

Interim Report on Consolidated Financial Results and Forecast

November 13, 2001

For the six months ended September 30, 2001

WACOAL CORP.

Code Number : 3591
 Head Office : 29 Nakajima-cho, Kisshoin
 Minamiku, Kyoto 601-8530, Japan

Stock Exchanges: Tokyo Stock Exchange
 Osaka Securities Exchange
 NASDAQ

Director : Shoichi Suezawa
 Board Meeting Date : November 13, 2001

Fiscal Year End: March, 31
 Tel : (075) 682-1010

Six Months ended September 30, 2001 Business Results (April 1, 2001-September 30, 2001)

(1) Management Performance

	Millions of Yen			Thousands of U.S. Dollars
	Six months ended 2001/9/30	Six months ended 2000/9/30	Year ended 2001/3/31	Six months ended 2001/9/30
Net Sales	¥ 85,374 (2.2 %)	¥ 83,552 (-5.6 %)	¥ 162,023	\$ 716,045
Operating Income	7,393 (-4.8)	7,765 (-6.2)	9,624	62,006
Income before Income taxes, Equity in Net Income of Affiliated Companies, Minority Interests and Cumulative Effect of Accounting Change	7,872 (-44.9)	14,297 (76.2)	20,129	66,024
Income before Cumulative Effect of Accounting Change	4,815 (-45.1)	8,776 (78.4)	12,175	40,384
Net Income	4,815 (-35.7)	7,490 (52.2)	10,889	40,384
	Yen			U.S. Dollars
Net Income per common share	¥ 31.92	¥ 48.60	¥ 71.17	\$ 0.27
Net Income per common share-Assuming Full Dilution	-	-	-	-

(Notes)

- The amounts in parentheses represent the percentage fluctuation compared to the corresponding period in the prior year.
- Income from equity investments was ¥ 639 millions (\$ 5,359 thousands) and ¥ 683 millions for the six months periods ended September 30, 2001 and 2000, respectively and ¥1,271 millions for the year ended March 31, 2001.

(2) Financial Condition

	Millions of Yen			Thousands of U.S. Dollars
	2001/9/30	2000/9/30	2001/3/31	2001/9/30
Total Assets	¥ 226,940	¥ 231,749	¥ 232,262	\$ 1,903,380
Shareholders' Equity	170,629	173,054	172,558	1,431,091
Shareholders' Equity to Assets	75.2 %	74.7 %	74.3 %	
	Yen			U.S. Dollars
Shareholders' Equity per Common Share	¥ 1,144.26	¥ 1,127.89	¥ 1,141.89	\$ 9.60

(3) Cash Flow

	Millions of Yen			Thousands of U.S. Dollars
	Six months ended 2001/9/30	Six months ended 2000/9/30	Year ended 2001/3/31	Six months ended 2001/9/30
Net Cash provided by Operating Activities	¥ 4,407	¥ 5,871	¥ 11,480	\$ 36,962
Net Cash used in Investing Activities	(5,809)	(9,087)	(13,686)	(48,721)
Net Cash used in Financing Activities	(5,019)	(3,559)	(6,478)	(42,095)
Cash and Cash Equivalents at the end of Period	34,869	43,119	41,196	292,452

(Notes)

Translation into United States dollars:

The Companies' accounts are maintained in or translated into Japanese yen. The United States dollar amounts included herein represent translations solely for convenience. The exchange rate in effect at September 28, 2001 of ¥ 119.23 = \$1, which is the noon buying rate for yen in New York City as certified for customs purposes by the Federal Reserve Bank of New York, has been used for financial statement translation purposes. The translations should not be construed as representations that yen amounts have been, could have been, or could in the future be, converted into United States dollars at this or any rate.

Basis of financial data:

The Companies' consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, except for the omission of segment information required by Statement of Financial Accounting Standards No 131, "Disclosure About Segments of an Enterprise and Related Information".

(4)Forecast for Year ended March 31, 2002 (April 1, 2001-March 31,2002)

	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
Net Sales	¥ 164,000	\$ 1,375,493
Operating Income	9,200	77,162
Income before Income Taxes, Equity in Net Income of Affiliated Companies and Minority Interests	9,600	80,517
Net Income	6,100	51,162

Consolidated Balance Sheets

WACOAL CORP. AND SUBSIDIARIES
September 30, 2001 and 2000

ASSETS	Millions of Yen		Thousands of U.S.Dollars
	2001/9/30	2000/9/30	2001/9/30
Current Assets:			
Cash and cash equivalents:			
Cash	¥ 8,815	¥ 7,759	\$ 73,933
Time deposits and certificates of deposit	26,054	35,360	218,519
Total	34,869	43,119	292,452
Marketable securities	38,487	33,174	322,796
Notes and accounts receivable:			
Trade notes	2,156	2,745	18,083
Trade accounts	25,469	25,302	213,612
Allowance for returns and doubtful receivables	(3,568)	(3,301)	(29,925)
Inventories	24,950	24,752	209,259
Deferred income taxes	4,666	4,604	39,134
Other current assets	1,769	2,220	14,837
Total current assets	128,798	132,615	1,080,248
Property, Plant and Equipment:			
Land	25,318	25,245	212,346
Buildings	55,468	54,966	465,218
Machinery and equipment	11,790	11,286	98,885
Total	92,576	91,497	776,449
Accumulated depreciation	(34,219)	(32,338)	(287,000)
Net property, plant and equipment	58,357	59,159	489,449
Other Assets:			
Investments in affiliates	9,295	8,095	77,959
Investments	24,021	26,497	201,468
Lease deposits and other	6,469	5,383	54,256
Total other assets	39,785	39,975	333,683
Total	¥ 226,940	¥ 231,749	\$ 1,903,380

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S.Dollars
	2001/9/30	2000/9/30	2001/9/30
Current Liabilities:			
Short-term bank loans	¥ 7,720	¥ 8,140	\$ 64,749
Notes and accounts payable:			
Trade notes	7,322	7,484	61,411
Trade accounts	6,274	6,423	52,621
Accrued payroll and bonuses	7,757	8,006	65,059
Income taxes payable	4,082	4,065	34,236
Other current liabilities	6,218	5,724	52,151
Current portion of long-term debt	510	564	4,278
Total current liabilities	<u>39,883</u>	<u>40,406</u>	<u>334,505</u>
Long-Term Liabilities:			
Long-term debt	900	1,248	7,548
Liability for termination and retirement benefits	7,374	6,458	61,847
Deferred income taxes	6,320	8,832	53,007
Total long-term liabilities	<u>14,594</u>	<u>16,538</u>	<u>122,402</u>
Minority Interests	<u>1,834</u>	<u>1,751</u>	<u>15,382</u>
Shareholders' Equity:			
Common stock, par value of ¥50 per share-authorized, 235,000,000 and 239,315,000 shares in September 30, 2001 and 2000; issued and outstanding, 149,116,685 and 153,431,685 shares in September 30, 2001 and 2000	13,260	13,260	111,214
Additional paid-in capital	25,242	25,242	211,708
Retained earnings	132,723	131,114	1,113,168
Accumulated other comprehensive income(loss):			
Foreign currency translation adjustments	(1,697)	(2,545)	(14,233)
Unrealized gains on securities	1,101	5,983	9,234
Total shareholders' equity	<u>170,629</u>	<u>173,054</u>	<u>1,431,091</u>
Total	<u>¥ 226,940</u>	<u>¥ 231,749</u>	<u>\$ 1,903,380</u>

Consolidated Statements of Income and Retained Earnings

WACOAL CORP. AND SUBSIDIARIES

Six months ended September 30, 2001 and 2000

	Millions of Yen		Thousands of U.S.Dollars
	2001/9/30	2000/9/30	2001/9/30
Net Sales	¥ 85,374	¥ 83,552	\$ 716,045
Operating Costs and Expenses:			
Cost of sales	44,306	43,712	371,601
Selling, general and administrative	33,675	32,075	282,438
Total operating costs and expenses	77,981	75,787	654,039
Operating Income	7,393	7,765	62,006
Other Income and Expenses:			
Interest income	188	159	1,577
Interest expenses	(136)	(173)	(1,141)
Dividend income	125	161	1,049
Gain on sale, transfer or exchange of investments	544	6,878	4,563
Other - net	(242)	(493)	(2,030)
Income before Income Taxes, Equity in Net Income of Affiliated Companies, Minority Interests, and Cumulative Effect of Accounting Change	7,872	14,297	66,024
Income Taxes:			
Current	3,825	3,703	32,081
Deferred	(257)	2,327	(2,155)
Total income taxes	3,568	6,030	29,926
Income before Equity in Net Income of Affiliated Companies, Minority Interests and Cumulative Effect of Accounting Change	4,304	8,267	36,098
Equity in Net Income of Affiliated Companies	639	683	5,359
Minority Interests	(128)	(174)	(1,073)
Income before Cumulative Effect of Accounting Change	4,815	8,776	40,384
Cumulative Effect of Accounting Change	-	(1,286)	-
Net Income	4,815	7,490	40,384
Retained Earnings:			
Beginning of period	132,322	126,780	1,109,805
Appropriations:			
Cash dividends paid:			
Common stock	(2,040)	(2,542)	(17,110)
Retirement of treasury stock	(2,374)	(614)	(19,911)
End of period	¥ 132,723	¥ 131,114	\$ 1,113,168

	Yen		U.S.Dollars
Income before Cumulative Effect of Accounting Change			
per American Depositary Share	¥ 160	¥ 285	\$ 1.34
Net income per American Depositary Share	160	243	1.34
(5 shares of common stock)			

Consolidated Statements of Cash Flows

WACOAL CORP. AND SUBSIDIARIES

Six months ended September 30, 2001 and 2000

	Millions of Yen		Thousands of U.S.Dollars
	2001/9/30	2000/9/30	2001/9/30
Operating Activities:			
Net income	¥ 4,815	¥ 7,490	\$ 40,384
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change	-	1,286	-
Depreciation and amortization	1,518	1,555	12,732
Deferred income taxes	(257)	2,327	(2,155)
Gain on sale, transfer or exchange of investments	(544)	(6,878)	(4,563)
Undistributed earnings of affiliates, less dividends	(348)	(388)	(2,919)
Changes in operating assets and liabilities	(777)	479	(6,517)
Net cash provided by operating activities	<u>4,407</u>	<u>5,871</u>	<u>36,962</u>
Investing Activities:			
Proceeds from sales and redemption of marketable securities	10,199	8,519	85,541
Payments to acquire marketable securities	(14,107)	(17,544)	(118,318)
Proceeds from sales of property, plant and equipment	6	216	50
Proceeds from sales and redemption of investments	15	392	126
Capital expenditures	(1,376)	(799)	(11,541)
Payments to acquire investments	(628)	(19)	(5,267)
Decrease in lease deposits and other	82	148	688
Net cash used in investing activities	<u>(5,809)</u>	<u>(9,087)</u>	<u>(48,721)</u>
Financing Activities:			
Decrease in short-term bank loans	(578)	(49)	(4,848)
Repayments of long-term debt	(88)	(415)	(738)
Proceeds from issuance of long-term debt	61	61	512
Retirement of treasury stock	(2,374)	(614)	(19,911)
Dividends paid on common stock	(2,040)	(2,542)	(17,110)
Net cash used in financing activities	<u>(5,019)</u>	<u>(3,559)</u>	<u>(42,095)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents ..	<u>94</u>	<u>5</u>	<u>789</u>
Net Decrease in Cash and Cash Equivalents	<u>(6,327)</u>	<u>(6,770)</u>	<u>(53,065)</u>
Cash and Cash Equivalents, Beginning of Period	<u>41,196</u>	<u>49,889</u>	<u>345,517</u>
Cash and Cash Equivalents, End of Period	<u>¥ 34,869</u>	<u>¥ 43,119</u>	<u>\$ 292,452</u>
Additional Cash Flow Information:			
Cash paid for :			
Interest	¥ 141	¥ 182	\$ 1,183
Income taxes	2,836	2,671	23,786
Noncash Investing Activities :			
Fair value of marketable securities contributed to retirement trust fund	-	7,705	-
Fair value of marketable securities received in exchange for			