

[Translation]

Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2018
[U.S. GAAP]

July 31, 2017

Listed Company: Wacoal Holdings Corp.
 Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)
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Scheduled quarterly report submission date: August 9, 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. First Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 – June 30, 2017)

(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, 2017	48,674	0.5	4,781	72.0	5,644	(18.0)	3,941	(20.3)
First Quarter ended June 30, 2016	48,440	(2.8)	2,780	(37.3)	6,887	28.8	4,942	29.4

(Note) Quarterly comprehensive income: 7,318 million yen (- %) for the first quarter ended
 June 30, 2017
 (3,631) million yen (- %) for the first quarter ended
 June 30, 2016

	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, 2017	28.73	28.64
First Quarter ended June 30, 2016	35.13	35.03

(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, 2017	299,065	234,343	229,528	76.7	1,676.34
As of the end of Fiscal Year (March 31, 2017)	294,958	232,482	227,568	77.2	1,658.53

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, 2017	–	–	–	36.00	36.00
Fiscal Year Ending March 31, 2018	–				
Fiscal Year Ending March 31, 2018 (Estimates)		18.00	–	36.00	–

(Note) Revision of estimated dividends announced during the latest quarter: Yes
 As we will conduct a share consolidation of common stock of Wacoal Holdings Corp. (“the Company”) pursuant to which two (2) shares will be consolidated into one (1) share on October 1, 2017, please note that such share consolidation is taken into consideration in determining the amount of the year-end cash dividend per share for the fiscal year ending March 31, 2018 (estimates) mentioned above and the total annual dividend amount is indicated as “–”. The year-end cash dividend per share and total annual dividend amount per share for the fiscal year ending March 31, 2018 (estimates), without taking into consideration of the share consolidation, are 18 yen and 36 yen, respectively. For details, please see “Cautionary Statement regarding Forecast of Business Results.”

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 - March 31, 2018)

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

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.		Net Income Attributable to Wacoal Holdings Corp. Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six-month Period Ending September 30, 2017	103,000	0.6	8,300	5.2	9,000	(24.3)	6,200	(32.6)	90.40
Annual	200,000	2.1	11,500	3.9	12,500	(24.6)	9,000	(28.1)	131.22

(Note) Revision of forecast of consolidated business results announced during the latest quarter: No
 We will conduct a share consolidation of common stock of the Company pursuant to which two (2) shares will be consolidated into one (1) share on October 1, 2017. Please note that such share consolidation is taken into consideration in determining the amount of net income per share. For details, please see “Cautionary Statement regarding Forecast of Business Results.”

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.: Yes
- (ii) Changes other than (i) above: None
- (Note) For details, please see “2. Consolidated Quarterly Financial Statements and Accompanying Notes (5) Notes to Consolidated Quarterly Financial Statements (Changes in Accounting Policy).”
- (4) Number of Issued Shares (Common Stock)

	First Quarter ended June 30, 2017	Fiscal Year ended March 31, 2017
(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:	6,455,736 shares	6,167,211 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	137,178,970 shares	140,661,785 shares

*These quarterly financial statements are exempt from the review procedures.

*Cautionary Statement regarding Forecast of Business Results

(Cautionary note on forward-looking statements)

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.

(Forecast of dividends and consolidated business results after share consolidation)

As approved at the 69th Ordinary General Meeting of Shareholders held on June 29, 2017, we will conduct a share consolidation of common stock of the Company pursuant to which two (2) shares will be consolidated into one (1) share on October 1, 2017. The forecast of dividends and consolidated business results for the fiscal year ending March 31, 2018 before such share consolidation is taken into consideration are as follows:

- Forecast of dividends for fiscal year ending March 31, 2018
 Interim dividend per share at the end of the second quarter: 18.00 yen (Note 1)
 Year-end dividend per share: 18.00 yen (Note 2)
- Forecast of consolidated business results for the fiscal year ending March 31, 2018
 Net income per share for six-month period ending September 30, 2017: 45.20 yen
 Net income per share for fiscal year ending March 31, 2018: 65.61 yen

(Note 1) The interim dividend at the end of the second quarter for the fiscal year ending March 31, 2018 shall be payable for the shares prior to the share consolidation.

(Note 2) The dividend amount is calculated before the share consolidation is taken into consideration.

(Note 3) Annual dividend amount per share for fiscal year ending March 31, 2018 (before the share consolidation is taken into consideration) is 36.00 yen.

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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, 2017

During the current consolidated first quarter (from April 1, 2017 to June 30, 2017), consumer spending was not strong due to factors such as concerns for social welfare in the future, while the domestic economy showed signs of a mild recovery due to improvement in the employment environment and income. The environment surrounding women's innerwear market remained difficult, as consumers continued to be budget-conscious and a number of large-scale retail stores withdrew from the market. Overseas markets generally continued to show signs of a recovery: stable consumer spending in the United States as a result of continued improvement in the employment environment; improvement in the consumer sentiment in Europe due to recession of political risks; and a positive trend in retail sales after economic slowdown in China has bottomed out.

In such an environment, our group continues to move forward with efforts to improve and strengthen our business structure toward achieving the objectives of our mid-term business plan. In our domestic business, we have been making efforts to strengthen sales capabilities, to improve productivity, to realize omni-channel services that will achieve synergies with our wholesale business, to integrate core IT systems which will improve inventory efficiency, and to improve profitability by updating each of our brands and product groups. In our overseas business, we began to implement our initiatives to pursue business collaboration among Europe and America and Asian countries, strengthen our ability to respond to the e-commerce market, and improve product quality and cost competitiveness in China and ASEAN-member countries where our product supply bases are located.

Consolidated sales from our domestic business for the current first quarter fell below such sales for the corresponding period of the previous fiscal year due to weak sales of our wholesale business, which was impacted by a series of closings of general merchandise stores and tighter management of inventories, while sales from our retail business continued to be strong. On the other hand, our consolidated sales from our overseas business exceeded such sales for the corresponding period of the previous fiscal year, as a result of sales in China due to the improved market condition, as well as growing sales in the United States. As a result, consolidated sales improved slightly, an increase of 0.5% as compared to consolidated sales for the corresponding period of the previous fiscal year.

Consolidated operating income significantly improved and increased by 72% as compared to consolidated operating income for the corresponding period of the previous fiscal year, as a result of a cost rate decrease and the absence of non-recurring expenses related to the liquidation proceedings for our French subsidiary that we recorded for the corresponding period of the previous fiscal year, despite increases in selling, general and administrative expenses in our domestic business. On the other hand, consolidated income before income taxes and equity in net income of affiliated companies fell by 18%, a significant decrease from that for the corresponding period of the previous fiscal year, due to the absence of gain on sale of fixed assets (land) that we recorded for the corresponding period of the previous fiscal year.

The key exchange rates used for the current consolidated first quarter were: 111.09 yen to the U.S. dollar; 142.00 yen to the Sterling pound; and 16.57 yen to the Chinese yuan.

Net sales:	48,674 million yen (an increase of 0.5% as compared to the corresponding period of the previous fiscal year)
Operating income:	4,781 million yen (an increase of 72.0% as compared to the corresponding period of the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	5,644 million yen (a decrease of 18.0% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	3,941 million yen (a decrease of 20.3% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

Wacoal Corp. reorganized its divisions, formerly called the Wacoal Brand Operation Division and Wing Brand Operation Division, into the Wacoal Brand Operation Division, which is responsible for planning and development of “Wacoal” brand products and wholesale business mainly with department stores and specialty store channels, and the Chain Store Operation Division, which is responsible for planning and development of “Wing” brand products and wholesale business with general merchandise stores.

Sales from our wholesale business, mainly composed of wholesale business from Wacoal Brand Operation Division and Chain Store Operation Division, decreased by 3% as compared to such sales for the corresponding period of the previous fiscal year. Sales of our specialty store channel were strong due to our successful initiatives to acquire a stable customer base for our “SALUTE” brand series. We were able to maintain sales at department stores at about the same level as such sales for the corresponding period of the previous fiscal year, as a result of strong sales of our core “LASEE” products and strong sales of our “THINK SLEEPING” series sleepwear, which promote comfortable sleeping. Sales from general merchandise stores decreased from such sales for the corresponding period of the previous fiscal year due to weak sales of the “Wing” brand summer campaign brassieres and the effect of a series of closings of stores and tighter management of inventories, while sales of “PULILI” products, our brand for junior generation, and sales of our “Wacoal” brand brassieres were both strong.

In our retail business, sales of “BRAGENIC,” our cross-store common products, significantly expanded as a result of our campaign initiatives. Overall sales, however, only increased by 1% as compared to such sales for the corresponding period of the previous fiscal year due to a decrease in the number of buying customers, although average spending per customer increased by reducing discounts at our core directly managed retail store, “AMPHI.”

Sales from our wellness business increased by 4% as compared to such sales for the corresponding period of the previous fiscal year as a result of strong sales of our products under our core “CW-X” brand, particularly the functional sport tights, at department stores and e-commerce managed by other companies, despite weak sales at sport specialty chain stores, which were affected by the tighter management of inventories.

Overall sales from our Web sales business (formerly catalog sales business) only increased by 2% as compared to such sales for the corresponding period of the previous fiscal year due to a decrease in average spending per customer in our catalog sales business, while our webstore business was strong with a significant increase in the number of users who visited our own e-commerce website.

Sales from Ai Co., Ltd. increased by 10% as compared to such sales for the corresponding period of the previous fiscal year as a result of strong sales of our directly-managed flagship stores, strong sales from early openings of our seasonal stores and growing sales through e-commerce managed by other companies in our swimwear business, although sales from the underwear business were weak due to the closure of underperforming stores and poor sales at stores in rural areas.

As a result, sales attributable to our “Wacoal Business (Domestic)” segment decreased by 1% as compared to such sales for the corresponding period of the previous fiscal year. Operating income resulted with an increase of 55% from operating income for the corresponding period of the previous fiscal year due to recognition of compensation income from leaving a factory space occupied by our subsidiary, despite increases in expenses incurred for the commencement of business operations at the New Kyoto Building as well as increases in retirement benefit expenses and selling, general and administrative expenses such as IT infrastructure related expenses.

Net sales:	27,877 million yen (a decrease of 1.2% as compared to the corresponding period of the previous fiscal year)
Operating income:	2,298 million yen (an increase of 55.0% as compared to the corresponding period of the previous fiscal year)

b. Wacoal Business (Overseas)

Overall sales on a local currency basis from Wacoal International Corp. (U.S.) increased by 20% as compared to such sales for the corresponding period of the previous fiscal year as a result of sales through our own e-commerce website, which increased by 30% as compared to such sales for the corresponding period of the previous fiscal year; sales

attributable to our wholesale business, which significantly exceeded such sales for the previous fiscal year, due to sales of products sold for sales through e-commerce websites managed by department stores and other companies which increased by 42% as compared to such sales for the corresponding period of the previous fiscal year; an increase in the number of department stores handling Wacoal brand products; and the absence of the adverse impact of our pricing policy introduced in April 2016 that discouraged consumer spending. Although selling, general and administrative expenses increased in connection with our initiatives to strengthen sales (including e-commerce sales), operating income on a local currency basis increased by 70% as compared to operating income for the corresponding period of the previous fiscal year due to the improved percentage of products sold at full price and an increase in the percentage of sales from our own e-commerce website, as well as an increase in revenue.

With respect to sales on a local currency basis for Wacoal Europe, sales from our major business partners in the United Kingdom continued to be steady and e-commerce sales in the North America were strong. Also, sales of our plus-size brand “elomi” continued to achieve a high growth rate, with sales increasing by 32% as compared to such sales for the corresponding period of the previous fiscal year, and sales of our swimwear products under “FANTASIE,” “Freya” and “elomi” brands significantly expanded mainly in Europe and the North America due to the summer heat wave. As a result, overall sales increased by 9% as compared to such sales for the corresponding period of the previous fiscal year. Operating income for the current quarter has significantly improved as a result of the absence of the non-recurring expenses related to the liquidation proceedings for our French subsidiary which we recorded during the corresponding period of the previous fiscal year.

With respect to our business in China, sales of “Wacoal” brand products increased by 7% as compared to such sales for the corresponding period of the previous fiscal year due to an increase in number of purchasers resulting from openings of specialty stores at major department stores during China’s high-demand seasons such as the Chinese New Year and International Women’s Day, in addition to strong sales of wire-free brassieres. Sales of our “Peach John” brand products significantly expanded, with an increase of 38% as compared to such sales for the corresponding period of the previous fiscal year, as the number of users expanded, and as a result, overall sales were also strong, increasing by 7% from such sales for the corresponding period of the previous fiscal year. Operating income on a local currency basis significantly improved from the corresponding period of the previous fiscal year with an increase of 77% due to our efforts to streamline store renovations and to reduce expenses by suspending openings of “La Rosabelle” brand stores.

As a result of the above, the overall sales and the operating income attributable to our “Wacoal Business (Overseas)” segment on the Japanese Yen basis significantly exceeded that for the corresponding period of the previous fiscal year.

Net sales:	14,353 million yen (an increase of 10.2% as compared to the corresponding period of the previous fiscal year)
Operating income:	2,206 million yen (an increase of 114.8% as compared to the corresponding period of the previous fiscal year)

c. Peach John Business

Sales from our domestic directly-managed retail stores of Peach John Co., Ltd. located in the metropolitan area continued to be strong for “Peach John,” “Yummy Mart” and “Salon by Peach John” brand products, and as a result, retail sales at stores expanded by 6% as compared to such sales for the corresponding period of the previous fiscal year. Also, wholesale business significantly expanded, increasing by 35% from such sales for the corresponding period of the previous fiscal year, as a result of strengthened initiatives with third-party e-commerce websites. On the other hand, our mail-order catalogue business was impacted after updating the minimum purchase amount for free shipping, and as a result, the sales were weak due to a decrease in the number of purchasers, although average spending per customer increased. With respect to sales from our overseas business, sales from Taiwan Peach John Ltd. of which we commenced our operations in May significantly exceeded our initial plan.

As a result, overall sales increased by 2% as compared to such sales for the corresponding period of the previous fiscal year. Operating income increased by 8% as compared to operating income for the corresponding period of the previous fiscal year due to an increase in gross profit resulting from increased sales of products sold in China and Hong Kong, in addition to an improvement in the gross profit rate from an increase in the percentage of sales from our innerwear products.

Net sales:	2,759 million yen (an increase of 1.7% as compared to the corresponding period of the
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previous fiscal year)

Operating income: 222 million yen
(an increase of 8.3% as compared to the corresponding period of the previous fiscal year)

d. Other

With respect to Lecien Corporation (“Lecien”), although sales from “brassiere for school club activities” campaign were strong, overall sales from our core innerwear business were weak as sales of other products were weak and the number of orders received for our private brand products for sale at major general merchandise stores decreased. Although sales from our art & hobby business were strong as a result of newly developed handcraft kits with the expansion of the C2C market, sales from our material business, which was impacted by a decrease in demand for garment laces, were weak. As a result, overall sales decreased by 15% as compared to such sales for the corresponding period of the previous fiscal year. Operating income significantly exceeded operating income for the corresponding period of the previous fiscal year due to improvement in the gross profit rate resulting from changes in our product mix in our innerwear business, as well as the impact of stabilized currency exchange rates.

As for Nanasai Co., Ltd. (“Nanasai”), sales from both rental business and sales business were weak due to a decrease in the number of orders received from our valued clients, including department stores, with business confidence in the clothing industry showing no sign of recovery. Sales from the construction business significantly fell below such sales for the corresponding period of the previous fiscal year due to postponement by our valued clients of sales space renovation projects and the absence of large-scale orders received during the corresponding period of the previous fiscal year. As a result, overall sales significantly fell, decreasing by 26% from such sales for the corresponding period of the previous fiscal year. Operating loss increased due to a decrease in revenue as compared to operating loss for the corresponding period of the previous fiscal year.

As a result of the above, overall sales and operating income attributable to our “Other” segment decreased by 18% and 15%, respectively, as compared to the corresponding results for the corresponding period of the previous fiscal year.

Net sales: 3,685 million yen
(a decrease of 18.0% as compared to the corresponding period of the previous fiscal year)

Operating income: 55 million yen
(a decrease of 15.4% 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 first quarter were 299,065 million yen, an increase of 4,107 million yen from the end of the previous fiscal year, mainly due to increases in inventories and investments at market value.

Our total liabilities were 64,722 million yen, an increase of 2,246 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 229,528 million yen, an increase of 1,960 million yen from the end of the previous fiscal year, due to an increase in 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 76.7%, a decrease 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 first quarter of the current fiscal year were 31,669 million yen, a decrease of 2,326 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 1,195 million yen, a decrease of 1,593 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 3,950 million yen plus adjustments for depreciation, amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 2,749 million yen, as compared to 3,162 million yen of cash inflow for the corresponding period of the previous fiscal year, due to an increase in time deposits and capital expenditures.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 758 million yen, a decrease of 1,881 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, 2017 and the fiscal year ending March 31, 2018 since our announcement on May 10, 2017.

2. Consolidated Quarterly Financial Statements and Accompanying Notes

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2017	Current Consolidated First Quarter as of June 30, 2017	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	33,995	31,669	(2,326)
Time deposits	2,722	4,352	1,630
Marketable securities	1,457	1,341	(116)
Notes and accounts receivable	25,563	23,685	(1,878)
Allowance for returns and doubtful receivables	(2,477)	(2,515)	(38)
Inventories	43,822	45,923	2,101
Deferred income taxes	4,049	-	(4,049)
Other current assets	4,683	7,805	3,122
Total current assets	113,814	112,260	(1,554)
II. Property, plant and equipment:			
Land	21,555	21,563	8
Buildings and structures	72,664	72,926	262
Machinery and equipment	17,722	17,935	213
Construction in progress	<u>274</u>	<u>264</u>	<u>(10)</u>
	112,215	112,688	473
Accumulated depreciation	(56,927)	(57,541)	(614)
Net property, plant and equipment	55,288	55,147	(141)
III. Other assets:			
Investments in affiliated companies	20,868	21,119	251
Investments	59,847	64,127	4,280
Goodwill	16,071	16,538	467
Other intangible assets	11,849	12,096	247
Prepaid pension expense	10,287	10,401	114
Deferred income taxes	1,060	1,507	447
Other	5,874	5,870	(4)
Total other assets	125,856	131,658	5,802
Total assets	294,958	299,065	4,107

Accounts	Previous Fiscal Year as of March 31, 2017	Current Consolidated First Quarter as of June 30, 2017	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	7,716	12,529	4,813
Notes and accounts payable:			
Trade notes payable	1,438	1,573	135
Trade accounts payable	11,605	12,207	602
Other payables	<u>6,185</u>	<u>5,008</u>	<u>(1,177)</u>
	19,228	18,788	(440)
Accrued payroll and bonuses	7,093	5,489	(1,604)
Income taxes payable	2,964	1,133	(1,831)
Other current liabilities	4,058	7,401	3,343
Total current liabilities	41,059	45,340	4,281
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,956	1,942	(14)
Deferred income taxes	17,862	15,858	(2,004)
Other long-term liabilities	1,599	1,582	(17)
Total long-term liabilities	21,417	19,382	(2,035)
Total liabilities	62,476	64,722	2,246
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,707	29,718	11
III. Retained earnings	170,062	169,063	(999)
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	1,212	1,965	753
Unrealized gain on securities	21,075	23,815	2,740
Pension liability adjustments	(414)	(519)	(105)
V. Treasury stock, at cost	(7,334)	(7,774)	(440)
Total Wacoal Holdings Corp. shareholders' equity	227,568	229,528	1,960
VI. Noncontrolling interests	4,914	4,815	(99)
Total equity	232,482	234,343	1,861
Total liabilities and equity	294,958	299,065	4,107

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)		Current Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	48,440	100.0	48,674	100.0	234
II. Operating costs and expenses					
Cost of sales	22,505	46.5	21,926	45.1	(579)
Selling, general and administrative expenses	23,155	47.8	22,675	46.6	(480)
Compensation income	-		(708)	(1.5)	(708)
Total operating costs and expenses	45,660	94.3	43,893	90.2	(1,767)
Operating income	2,780	5.7	4,781	9.8	2,001
III. Other income (expenses):					
Interest income	31		43		12
Interest expense	(12)		(4)		8
Dividend income	643		728		85
Gain or loss on sales or exchange of marketable securities and investments - net	84		1		(83)
Valuation loss on marketable securities and investments - net	(3)		(1)		2
Gain on sale of property, plant and equipment	3,770		-		(3,770)
Other - net	(406)		96		502
Total other income (expenses)	4,107	8.5	863	1.8	(3,244)
Income before income taxes and equity in net income of affiliated companies	6,887	14.2	5,644	11.6	(1,243)
Income taxes	2,147	4.4	2,037	4.2	(110)
Income before equity in net income of affiliated companies	4,740	9.8	3,607	7.4	(1,133)
Equity in net income of affiliated companies	236	0.5	343	0.7	107
Net income	4,976	10.3	3,950	8.1	(1,026)
Net income attributable to noncontrolling interests	(34)	(0.1)	(9)	(0.0)	25
Net income attributable to Wacoal Holdings Corp.	4,942	10.2	3,941	8.1	(1,001)

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)	Current Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	4,976	3,950	(1,026)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	(7,080)	728	7,808
Unrealized gain (loss) on securities	(1,481)	2,745	4,226
Pension liability adjustments	(46)	(105)	(59)
Other comprehensive income (loss)	(8,607)	3,368	11,975
Comprehensive income (loss)	(3,631)	7,318	10,949
Comprehensive loss (income) attributable to noncontrolling interests	159	11	(148)
Comprehensive income (loss) attributable to Wacoal Holdings Corp.	(3,472)	7,329	10,801

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2016 to June 30, 2016)	Current Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	4,976	3,950
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	1,161	1,349
(2) Allowance for returns and doubtful receivables - net	198	32
(3) Deferred income taxes	486	421
(4) Gain on sales or disposal of property, plant and equipment - net	(3,612)	(8)
(5) Compensation income	-	(708)
(6) Gain on sales or exchange of marketable securities and investments - net	(84)	(1)
(7) Valuation loss on marketable securities and investments - net	3	1
(8) Equity in net income of affiliated companies, less dividends received	242	129
(9) Changes in assets and liabilities		
Decrease in notes and receivable	2,111	1,914
Increase in inventories	(1,926)	(2,123)
Increase in other current assets	(1,316)	(3,191)
Decrease in notes and accounts payable	(800)	(129)
Decrease in liability for termination and retirement benefits	(166)	(284)
(Decrease) increase in other liabilities	1,482	(179)
(10) Other	33	22
Net cash provided by operating activities	2,788	1,195
II. Investing activities		
1. Increase in time deposits	(259)	(2,066)
2. Decrease in time deposits	157	439
3. Proceeds from sales and redemption of marketable securities	-	222
4. Proceeds from sales of property, plant and equipment	4,033	92
5. Compensation income	-	708
6. Capital expenditures	(450)	(1,159)
7. Payments to acquire intangible assets	(389)	(413)
8. Proceeds from sales of other investments	331	4
9. Payments to acquire other investments	(266)	(580)
10. Other	5	4
Net cash (used in) provided by investing activities	3,162	(2,749)
III. Financing activities		
1. Net increase in short-term bank loans with original maturities of three months or less - net	3,350	4,722
2. Repayment of long-term debt	(113)	(12)
3. Repurchase of treasury stock	(1,157)	(440)
4. Dividends paid on common stock	(4,648)	(4,940)
5. Dividends paid to noncontrolling interests	(79)	(88)
6. Other	8	-
Net cash used in financing activities	(2,639)	(758)
IV. Effect of exchange rate changes on cash and cash equivalents	(1,496)	(14)
V. Net (decrease) increase in cash and cash equivalents	1,815	(2,326)
VI. Cash and cash equivalents, beginning of period	34,059	33,995
VII. Cash and cash equivalents, end of period	35,874	31,669

Additional Cash Flow Information

Cash paid for:		
Interest	12	4
Income taxes	2,487	4,549
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	1,676	471

(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.

(Changes in Accounting Policy)

New accounting guidance has been adopted for the balance sheet classification of deferred taxes from the current fiscal year. The new guidance requires deferred tax assets and liabilities to be classified as noncurrent on the consolidated balance sheet. The new accounting guidance has not been applied retrospectively for the financial statements for the prior periods. The amount of current deferred tax assets as of the end of the previous fiscal year was 4,049 million yen.

(Segment Information)

(i) Operating Segment Information

Previous 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

Current Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	27,877	14,353	2,759	3,685	48,674	-	48,674
(2) Intersegment	279	3,011	269	1,251	4,810	(4,810)	-
Total	28,156	17,364	3,028	4,936	53,484	(4,810)	48,674
Operating income	2,298	2,206	222	55	4,781	-	4,781

(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 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

Current Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	34,220	5,212	9,242	48,674
Distribution ratio	70.3%	10.7%	19.0%	100.0%
Operating income	2,601	652	1,528	4,781

- (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, 2016 to June 30, 2016)		Current Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 36,053	% 74.4	Millions of Yen 36,937	% 75.9	Millions of Yen 884	% 2.5
	Nightwear	2,464	5.1	2,390	4.9	(74)	(3.0)
	Children's underwear	428	0.9	413	0.8	(15)	(3.5)
	Subtotal	38,945	80.4	39,740	81.6	795	2.0
Outerwear/Sportswear		4,081	8.4	4,119	8.5	38	0.9
Hosiery		552	1.2	489	1.0	(63)	(11.4)
Other textile goods and related products		2,294	4.7	2,139	4.4	(155)	(6.8)
Other		2,568	5.3	2,187	4.5	(381)	(14.8)
Total		48,440	100.0	48,674	100.0	234	0.5