a decrease of 46.1% as compared to the corresponding period of the previous fiscal year)
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c. Peach John Business

With respect to Peach John Co., Ltd., we made efforts to rebuild our brand image, to expand shop openings, and to strengthen our customer base. Sales from our domestic directly managed retail stores exceeded the results for the corresponding period of the previous fiscal year mainly due to the steady performance of stores in urban areas, while certain stores in rural areas showed weak performance. On the other hand, sales from our mail-order catalogues largely fell below the results for the corresponding period of the previous fiscal year because, although a higher number of users visited our website, these additional visits did not lead to actual purchases. With respect to our overseas subsidiaries, our directly managed retail stores in Hong Kong performed well, and sales in China also expanded.

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, although we achieved a higher sales profit rate as a result of improved profitability of our overseas subsidiaries and of the impact of currency fluctuations, operating income largely fell below the results for the corresponding period of the previous fiscal year, which was impacted by the decreased sales of our domestic mail-order catalogues.

Net sales:	2,714 million yen (a decrease of 6.0% as compared to the corresponding period of the previous fiscal year)
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Operating income:	205 million yen (a decrease of 40.4% as compared to the corresponding period of the previous fiscal year)
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d. Other

With respect to the business of Lecien Corporation (“Lecien”), we made efforts to streamline managerial resources by reviewing our business portfolio and to rationalize planning and production. While the art & hobby division showed weak performance due to a decrease in the number of orders received overseas, overall sales from Lecien exceeded the results for the corresponding period of the previous fiscal year as a result of steady performance of our core intimate apparel division as well as our material division. 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, due to the higher sales profit rate resulting from the impact of currency fluctuations and reviewing purchase costs of raw materials.

As for Nanasai Co., Ltd. (“Nanasai”), we made efforts to ensure profits from our existing business sectors and to strengthen the development of new clients. While our sales business showed weak performance, we maintained sales from the rental business at the same level as we did in the corresponding period of the previous fiscal year, despite the influence of the closing of stores by our clients. Sales from our construction business expanded as a result of an increase in the number of orders received from the limited-time shops of import brands and our new clients. As a result, overall sales largely exceeded the results for the corresponding period of the previous fiscal year. In terms of profit, however, we recorded an operating loss as we did in the corresponding period of the previous fiscal year due to a lower sales profit rate as a result of a higher percentage of our sales coming from our construction business.

Net sales:	4,493 million yen (an increase of 16.5% as compared to the corresponding period of the previous fiscal year)
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Operating income: 65 million yen
(113 million yen of operating loss for 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 first quarter were 286,405 million yen, a decrease of 6,449 million yen from the end of the previous fiscal year, due to decreases in notes and accounts receivable and investments at market value.

Our total liabilities were 66,497 million yen, an increase of 3,044 million yen from the end of the previous fiscal year, due to increases in short-term bank loans and other current liabilities.

Total Wacoal Holdings Corp. shareholders' equity was 215,111 million yen, a decrease of 9,263 million yen from the end of the previous fiscal year, due to decreases in foreign currency translation adjustments and unrealized gain on securities.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated first quarter was 75.1%, a decrease of 1.5% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated first quarter of the current fiscal year were 35,874 million yen, an increase of 1,815 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 2,788 million yen, a decrease of 187 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 4,976 million yen plus adjustments for depreciation and amortization and deferred income taxes.

(Cash Flow Provided by Investing Activities)

Cash flow provided by investing activities was 3,162 million yen, as compared to 2,551 million yen of cash outflow for the corresponding period of the previous fiscal year, due to proceeds from sales of property, plant and equipment.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 2,639 million yen, a decrease of 1,701 million yen as compared to the corresponding period of the previous fiscal year, due to cash dividend payments and repurchase of treasury stock, despite an increase in short-term bank loans.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not revised our forecast of consolidated business results for the six-month period ending September 30, 2016 and fiscal year ending March 31, 2017 since our announcement on May 9, 2016.

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, 2016	Current Consolidated First Quarter as of June 30, 2016	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	34,059	35,874	1,815
Time deposits	2,131	2,080	(51)
Marketable securities	1,880	2,060	180
Notes and accounts receivable	26,936	24,105	(2,831)
Allowance for returns and doubtful receivables	(2,229)	(2,340)	(111)
Inventories	44,445	45,048	603
Deferred income taxes	3,832	3,398	(434)
Other current assets	5,797	6,612	815
Total current assets	116,851	116,837	(14)
II. Property, plant and equipment:			
Land	21,677	21,600	(77)
Buildings and building improvements	65,056	64,568	(488)
Machinery and equipment	17,552	17,039	(513)
Construction in progress	<u>5,419</u>	<u>6,633</u>	<u>1,214</u>
	109,704	109,840	136
Accumulated depreciation	(55,766)	(55,745)	21
Net property, plant and equipment	53,938	54,095	157
III. Other assets:			
Investments in affiliated companies	20,713	19,349	(1,364)
Investments	56,021	53,642	(2,379)
Goodwill	17,911	15,951	(1,960)
Other intangible assets	12,112	11,247	(865)
Prepaid pension expense	8,145	8,247	102
Deferred income taxes	1,036	1,018	(18)
Other	6,127	6,019	(108)
Total other assets	122,065	115,473	(6,592)
Total assets	292,854	286,405	(6,449)

Accounts	Previous Fiscal Year as of March 31, 2016	Current Consolidated First Quarter as of June 30, 2016	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	11,759	14,644	2,885
Notes and accounts payable:			
Trade notes	1,431	1,734	303
Trade accounts	12,017	12,272	255
Other payables	<u>6,106</u>	<u>5,627</u>	<u>(479)</u>
	19,554	19,633	79
Accrued payroll and bonuses	7,152	5,356	(1,796)
Income taxes payable	711	660	(51)
Other current liabilities	5,167	8,397	3,230
Total current liabilities	44,343	48,690	4,347
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,703	1,679	(24)
Deferred income taxes	15,588	14,637	(951)
Other long-term liabilities	1,819	1,491	(328)
Total long-term liabilities	19,110	17,807	(1,303)
Total liabilities	63,453	66,497	3,044
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,686	29,668	(18)
III. Retained earnings	162,196	162,485	289
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	5,177	(1,715)	(6,892)
Unrealized gain on securities	17,966	16,490	(1,476)
Pension liability adjustments	(1,035)	(1,081)	(46)
V. Treasury stock, at cost	(2,876)	(3,996)	(1,120)
Total Wacoal Holdings Corp. shareholders' equity	224,374	215,111	(9,263)
VI. Noncontrolling interests	5,027	4,797	(230)
Total equity	229,401	219,908	(9,493)
Total liabilities and equity	292,854	286,405	(6,449)

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2015 to June 30, 2015)		Current Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	49,854	100.0	48,440	100.0	(1,414)
II. Operating costs and expenses					
Cost of sales	22,588	45.3	22,505	46.5	(83)
Selling, general and administrative expenses	22,834	45.8	23,155	47.8	321
Total operating costs and expenses	45,422	91.1	45,660	94.3	238
Operating income	4,432	8.9	2,780	5.7	(1,652)
III. Other income (expenses):					
Interest income	37		31		(6)
Interest expense	(21)		(12)		9
Dividend income	558		643		85
Gain or loss on sales or exchange of marketable securities and investments - net	24		84		60
Valuation loss on marketable securities and investments - net	(0)		(3)		(3)
Gain on sales of property, plant and equipment	-		3,770		3,770
Other - net	318		(406)		(724)
Total other income (expenses)	916	1.8	4,107	8.5	3,191
Income before income taxes and equity in net income of affiliated companies	5,348	10.7	6,887	14.2	1,539
Income taxes	1,806	3.6	2,147	4.4	341
Income before equity in net income of affiliated companies	3,542	7.1	4,740	9.8	1,198
Equity in net income of affiliated companies	389	0.8	236	0.5	(153)
Net income	3,931	7.9	4,976	10.3	1,045
Net income attributable to noncontrolling interests	(112)	(0.2)	(34)	(0.1)	78
Net income attributable to Wacoal Holdings Corp.	3,819	7.7	4,942	10.2	1,123

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2015 to June 30, 2015)		Current Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)		Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
I. Net income	3,931		4,976		1,045
II. Other comprehensive income (loss) - net of tax:					
Foreign currency translation adjustments	2,580		(7,080)		(9,660)
Unrealized gain on securities	2,903		(1,481)		(4,384)
Pension liability adjustments	(160)		(46)		114
Other comprehensive income	5,323		(8,607)		(13,930)
Comprehensive income	9,254		(3,631)		(12,885)
Comprehensive income attributable to noncontrolling interests	(114)		159		273
Comprehensive income attributable to Wacoal Holdings Corp.	9,140		(3,472)		(12,612)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2015 to June 30, 2015)	Current Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	3,931	4,976
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	1,169	1,161
(2) Provision for returns and doubtful receivables - net	83	198
(3) Deferred income taxes	721	486
(4) Gain or loss on sales or disposal of property, plant and equipment - net	7	(3,612)
(5) Gain or loss on sales or exchange of marketable securities and investments - net	(24)	(84)
(6) Valuation loss on marketable securities and investments - net	0	3
(7) Equity in net income of affiliated companies, less dividends	355	242
(8) Changes in assets and liabilities		
Decrease in notes and receivables	2,253	2,111
Increase in inventories	(2,504)	(1,926)
Increase in other current assets	(1,719)	(1,316)
Decrease in notes and accounts payable	(1,471)	(800)
Decrease in liability for termination and retirement benefits	(818)	(166)
Increase in other liabilities	975	1,482
(9) Other	17	33
Net cash provided by operating activities	2,975	2,788
II. Investing activities		
1. Increase in time deposits	(508)	(259)
2. Decrease in time deposits	539	157
3. Proceeds from sales and redemption of marketable securities	122	-
4. Payments to acquire marketable securities	(135)	-
5. Proceeds from sales of property, plant and equipment	75	4,033
6. Capital expenditures	(1,062)	(450)
7. Payments to acquire intangible assets	(492)	(389)
8. Proceeds from sales of investments	27	331
9. Payments to acquire investments	(130)	(266)
10. Other	(987)	5
Net cash provided by (used in) investing activities	(2,551)	3,162
III. Financing activities		
1. Net increase in short-term bank loans	4,312	3,350
2. Proceeds from issuance of long-term debt	100	-
3. Repayment of long-term debt	(4,433)	(113)
4. Repurchase of treasury stock	(2)	(1,157)
5. Dividends paid on common stock	(4,225)	(4,648)
6. Dividends paid to noncontrolling interests	(92)	(79)
7. Other	-	8
Net cash used in financing activities	(4,340)	(2,639)
IV. Effect of exchange rate changes on cash and cash equivalents	400	(1,496)
V. Net increase (decrease) in cash and cash equivalents	(3,516)	1,815
VI. Cash and cash equivalents, beginning of period	38,410	34,059
VII. Cash and cash equivalents, end of period	34,894	35,874

Additional Cash Flow Information

Cash paid for:		
Interest	21	12
Income taxes	3,628	2,487
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	446	1,676

(5) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

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

Not applicable.

(Notes to Business Combinations)

Upon the business acquisition by Ai Co., Ltd., our domestic subsidiary, on April 1, 2015, the difference between the acquisition cost and the estimated fair values of the identifiable assets acquired and liabilities assumed, which were investigated and analyzed in detail for the estimate, was recorded on the consolidated quarterly statements of income as gain on bargain purchase. 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 acquisition date during the previous consolidated second quarter.

In accordance with the above, the quarterly consolidated financial statements for the previous cumulative first quarter have been revised to reflect such retroactive adjustments.

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Cumulative First Quarter (From April 1, 2015 to June 30, 2015)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	28,836	14,277	2,886	3,855	49,854	-	49,854
(2) Intersegment	387	2,196	173	1,366	4,122	(4,122)	-
Total	29,223	16,473	3,059	5,221	53,976	(4,122)	49,854
Operating income (loss)	2,297	1,904	344	(113)	4,432	-	4,432

Current Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	28,214	13,019	2,714	4,493	48,440	-	48,440
(2) Intersegment	266	2,765	242	1,381	4,654	(4,654)	-
Total	28,480	15,784	2,956	5,874	53,094	(4,654)	48,440
Operating income	1,483	1,027	205	65	2,780	-	2,780

(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, and nightwear), outerwear, and other textile-related products, etc.
- Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins, construction of stores and interior design, etc.

(ii) Segment Information by Region

Previous Consolidated Cumulative First Quarter (From April 1, 2015 to June 30, 2015)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	35,503	4,589	9,762	49,854
Distribution ratio	71.2%	9.2%	19.6%	100.0%
Operating income	2,538	516	1,378	4,432

Current Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	35,325	4,982	8,133	48,440
Distribution ratio	72.9%	10.3%	16.8%	100.0%
Operating income	1,695	732	353	2,780

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

(6) Status of Sales

Type of product		Previous Consolidated Cumulative First Quarter (From April 1, 2015 to June 30, 2015)		Current Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 37,709	% 75.6	Millions of Yen 36,053	% 74.4	Millions of Yen (1,656)	% (4.4)
	Nightwear	2,518	5.1	2,464	5.1	(54)	(2.1)
	Children's underwear	405	0.8	428	0.9	23	5.7
	Subtotal	40,632	81.5	38,945	80.4	(1,687)	(4.2)
Outerwear/Sportswear		4,538	9.1	4,081	8.4	(457)	(10.1)
Hosiery		637	1.3	552	1.2	(85)	(13.3)
Other textile goods and related products		1,830	3.7	2,294	4.7	464	25.4
Other		2,217	4.4	2,568	5.3	351	15.8
Total		49,854	100.0	48,440	100.0	(1,414)	(2.8)