

[Translation]

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

January 31, 2017

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 10, 2017  
 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, 2017 (April 1, 2016 – December 31, 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	%
Third Quarter ended December 31, 2016	149,019	(3.2)	11,175	(12.0)	16,543	16.4	12,085	20.5
Third Quarter ended December 31, 2015	154,017	7.0	12,692	109.9	14,213	66.4	10,027	78.1

(Note) Quarterly comprehensive income: 9,834 million yen (decrease of 3.0%) for the third quarter ended December 31, 2016  
 10,138 million yen (decrease of 48.3%) for the third quarter ended December 31, 2015

	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, 2016	86.73	86.47
Third Quarter ended December 31, 2015	71.19	70.99

(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, 2016	294,994	231,951	227,317	77.1	1,640.24
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 decrease from the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.		Net Income Attributable to Wacoal Holdings Corp. Per Share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
Annual	198,000	(2.4)	10,500	(24.3)	14,500	(3.1)	11,000	(1.4)	78.94	

(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, 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:	4,790,075 shares	2,519,350 shares
(iii) Average number of shares during consolidated third quarter (third quarter ended December 31):	139,340,406 shares	140,839,694 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 Third Quarter

### (1) Qualitative Information regarding Consolidated Business Results

#### (i) Performance Overview of the Nine Months ended December 31, 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 from our domestic business as shown in our consolidated business results for the nine months ended December 31, 2016 remained unchanged from the corresponding period of the previous fiscal year, due to a slowdown in our wholesale business of women's innerwear products during the current third period (from October to December) as compared to the first half of the current fiscal year mainly at department stores and general merchandise stores, despite the favorable performance of our directly managed stores of Wacoal Corp., our core operating entity in our domestic business. Further, although performance in the United States and Europe has steadily improved and sales in China remained unchanged from the corresponding period of the previous fiscal year, sales from our overseas business decreased due to the impact of currency fluctuations. 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 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. Nevertheless, operating income still exceeded our initial plan. 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 gain on sales of property, plant and equipment which was recorded during the first quarter of the current fiscal year.

Net sales:	149,019 million yen (a decrease of 3.2% as compared to the corresponding period of the previous fiscal year)
Operating income:	11,175 million yen (a decrease of 12.0% as compared to the corresponding period of the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	16,543 million yen (an increase of 16.4% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	12,085 million yen (an increase of 20.5% 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, with respect to our Wacoal brand business, robust sales were driven by the sales of our brassieres and girdles providing both comfort and functionality, which received support from consumers. Overall sales, however, remained unchanged from the corresponding period of the previous fiscal year, as a result of the poor performance of sales of autumn/winter underwear and luxury products.

With respect to our Wing brand business, shop sales showed steady performance as a result of the continued strong sales of our core brassieres products. Overall sales, however, fell below the results for the corresponding period of the previous year due to the influence of inventory adjustments at shops.

With respect to retail business, while the number of shop visitors at our existing stores continued to decrease, sales from our directly managed retail store, "AMPHI", exceeded the results for the corresponding period of the previous fiscal year as a result of the promotion efforts by individual stores which achieved a higher average sale per customer. Further,

the broad rollout of common merchandise of our brand products for directly managed stores, as well as the efforts to review the shops to be opened up/closed have led to the expansion of sales and improvement of profits. As a result, overall sales exceeded the results for the corresponding period of the previous fiscal year.

With respect to wellness business, sales of sport brassieres under our sports conditioning wear brand “CW-X” have increased constantly, while sales of functional tights, our main products, have been struggling since autumn. In addition to the foregoing circumstances, due to the poor performance of our products for daily use and the weak performance of exports to the United States, overall sales fell below the results for the corresponding period of the previous fiscal year.

With respect to catalog sales business, although sales from our website exceeded the results for the corresponding period of the previous fiscal year as a result of an increase in the number of internet users visiting our website resulting from renewal of our site by improving convenience for smartphone users and implementation of a monthly sales promotion plan using social networking services, sales from our catalogs showed weak performance for the whole season. 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, overall sales remained unchanged from the corresponding period of the previous fiscal year. Although our core swimwear business has been struggling at its peak season, it compensated its poor performance by extending the operating length of seasonal shops and increasing sales on e-commerce websites.

In summary, overall sales attributable to our “Wacoal Business (Domestic)” segment remained unchanged from the corresponding period of the previous fiscal year due to decreased sales from Wacoal Corp., our core operating entity. In terms of profit, our operating income also largely decreased from the results for the corresponding period of the previous fiscal year, due to an increase in retirement benefits costs and a higher tax under pro-forma basis taxation following tax reforms at Wacoal Corp., as well as an increase in expenses incurred by the opening for the business at the New Kyoto Building.

Net sales:	91,018 million yen (a decrease of 1.3% as compared to the corresponding period of the previous fiscal year)
Operating income:	7,243 million yen (a decrease of 13.9% as compared to the corresponding period of the previous fiscal year)

b. Wacoal Business (Overseas)

With respect to Wacoal International Corp. (U.S.), robust sales were driven by the steady performance of sales (mostly of our core Wacoal brand products) at department stores in the United States, as well as increasing sales from overall e-commerce business, including sales on our e-commerce websites. As a result, overall sales on a local currency basis exceeded the results for the corresponding period of the previous fiscal year, but overall sales on a yen converted basis fell largely below the results for the corresponding period of the previous fiscal year. In terms of profit, sales profit rate improved, due to the decrease of discounts at shops and the curtailment of manufacturing costs achieved through our pricing policy. However, in addition to the foregoing circumstances, due to increases in labor costs, in spite of our efforts to reduce PR-related expenses, operating income fell below the results for the corresponding period of the previous fiscal year.

With respect to Wacoal Europe, in the United Kingdom, sales from specialty stores and sales through e-commerce websites showed favorable performance, while sales at department stores showed weak performance. In the Eurozone area, sales of the products of existing brands continued to show a steady trend, except for certain impacts of the sale of certain business lines in connection with the reorganization proceedings. At the same time, sales in North America and Eurozone countries were inflated by the influence of the weak Sterling pound. As a result, total sales on a local currency basis (Sterling pound) exceeded the results for the corresponding period of the previous fiscal year, but sales on a yen converted basis fell largely below the results for the corresponding period of the previous fiscal year. In terms of profit, we recorded an operating loss due to costs incurred for the reorganization proceedings by our subsidiary up to the second quarter.

With respect to our business in China, sales at department stores, our main business, showed steady performance as to the existing stores, but the number of stores decreased mainly in the inland area. As a result, overall sales, which were also impacted by the temporary suspension of shop openings and the closure of underperforming shops for “LA ROSABELLE”, our brand targeting the middle-class market, remained unchanged from the corresponding period of the previous fiscal year, but overall sales on a yen converted basis largely fell below the results for the corresponding period of

the previous fiscal year. In terms of profit, operating income largely fell below the results for the corresponding period of the previous fiscal year, due to an increase in labor costs, in addition to a decline in the sales profit rate resulting from in-store discounts.

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

Net sales:	36,355 million yen (a decrease of 7.6% as compared to the corresponding period of the previous fiscal year)
Operating income:	2,853 million yen (a decrease of 21.5% as compared to the corresponding period of the previous fiscal year)

c. Peach John Business

With respect to Peach John Co., Ltd., sales from our domestic directly managed retail stores (mainly in existing shops) showed steady performance, and sales through third-party e-commerce websites also largely expanded. Sales from our mail-order catalogues, however, largely fell below the results for the corresponding period of the previous fiscal year, due to the impact of a decrease in the number of existing customers, offsetting the higher number of users who visited our renovated website and the gradual increase in new customers. On the other hand, with respect to our overseas subsidiaries, our directly managed retail stores in Hong Kong enjoyed strong sales, and sales in China also largely increased.

As a result of the above, overall sales of our “Peach John Business” segment remained unchanged from 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 the contribution of the reduction of expenses for catalog production and catalog delivery as well as the shift to profitability of our subsidiaries in China, in addition to the improvement of the sales profit rate resulting from the impact of currency fluctuations.

Net sales:	8,450 million yen (an increase of 0.3% as compared to the corresponding period of the previous fiscal year)
Operating income:	513 million yen (an increase of 16.6% as compared to the corresponding period of the previous fiscal year)

d. Other

With respect to Lecien Corporation (“Lecien”), although sales from our core intimate apparel division and material division showed steady performance, overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year due to the weak performance of the art & hobby 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 much higher sales profit rate resulting from the impact of currency fluctuations, as well as the increase in delivery prices of products and a higher percentage of our sales coming from high margin products.

As for Nanasai Co., Ltd. (“Nanasai”), our sales from the rental business fell below the results for the corresponding period of the previous fiscal year, as we could not offset the influence of store closures by our existing clients with special events and other short-term business activities. As for our construction business, the number of orders decreased due primarily to the postponement of commencement of scheduled remodeling projects and new store openings. In addition, sales from our sales business largely decreased as compared to the previous fiscal year, during which we received a higher number of large-scale orders. As a result, overall sales largely fell below the results for the corresponding period of the previous fiscal year. In terms of profit, we recorded an operating loss, due to a lower sales profit rate as a result of a decrease of our sales as well as a higher percentage of our sales coming from our construction business.

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 corresponding period of the previous fiscal year, while operating income largely exceeded the results for the corresponding period of the previous fiscal year.

Net sales:	13,196 million yen (a decrease of 5.9% as compared to the corresponding period of the previous fiscal year)
Operating income:	566 million yen (an increase of 181.6% 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 294,994 million yen, an increase of 2,140 million yen from the end of the previous fiscal year, mainly due to increase in cash and cash equivalents as well as investments.

Our total liabilities were 63,043 million yen, a decrease of 410 million yen from the end of the previous fiscal year, due to decrease in short-term bank loans as well as accrued payroll and bonuses.

Total Wacoal Holdings Corp. shareholders' equity was 227,317 million yen, an increase of 2,943 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 77.1%, an increase of 0.5% 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 40,906 million yen, an increase of 6,847 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 16,751 million yen, an increase of 4,751 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 12,239 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 1,178 million yen, a decrease of 4,833 million yen as compared to the corresponding period of the previous fiscal year, due to capital expenditures and payments to acquire intangible assets, despite the proceeds from sales of property, plant and equipment.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 8,774 million yen, an increase of 3,349 million yen as compared to the corresponding period of the previous fiscal year, due to cash dividend payments and repurchase of treasury stock.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not further revised our forecast of consolidated business results for the fiscal year ending March 31, 2017, which was revised on October 31, 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 Third Quarter as of December 31, 2016	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	34,059	40,906	6,847
Time deposits	2,131	2,447	316
Marketable securities	1,880	1,952	72
Notes and accounts receivable	26,936	23,069	(3,867)
Allowance for returns and doubtful receivables	(2,229)	(2,699)	(470)
Inventories	44,445	43,417	(1,028)
Deferred income taxes	3,832	3,539	(293)
Other current assets	5,797	4,301	(1,496)
Total current assets	116,851	116,932	81
II. Property, plant and equipment:			
Land	21,677	21,526	(151)
Buildings and building improvements	65,056	72,352	7,296
Machinery and equipment	17,552	17,544	(8)
Construction in progress	<u>5,419</u>	<u>336</u>	<u>(5,083)</u>
	109,704	111,758	2,054
Accumulated depreciation	(55,766)	(56,879)	(1,113)
Net property, plant and equipment	53,938	54,879	941
III. Other assets:			
Investments in affiliated companies	20,713	19,991	(722)
Investments	56,021	59,760	3,739
Goodwill	17,911	16,287	(1,624)
Other intangible assets	12,112	11,733	(379)
Prepaid pension expense	8,145	8,459	314
Deferred income taxes	1,036	1,038	2
Other	6,127	5,915	(212)
Total other assets	122,065	123,183	1,118
Total assets	292,854	294,994	2,140

Accounts	Previous Fiscal Year as of March 31, 2016	Current Consolidated Third Quarter as of December 31, 2016	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	11,759	9,993	(1,766)
Notes and accounts payable:			
Trade notes	1,431	1,622	191
Trade accounts	12,017	11,525	(492)
Other payables	<u>6,106</u>	<u>5,523</u>	<u>(583)</u>
	19,554	18,670	(884)
Accrued payroll and bonuses	7,152	5,523	(1,629)
Income taxes payable	711	3,299	2,588
Other current liabilities	5,167	5,973	806
Total current liabilities	44,343	43,458	(885)
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,703	1,669	(34)
Deferred income taxes	15,588	16,345	757
Other long-term liabilities	1,819	1,571	(248)
Total long-term liabilities	19,110	19,585	475
Total liabilities	63,453	63,043	(410)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,686	29,710	24
III. Retained earnings	162,196	169,628	7,432
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	5,177	402	(4,775)
Unrealized gain on securities	17,966	20,879	2,913
Pension liability adjustments	(1,035)	(1,175)	(140)
V. Treasury stock, at cost	(2,876)	(5,387)	(2,511)
Total Wacoal Holdings Corp. shareholders' equity	224,374	227,317	2,943
VI. Noncontrolling interests	5,027	4,634	(393)
Total equity	229,401	231,951	2,550
Total liabilities and equity	292,854	294,994	2,140

## (2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)		Current Consolidated Cumulative Third Quarter (From April 1, 2016 to December 31, 2016)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	154,017	100.0	149,019	100.0	(4,998)
II. Operating costs and expenses					
Cost of sales	71,367	46.4	69,277	46.5	(2,090)
Selling, general and administrative expenses	69,958	45.4	68,567	46.0	(1,391)
Total operating costs and expenses	141,325	91.8	137,844	92.5	(3,481)
Operating income	12,692	8.2	11,175	7.5	(1,517)
III. Other income (expenses):					
Interest income	113		102		(11)
Interest expense	(55)		(25)		30
Dividend income	1,017		1,127		110
Gain or loss on sales or exchange of marketable securities and investments - net	90		458		368
Valuation loss on marketable securities and investments - net	(20)		(2)		18
Gain on sales of property, plant and equipment	-		3,770		3,770
Other - net	376		(62)		(438)
Total other income (expenses)	1,521	1.0	5,368	3.6	3,847
Income before income taxes and equity in net income of affiliated companies	14,213	9.2	16,543	11.1	2,330
Income taxes	4,900	3.2	5,556	3.7	656
Income before equity in net income of affiliated companies	9,313	6.0	10,987	7.4	1,674
Equity in net income of affiliated companies	1,001	0.7	1,252	0.8	251
Net income	10,314	6.7	12,239	8.2	1,925
Net income attributable to noncontrolling interests	(287)	(0.2)	(154)	(0.1)	133
Net income attributable to Wacoal Holdings Corp.	10,027	6.5	12,085	8.1	2,058

## (3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)	Current Consolidated Cumulative Third Quarter (From April 1, 2016 to December 31, 2016)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	10,314	12,239	1,925
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	(1,507)	(5,186)	(3,679)
Unrealized gain on securities	1,811	2,921	1,110
Pension liability adjustments	(480)	(140)	340
Other comprehensive income	(176)	(2,405)	(2,229)
Comprehensive income	10,138	9,834	(304)
Comprehensive income attributable to noncontrolling interests	(264)	249	513
Comprehensive income attributable to Wacoal Holdings Corp.	9,874	10,083	209

## (4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2015 to December 31, 2015)	Current Consolidated Cumulative Third Quarter (From April 1, 2016 to December 31, 2016)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	10,314	12,239
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	3,508	3,686
(2) Provision for returns and doubtful receivables - net	468	459
(3) Deferred income taxes	1,967	118
(4) Gain or loss on sales or disposal of property, plant and equipment - net	(69)	(3,575)
(5) Gain or loss on sales or exchange of marketable securities and investments - net	(90)	(458)
(6) Valuation loss on marketable securities and investments - net	20	2
(7) Equity in net income of affiliated companies, less dividends	(246)	(751)
(8) Changes in assets and liabilities		
Decrease in notes and receivables	2,700	3,237
Increase in inventories	(1,920)	(274)
Decrease (increase) in other current assets	(1,226)	1,312
Decrease in notes and accounts payable	(1,258)	(1,352)
Decrease in liability for termination and retirement benefits	(1,849)	(515)
Increase (decrease) in other liabilities	(493)	2,303
(9) Other	174	320
Net cash provided by operating activities	12,000	16,751
II. Investing activities		
1. Increase in time deposits	(2,223)	(2,456)
2. Decrease in time deposits	2,444	2,165
3. Proceeds from sales and redemption of marketable securities	1,126	692
4. Payments to acquire marketable securities	(534)	(295)
5. Proceeds from sales of property, plant and equipment	366	3,553
6. Capital expenditures	(4,813)	(3,905)
7. Payments to acquire intangible assets	(1,107)	(1,371)
8. Proceeds from sales of investments	237	833
9. Payments to acquire investments	(522)	(272)
10. Other	(985)	(122)
Net cash used in investing activities	(6,011)	(1,178)
III. Financing activities		
1. Net increase in short-term bank loans	3,580	(1,391)
2. Proceeds from issuance of long-term debt	-	250
3. Repayment of long-term debt	(4,570)	(293)
4. Repurchase of treasury stock	(4)	(2,548)
5. Dividends paid on common stock	(4,225)	(4,648)
6. Dividends paid to noncontrolling interests	(206)	(167)
7. Other	0	23
Net cash used in financing activities	(5,425)	(8,774)
IV. Effect of exchange rate changes on cash and cash equivalents	(34)	48
V. Net increase (decrease) in cash and cash equivalents	530	6,847
VI. Cash and cash equivalents, beginning of period	38,410	34,059
VII. Cash and cash equivalents, end of period	38,940	40,906

## Additional Cash Flow Information

Cash paid for:		
Interest	56	25
Income taxes	5,297	2,254
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	617	958

### (5) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

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

During the current consolidated cumulative third quarter, we purchased treasury stock of 2,300 thousand shares from the market in the aggregate price of 2,544 million yen. As a result, the balance of treasury stock at the end of the current consolidated third quarter was 5,387 million yen, an increase of 2,511 million yen from the end of the previous fiscal year.

(Segment Information)

#### (i) Operating Segment Information

Previous 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 income	8,415	3,636	440	201	12,692	-	12,692

Current Consolidated Cumulative Third Quarter (From April 1, 2016 to December 31, 2016)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	91,018	36,355	8,450	13,196	149,019	-	149,019
(2) Intersegment	908	7,490	754	4,422	13,574	(13,574)	-
Total	91,926	43,845	9,204	17,618	162,593	(13,574)	149,019
Operating income	7,243	2,853	513	566	11,175	-	11,175

(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, other textile-related products, 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 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

Current Consolidated Cumulative Third Quarter (From April 1, 2016 to December 31, 2016)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	112,367	14,477	22,175	149,019
Distribution ratio	75.4%	9.7%	14.9%	100.0%
Operating income	8,072	1,893	1,210	11,175

- (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 Third Quarter (From April 1, 2015 to December 31, 2015)		Current Consolidated Cumulative Third Quarter (From April 1, 2016 to December 31, 2016)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 114,849	% 74.6	Millions of Yen 110,589	% 74.2	Millions of Yen (4,260)	% (3.7)
	Nightwear	7,470	4.9	7,233	4.9	(237)	(3.2)
	Children's underwear	1,086	0.7	1,151	0.8	65	6.0
	Subtotal	123,405	80.2	118,973	79.9	(4,432)	(3.6)
Outerwear/Sportswear		14,928	9.7	13,467	9.0	(1,461)	(9.8)
Hosiery		1,711	1.1	1,724	1.2	13	0.8
Other textile goods and related products		5,582	3.6	7,032	4.7	1,450	26.0
Other		8,391	5.4	7,823	5.2	(568)	(6.8)
Total		154,017	100.0	149,019	100.0	(4,998)	(3.2)