

Interim Report on Consolidated Financial Results and Forecast

November 14, 2002

For the six months ended September 30, 2002

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

Contacts : Corporate Officer Nobuhiro Matsuda
 Board Meeting Date : November 14, 2002

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

Six Months ended September 30, 2002 Business Results (April 1, 2002-September 30, 2002)

(1) Management Performance

	Millions of Yen			Thousands of U.S. Dollars
	Six months ended 2002/9/30	Six months ended 2001/9/30	Year ended 2002/3/31	Six months ended 2002/9/30
Net Sales	¥ 87,117 (2.0 %)	¥ 85,374 (2.2 %)	¥ 162,829	\$ 715,599
Operating Income	8,013 (8.4)	7,393 (-4.8)	7,186	65,821
Income before Income taxes, Equity in Net Income of Affiliated Companies and Minority Interests	6,803 (-13.6)	7,872 (-44.9)	7,613	55,881
Net Income	4,099 (-14.9)	4,815 (-35.7)	4,983	33,670
	Yen			U.S. Dollars
Net Income per common share	¥ 27.49	¥ 31.92	¥ 33.22	\$ 0.23
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 ¥ 452 million (\$ 3,713 thousand) and ¥ 639 million for the six-month periods ended September 30, 2002 and 2001, respectively, and ¥1,148 million for the year ended March 31, 2002.

(2) Financial Condition

	Millions of Yen			Thousands of U.S. Dollars
	2002/9/30	2001/9/30	2002/3/31	2002/9/30
Total Assets	¥ 225,892	¥ 226,940	¥ 223,985	\$ 1,855,528
Shareholders' Equity	169,948	170,629	168,205	1,395,992
Shareholders' Equity to Assets	75.2 %	75.2 %	75.1 %	
	Yen			U.S. Dollars
Shareholders' Equity per Common Share	¥ 1,139.83	¥ 1,144.26	¥ 1,128.05	\$ 9.36

(3) Cash Flow

	Millions of Yen			Thousands of U.S. Dollars
	Six months ended 2002/9/30	Six months ended 2001/9/30	Year ended 2002/3/31	Six months ended 2002/9/30
Net Cash provided by Operating Activities	¥ 5,527	¥ 4,407	¥ 8,653	\$ 45,400
Net Cash used in Investing Activities	(3,965)	(5,809)	(9,412)	(32,569)
Net Cash used in Financing Activities	(2,186)	(5,019)	(5,472)	(17,956)
Cash and Cash Equivalents at End of Period	34,598	34,869	35,381	284,196

(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 30, 2002 of ¥121.74 = \$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, 2002-March 31,2003)

	Millions of Yen	Thousands of U.S. Dollars
Net Sales	¥ 166,000	\$ 1,363,562
Operating Income	8,500	69,821
Income before Income Taxes, Equity in Net Income of Affiliated Companies and Minority Interests	7,200	59,142
Net Income	4,200	34,500

(Notes)

Caution on the forecast:

The Companies' forecast contains the views of the Companies' management based on the management's assumptions and beliefs in light of information currently available to it but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risks and uncertainties could lead to outcomes that differ materially from those presented in the forecast.

Consolidated Balance Sheets

WACOAL CORP. AND SUBSIDIARIES

September 30, 2002 and 2001

ASSETS	Millions of Yen		Thousands of U.S.Dollars
	2002/9/30	2001/9/30	2002/9/30
Current Assets:			
Cash and cash equivalents:			
Cash	¥ 10,414	¥ 8,815	\$ 85,543
Time deposits and certificates of deposit	24,184	26,054	198,653
Total	<u>34,598</u>	<u>34,869</u>	<u>284,196</u>
Marketable securities	43,451	38,487	356,916
Notes and accounts receivable:			
Trade notes	2,076	2,156	17,053
Trade accounts	23,644	25,469	194,217
Allowance for returns and doubtful receivables	(3,256)	(3,568)	(26,745)
Inventories	22,729	24,950	186,701
Deferred income taxes	4,849	4,666	39,831
Other current assets	1,718	1,769	14,112
Total current assets	<u>129,809</u>	<u>128,798</u>	<u>1,066,281</u>
Property, Plant and Equipment:			
Land	23,887	25,318	196,213
Buildings	55,414	55,468	455,183
Machinery and equipment	12,058	11,790	99,047
Construction in progress	324	—	2,662
Total	<u>91,683</u>	<u>92,576</u>	<u>753,105</u>
Accumulated depreciation	(35,918)	(34,219)	(295,039)
Net property, plant and equipment	<u>55,765</u>	<u>58,357</u>	<u>458,066</u>
Other Assets:			
Investments in affiliates	10,584	9,295	86,939
Investments	22,777	24,021	187,096
Lease deposits and other	6,957	6,469	57,146
Total other assets	<u>40,318</u>	<u>39,785</u>	<u>331,181</u>
Total	<u>¥ 225,892</u>	<u>¥ 226,940</u>	<u>\$ 1,855,528</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S.Dollars
	2002/9/30	2001/9/30	2002/9/30
Current Liabilities:			
Short-term bank loans	¥ 7,109	¥ 7,720	\$ 58,395
Notes and accounts payable:			
Trade notes	2,872	7,322	23,591
Trade accounts	9,254	6,274	76,015
Accrued payroll and bonuses	7,014	7,757	57,615
Income taxes payable	4,536	4,082	37,260
Other current liabilities	5,519	6,218	45,334
Current portion of long-term debt	208	510	1,708
Total current liabilities	<u>36,512</u>	<u>39,883</u>	<u>299,918</u>
Long-Term Liabilities:			
Long-term debt	1,290	900	10,596
Liability for termination and retirement benefits	14,068	7,374	115,558
Deferred income taxes	2,303	6,320	18,917
Total long-term liabilities	<u>17,661</u>	<u>14,594</u>	<u>145,071</u>
Minority Interests	<u>1,771</u>	<u>1,834</u>	<u>14,547</u>
Shareholders' Equity:			
Common stock, no par value-authorized, 235,000,000 shares;			
issued 149,116,685 shares	13,260	13,260	108,921
Additional paid-in capital	25,242	25,242	207,343
Retained earnings	134,977	132,723	1,108,732
Accumulated other comprehensive income(loss):			
Foreign currency translation adjustments	(1,687)	(1,697)	(13,857)
Unrealized gains on securities	1,158	1,101	9,512
Additional minimum pension liability	(2,985)	—	(24,519)
Treasury stock	(17)	(0)	(140)
Total shareholders' equity	<u>169,948</u>	<u>170,629</u>	<u>1,395,992</u>
Total	<u>¥ 225,892</u>	<u>¥ 226,940</u>	<u>\$ 1,855,528</u>

Consolidated Statements of Income

WACOAL CORP. AND SUBSIDIARIES

Six months ended September 30, 2002 and 2001

	Millions of Yen		Thousands of U.S.Dollars
	2002/9/30	2001/9/30	2002/9/30
Net Sales	¥ 87,117	¥ 85,374	\$ 715,599
Operating Costs and Expenses:			
Cost of sales	44,403	44,306	364,736
Selling, general and administrative	34,701	33,675	285,042
Total operating costs and expenses	<u>79,104</u>	<u>77,981</u>	<u>649,778</u>
Operating Income	<u>8,013</u>	<u>7,393</u>	<u>65,821</u>
Other Income and Expenses:			
Interest income	151	188	1,240
Interest expense	(91)	(136)	(748)
Dividend income	129	125	1,060
Gain on sale, transfer or exchange of investments	1	544	8
Impairment of investments	(1,437)	(220)	(11,804)
Other - net	37	(22)	304
Income before Income Taxes, Equity in Net Income of Affiliated Companies and Minority Interests	<u>6,803</u>	<u>7,872</u>	<u>55,881</u>
Income Taxes:			
Current	4,538	3,825	37,276
Deferred	(1,572)	(257)	(12,913)
Total income taxes	<u>2,966</u>	<u>3,568</u>	<u>24,363</u>
Income before Equity in Net Income of Affiliated Companies and Minority Interests	<u>3,837</u>	<u>4,304</u>	<u>31,518</u>
Equity in Net Income of Affiliated Companies	452	639	3,713
Minority Interests	(190)	(128)	(1,561)
Net Income	<u><u>4,099</u></u>	<u><u>4,815</u></u>	<u><u>33,670</u></u>

	Yen		U.S.Dollars
Net income per American Depositary Share	¥ 137	¥ 160	\$ 1.13
(5 shares of common stock)			

Consolidated Statements of Retained Earnings

WACOAL CORP. AND SUBSIDIARIES

Six months ended September 30, 2002 and 2001

	Millions of Yen		Thousands of U.S.Dollars
	2002/9/30	2001/9/30	2002/9/30
Retained Earnings:			
Beginning of period	132,891	132,322	1,091,597
Net Income	4,099	4,815	33,670
Appropriations:			
Cash dividends paid:			
Common stock	(2,013)	(2,040)	(16,535)
Retirement of treasury stock	—	(2,374)	—
End of period	<u>¥ 134,977</u>	<u>¥ 132,723</u>	<u>\$ 1,108,732</u>

Consolidated Statements of Cash Flows

WACOAL CORP. AND SUBSIDIARIES

Six months ended September 30, 2002 and 2001

	Millions of Yen		Thousands of U.S.Dollars
	2002/9/30	2001/9/30	2002/9/30
Operating Activities:			
Net income	¥ 4,099	¥ 4,815	\$ 33,670
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,504	1,518	12,354
Deferred income taxes	(1,572)	(257)	(12,913)
Impairment of investments	1,437	220	11,804
Gain on sale, transfer or exchange of investments	(1)	(544)	(8)
Undistributed earnings of affiliates, less dividends	(148)	(348)	(1,216)
Changes in operating assets and liabilities	208	(997)	1,709
Net cash provided by operating activities	<u>5,527</u>	<u>4,407</u>	<u>45,400</u>
Investing Activities:			
Proceeds from sales and redemption of marketable securities and investments	25,329	10,214	208,058
Payments to acquire marketable securities	(28,458)	(14,107)	(233,760)
Proceeds from sales of property, plant and equipment	939	6	7,713
Capital expenditures	(1,083)	(1,376)	(8,896)
Payments to acquire investments	(358)	(628)	(2,941)
Decrease(increase) in lease deposits and other	(334)	82	(2,743)
Net cash used in investing activities	<u>(3,965)</u>	<u>(5,809)</u>	<u>(32,569)</u>
Financing Activities:			
Decrease in short-term bank loans	(131)	(578)	(1,076)
Repayments of long-term debt	(37)	(88)	(304)
Proceeds from issuance of long-term debt	7	61	57
Retirement of treasury stock	(12)	(2,374)	(99)
Dividends paid on common stock	(2,013)	(2,040)	(16,534)
Net cash used in financing activities	<u>(2,186)</u>	<u>(5,019)</u>	<u>(17,956)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>(159)</u>	<u>94</u>	<u>(1,307)</u>
Net Decrease in Cash and Cash Equivalents	<u>(783)</u>	<u>(6,327)</u>	<u>(6,432)</u>
Cash and Cash Equivalents at Beginning of Period	<u>35,381</u>	<u>41,196</u>	<u>290,628</u>
Cash and Cash Equivalents at End of Period	<u>¥ 34,598</u>	<u>¥ 34,869</u>	<u>\$ 284,196</u>
Additional Cash Flow Information:			
Cash paid for :			
Interest	¥ 82	¥ 141	\$ 674
Income taxes	2,098	2,836	17,233
Noncash Investing Activities :			
Fair value of marketable securities received in exchange for certain investment securities	—	1,927	—