

Consolidated Financial Statement for the Year Ended March 2003 [U.S. Accounting Standards]

May 15, 2003

Listed Company: Wacoal Corp.
Code Number: 3591

Stock Exchanges: Tokyo, Osaka
Location of Principal Office: Kyoto

(URL <http://www.wacoal.co.jp/>)

Representative: Position: President and Director
Name: Yoshikata Tsukamoto

For Inquiries: Position: Corporate Officer, General Manager of Management Control Department
Name: Nobuhiro Matsuda Tel: (075) 682-1010

Date of Meeting of Board of Directors for Financial Statement: May 15, 2003

Adoption of U.S. Accounting Standards: Yes

1. Consolidated Results for the Year Ended March 2003 (April 1, 2002 to March 31, 2003)

(1) Consolidated Business Results (Note) Fractions less than 1 million yen in the indicated amounts have been rounded off.

	Sales		Operating Income		Pre-tax Net Profit	
	Million Yen	%	Million Yen	%	Million Yen	%
Year Ended March 2003	163,709	0.5	7,264	1.1	4,604	(39.5)
Year Ended March 2002	162,829	0.5	7,186	(25.3)	7,613	(62.2)

	Net Profit		Net Profit Per Share	Diluted Net Profit Per Share	Ratio of Net Profit to Equity Capital	Ratio of Pre-tax Net Profit to Total Capital	Ratio of Pre-tax Net Profit to Sales
	Million Yen	%	Yen	Yen	%	%	%
Year Ended March 2003	2,898	(41.8)	19.48	-	1.8	2.1	2.8
Year Ended March 2002	4,983	(54.2)	33.22	-	2.9	3.3	4.7

(Note) (i) Equity in income of equity-method investment:

The year ended March 2003: 966 million yen The year ended March 2002: 1,148 million yen

(ii) Average number of shares during the year ended (consolidated):

March 2003: 148,772,325 shares March 2002: 149,985,724 shares

(iii) Changes in accounting method: None

(iv) Percentages indicated under sales, operating income, pre-tax current year net profit, and current year net profit represent the increase/decrease compared to the previous year.

(2) Consolidated Financial Condition

	Total Assets	Equity Capital	Equity Capital Ratio	Equity Capital Per Share
	Million Yen	Million Yen	%	Yen
Year Ended March 2003	218,105	160,839	73.7	1,097.35
Year Ended March 2002	223,985	168,205	75.1	1,128.05

(Note) Number of outstanding shares at end of the year (consolidated):

March 2003: 146,570,431 shares March 2002: 149,111,694 shares

(3) Consolidated Cash Flow Status

	Cash Flow from Operating Activities	Cash Flow used in Investment Activities	Cash Flow used in Financial Activities	Balance of Cash and Cash Equivalents at End of Year
	Million Yen	Million Yen	Million Yen	Million Yen
Year Ended March 2003	7,858	(9,839)	(6,006)	27,246
Year Ended March 2002	8,653	(9,412)	(5,472)	35,381

(4) Items related to the Consolidation Criteria and Equity Method Application

Number of consolidated subsidiaries: 36 companies

Number of non-consolidated subsidiaries subject to equity method: None

Number of affiliated companies subject to equity method: 6 companies

(5) Changes in the Consolidation Criteria and Equity Method Application

Consolidated: (new) 2 companies (exception) None Equity Method: (new) 1 company (exception) None

2. Forecast of Consolidated Results for the Year Ending March 2004 (April 1, 2003 to March 31, 2004)

	Sales	Operating Income	Pre-tax Net Profit	Net Profit
	Million Yen	Million Yen	Million Yen	Million Yen
Interim Period	86,000	5,500	5,700	3,800
Annual	167,000	8,300	8,400	5,800

(Reference) Expected net profit per share (annual basis): 39.57 yen

* The foregoing estimates are made based on information available as of the date this data was released, and actual results may differ from estimates due to various factors arising in the future. Please refer to page 6 of the attachment for items relating to the foregoing estimates.

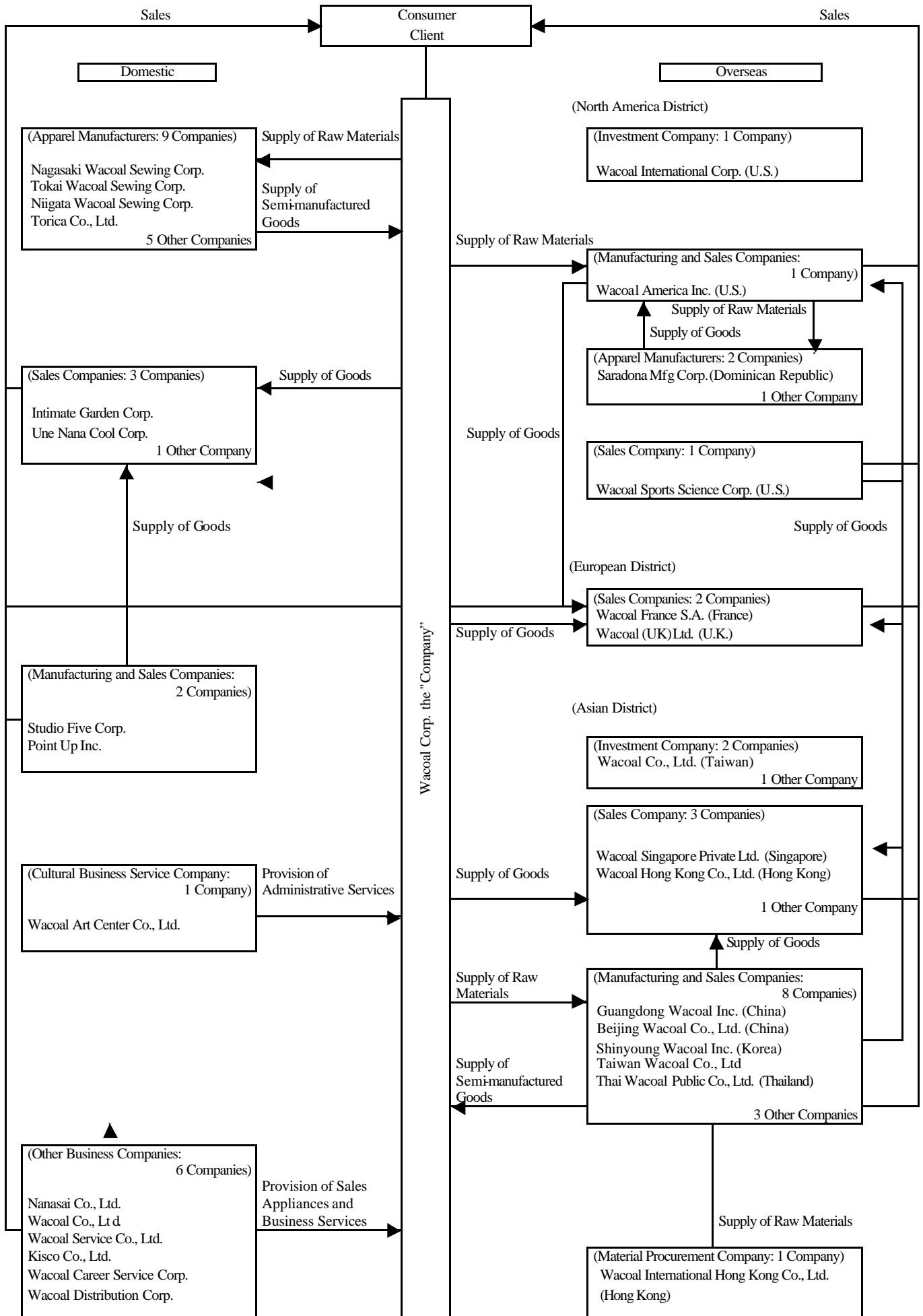
I. Status of Corporate Group

Our corporate group consists of Wacoal Corp. (the “Company”), 36 subsidiaries and 6 affiliated companies, and is principally engaged in the manufacture and wholesale distribution of innerwear (mainly women’s foundation, lingerie, nightwear and children’s underwear), outerwear, sport wear, and other textile goods and related products, as well as the wholesale and direct sales of certain products to consumers. The corporate group is also conducting business in the areas of housing, restaurant, culture, services and interior finish work.

Positioning in relation to the group’s business and the relationship with classified segments of business are as follows.

Business Segment	Operating Segment	Major Companies		
Textile Goods and Related Products	Manufacturing and Sales Companies	Domestic	Wacoal Corp., Studio Five Corp., Point Up Inc. (Total: 3 Companies)	
		Overseas	Wacoal America Inc., Beijing Wacoal Co., Ltd., Shinyoung Wacoal Inc. (South Korea), Taiwan Wacoal Co., Ltd., Guangdong Wacoal Inc., Thai Wacoal Public Co., Ltd. 3 Other Companies (Total: 9 Companies)	
	Sales Companies	Domestic	Intimate Garden Corp., Une Nana Cool Corp. 1 Other Company (Total: 3 Companies)	
		Overseas	Wacoal Singapore Private Ltd., Wacoal Hong Kong Co., Ltd., Wacoal France S.A., Wacoal (UK) Ltd. 2 Other Companies (Total: 6 Companies)	
	Apparel Manufacturers	Domestic	Nagasaki Wacoal Sewing Corp., Tokai Wacoal Sewing Corp., Niigata Wacoal Sewing Corp., Torica Co., Ltd. 5 Other Companies (Total: 9 Companies)	
		Overseas	Saradona Mfg Corp. (Dominican Republic) 1 Other Company (Total: 2 Companies)	
	Material Procuring Companies	Overseas	Wacoal International Hong Kong Co., Ltd. (Total: 1 Company)	
	Others	Cultural Business Service Companies	Domestic	Wacoal Corp., Wacoal Art Center Co., Ltd. (Total: 2 Companies)
		Other Business Companies	Domestic	Wacoal Corp., Nanasai Co., Ltd., Wakoh Corp., Wacoal Service Co., Ltd., Kisco Co., Ltd., Wacoal Career Service Corp., Wacoal Distribution Corp. (Total: 7 Companies)
			Overseas	Wacoal International Corp. (U.S.) Wacoal Investment Co., Ltd. (Taiwan) 1 Other Company (Total: 3 Companies)

The business distribution diagram regarding the foregoing status of corporate group is as follows:



II. Management Policies

1. Basic Business Policy

Our group, as a “Female Affinity Company”, aims to support the beautiful lifestyle of women. In our business, we actively follow a process which we call “The Body Designing Business”. We believe this process supports the “Expression of Personal Beauty of the Mind and Body”. In order to expand such business activities, we need to develop our consumer-based concepts to enhance the idea of consumer satisfaction so that we may provide “Satisfaction to Each Consumer”. We have given considerable attention to product quality since our foundation, have learned from and have seriously addressed issues related to each consumer.

2. Basic Policy Regarding Profit Sharing

With respect to dividend policies, we will seek to reinforce our financial strength in order to secure a stable management base, and endeavor to continue our pattern of steady dividends, all the while giving consideration to the appropriate dividend payout.

Moreover, as part of an increase in share-value and return of profits to shareholders, in the last three (3) years, we have repurchased and cancelled a total of 7,500,000 shares of the Company. We will continue to examine various measures in the future.

We have actively invested in the structure of a uniform system to manage the process of production to logistics to sales, as well as enhancing our information system and existing sales markets, and developing new shops of SPA (“Special Store Retailer of Private Label Apparel”). We hope that these efforts will be beneficial to our shareholders by improving future profits.

3. Concept and Policy, etc. Regarding Lowering Investment Unit

It is important that our group promotes the long-term stable retention of our company shares by investors and seeks to broaden the investor base. In order to realize the above, we believe lowering the investment unit for personal investors to be an effective measure. In addition to giving consideration to the stock market trends, we will take careful measures by attaching greater importance to shareholders when examining the required costs and the effects thereof.

4. Measures for Business Targets

Our target is to achieve ROE (return on equity) of 6% or higher. In addition, we are also aiming to achieve an operating income margin of 9% or higher, and will aggressively pursue profit, engage in reduction of manufacturing and operating costs, as well as endeavor to efficiently monitor shareholders’ equity.

5. Our Medium- and Long-term Business Strategy

Our surrounding environment is rapidly changing owing to diversification in consumer values, the broadening needs of the elderly and the young, the pursuit of new distribution channels in Japan, and the moving forward to opening-up of the market due to China’s participation in the WTO (“World Trade Organization”), the expansion of plans to conduct business internationally, and the necessity of network construction for production and sales overseas. In order to respond immediately to these business and environmental changes, we are promoting the following measures based on our medium-term plans.

(1) Reorganization of Existing Businesses

(i) Reorganization of Intimate Apparel Brand

In order to create differentiation from other companies’ brands and to increase our competitiveness, we will reorganize our innerwear apparel brand. We specifically aim to strengthen “Wacoal” brand based on the results of research and development by using our core competencies and related know-how. In addition, we will clarify the type of consumers to be targeted and will express our universal visions of brand to them. We will enhance the organizational structure and promote the development of sales markets suitable for each product line.

(ii) Participation in the Wellness Business

As a result of increased health consciousness, services and products using the words “health” or “amenity” are gaining the attention of consumers. Therefore, we will promote businesses that support lifestyles based on such themes as “sports and conditioning”, “walking science” and “therapy and relaxing”.

(2) Development of New Business

(i) SPA (Manufacture and Retail), Internet Mail Order and Catalog Mail Order

In order to respond to the structural changes in the apparel market, we will aggressively develop business fields with new customers. In particular, we will actively promote the expansion of SPA shops.

(ii) Development of Good-Age Business

We will develop product groups and cultivate distribution channels to respond to the needs of an aging society.

(3) Reconstruction of New Added Values

(i) Development of Semi-custom-made Business “Dubleve”

We will develop CRM (customer relationship management) relating to semi-custom-made manufacturing and sales business “Dubleve”.

(ii) Intellectual OEM Business

We will engage in alliances while leveraging our group’s core competencies regarding OEM business through the reconstruction of added values.

(4) Promotion of Structural Reformation

With “speed” and “cost” as key components, we will drive the structural reformation of planning and design, procurement of materials, production, merchandizing and logistics.

(5) Deployment of Global Business Activities

(i) Active Expansion of Chinese Business

We will seek to reinforce and expand our sales offices in China in order to create a foundation for the Chinese market.

(ii) We will promote the global planning, procurement, and enhancement of the production system with Hong Kong as the core of such network.

6. Basic Concepts and Status of Policy Operation Regarding Corporate Governance

We have introduced the corporate officer system as of this year and are aiming to achieve prompt and appropriate decision-making and clarification of the responsibility and authority of management. Furthermore, in order to increase the transparency of managerial matters, we have enhanced our IR (“Investor Relations”) activities and make our utmost efforts in disclosing information actively to our shareholders and investors.

Moreover, we created “Corporate Ethics - Wacoal’s Action Agenda” to review all aspects of our corporate activities from the perspective of corporate ethics. We expect that this will enable the maintenance of fairness in business and improve managerial quality in a well balanced manner. We will thus seek the enlightenment, transparency and establishment of corporate ethics through workshops conducted by the newly organized corporate ethics implementation committee.

III. Business Results and Financial Condition

1. Business Results

(1) Summary of Overall Business Results of This Year

The Japanese economy this year has been in an increasingly severe deflationary spiral characterized by declining personal consumption due to falling income and rising employment uncertainty in the face of deteriorating business results. Economic stagnation also occurred overseas and had a large impact on the world economy owing to worldwide political concerns over the Iraqi issue and the decline in share prices caused by doubts about the U.S. economy and the decline in personal consumption brought about by such doubts.

Our business results in the woman’s fashion industry also depend on how we respond to environmental changes in new business styles and demands.

In view of these circumstances, our group has sought to improve our product strength, has conducted applicable product developments for consumer needs focusing on innerwear, and has endeavored to actively find new consumers through direct sales by stores. With respect to the Wacoal brand, the summer campaign product “T-Shirt Bra NAMI NAMI” and the autumn campaign product “Shakitto Bra” were favorably received. Moreover, “La Vie Aisée” and “Gra-P”, innerwear targeting the middle aged and elderly market, continued to receive favorable reviews. As for the Wing brand, the autumn and winter campaign product “Kyutto Up Pants; Air-Through Type” and the high-sensitivity product for chain store “Lesiage” also gained favorable reviews. We have over 50 stores for the SPA business as of the end of this year, and the number and sales thereof are steadily increasing.

Other than innerwear, sales of the sports-related product “CW-X” increased, which baseball player Ichiro Suzuki has been hired to promote.

With regard to our overseas business, our Asian affiliated companies underwent a smooth transition. The European and U.S. market showed favorable transitions in relation to the U.S. businesses. In addition, we expanded our sales districts to aggressively promote our sales in Dalian and Chengdu, a total of 5 bases in China with bases already existing in Beijing, Guangzhou and Shanghai. We also established Wacoal China Human Science Research Institute and launched our market survey and research to design products suitable for the Chinese physique.

As a result, sales for this year were 163,709 million yen, 0.5% increase compared to the previous year.

In terms of profit, although we put much effort in improving operational efficiency in reducing costs through structural reformation, operating income for this year was 7,264 million yen, 1.1% increase compared to the previous year. The increase in operating income was achieved in spite of an increase in temporary costs arising from the expansion of a flexible age retirement system.

Pre-tax current year net profit was 4,604 million yen (which reflects losses caused by the revaluation of our listed investment securities accompanied by the decline of current share prices), 39.5% decrease compared to the previous year, whereas current year net profit was 2,898 million yen, 41.8% decrease compared to the previous year.

Regarding sales by business category, current year sales of “textile goods and related products” were 147,386 million yen, 0.6% increase compared to the previous year. The current year sales of “others” were 16,323 million yen, 0.4% decrease compared to the previous year.

Regarding sales by location, “Japan” represented 145,155 million yen accounting for 88.7% of sales of the overall group, whereas “Asia” accounted for 3.0% and “Europe and U.S.” accounted for 8.3%.

Concerning the dividend for this year, as initially planned, the dividend payable will be 13.50 yen per share.

2. Financial Condition

Cash flow from sales activities of this year decreased by 795 million yen compared to the previous year, and amounted to 7,858 million yen.

Cash flow used in investment activities amounted to 9,839 million yen as a result of shifting funds from deposits into short-term notes, etc.

Cash flow used in financial activities amounted to 6,006 million yen owing to the acquisition of treasury stock and payment for dividends.

The balance of cash and cash equivalents at the end of this year, which has been calculated by deducting the translation difference of cash and cash equivalents from the foregoing total, was 27,246 million yen, 8,135 million yen decrease compared to the previous year.

Moreover, free cash flow, which has been calculated by subtracting the amount of capital investment from the cash flow from sales activities amounted to 5,754 million yen.

3. Forecast for the Next Year

Overall business conditions are still slow under the pressure of mounting unrealized losses on shares held by banks and other companies with the domestic stock market decline. As expectations towards personal consumption are also low for future economic conditions, it is anticipated that this state of stagnation will continue for some time. In overseas, the global situation after the end of the Iraq War is still increasingly uncertain, and the decrease in profits from tourism and restrictions on international corporate activity due to the spread of Severe Acute Respiratory Syndrome (SARS) in Asian regions such as Guangdong in China and Hong Kong have had a severe impact on the economic downturn in other part of Asia, including Japan.

Consumers tend to select products based on the balance of price and value, and so such a tendency will have a large impact on the domestic woman's fashion industry, despite the certain stable mood of deflation. The same circumstance will also apply to the whole distribution industry. In order to achieve favorable results, we regard it as important to respond appropriately to such circumstances.

Our group, under these circumstances, will make further efforts in developing products that are appreciated by each generation of consumers, and will aggressively pursue our goals to enhance our relationship with consumers such as in SPA business and mail order through catalogs and via the Internet. We will also continue to promote our structure reformation to enable effective management and cost reduction and quality control.

We will expand the production of products such as "La Vie Aisée" and "Gra-P" which focuses on middle-aged and elderly woman, with an effort to seek out new markets in light of an aging society. We will continue to increase the number of shops for such brands as "amphi", "une nana cool", "Subito" and "Sur la plage" which are aimed at the young and new age.

Our target for the next year is to achieve sales of 167,000 million yen, operating income of 8,300 million yen, pre-tax current year net profit of 8,400 million yen, and current year net profit of 5,800 million yen.

IV-1. Consolidated Financial Statement

Accounts	Current Year As of March 31, 2003	Previous Year As of March 31, 2002	Amount Increased/Decreased
(Assets)	Million Yen	Million Yen	Million Yen
Current assets			
Cash and bank deposits	7,084	10,656	(3,572)
Time deposits	20,162	24,725	(4,563)
Marketable securities	48,250	40,203	8,047
Receivables			
Notes receivable	1,742	2,206	(464)
Accounts receivable-trade	<u>18,688</u>	<u>21,537</u>	<u>(2,849)</u>
	20,430	23,743	(3,313)
Allowance for returns and doubtful receivables	<u>(2,288)</u>	<u>(2,965)</u>	<u>677</u>
	18,142	20,778	(2,636)
Inventories	24,346	24,899	(553)
Deferred tax assets	4,653	4,604	49
Other current assets	1,849	1,525	324
Total current assets	124,486	127,390	(2,904)
Tangible fixed assets			
Land	22,924	24,649	(1,725)
Buildings and structures	55,801	55,786	15
Machinery and equipment	12,248	12,314	(66)
Construction in progress	<u>78</u>	<u>187</u>	<u>(109)</u>
	91,051	92,936	(1,885)
Accumulated depreciation	(36,880)	(35,645)	(1,235)
Net tangible fixed assets	54,171	57,291	(3,120)
Other assets			
Investments in affiliated companies	10,840	10,247	593
Investments	17,968	22,509	(4,541)
Deferred tax assets	3,616	533	3,083
Lease deposits and others	7,024	6,015	1,009
Total other assets	39,448	39,304	144
Total Assets	218,105	223,985	(5,880)

Accounts	Current Year As of March 31, 2003	Previous Year As of March 31, 2002	Amount Increased/Decreased
(Liabilities, minority interests and shareholders' equity)	Million Yen	Million Yen	Million Yen
Current Liabilities			
Short-term bank loans	5,633	7,397	(1,764)
Payables			
Notes payable	2,499	6,061	(3,562)
Accounts payable-trade	<u>8,627</u>	<u>8,147</u>	<u>480</u>
	11,126	14,208	(3,082)
Accrued payroll and bonuses	7,520	7,484	36
Accrued corporate taxes, etc.	2,796	2,096	700
Other current liabilities	6,288	5,747	541
Current portion of long-term debt	213	163	50
Total current liabilities	33,576	37,095	(3,519)
Long-term liabilities			
Long-term debt	1,219	1,235	(16)
Reserves for retirement benefit	20,650	12,334	8,316
Deferred tax liability	39	3,346	(3,307)
Total long-term liabilities	21,908	16,915	4,993
Minority interests	1,782	1,770	12
Shareholders' Equity			
Common stock	13,260	13,260	-
Additional paid-in capital	25,242	25,242	-
Retained earnings	131,466	132,891	(1,425)
Accumulated other comprehensive income (loss)			
Foreign currency exchange adjustment	(1,947)	(937)	(1,010)
Unrealized gain/(loss) on securities	(846)	199	(1,045)
Additional minimum pension liability	(6,293)	(2,445)	(3,848)
Treasury stock	(43)	(5)	(38)
Total shareholders' equity	160,839	168,205	(7,366)
Total liabilities, minority interests and shareholders' equity	218,105	223,985	(5,880)

IV-2. Consolidated Income Statement

Accounts	Current Year From April 1, 2002 To March 31, 2003		Previous Year From April 1, 2001 To March 31, 2002		Amount Increased/Decreased Million Yen
	Million Yen	%	Million Yen	%	
Sales	163,709	100.0	162,829	100.0	880
Operating expenses					
Cost of sales	85,306	52.1	86,567	53.2	(1,261)
Selling, general and administrative expenses	71,139	43.5	69,076	42.4	2,063
Total operating expenses	156,445	95.6	155,643	95.6	802
Operating income	7,264	4.4	7,186	4.4	78
Other income and expenses (-)					
Interest income	305	0.2	356	0.2	(51)
Interest expense	(165)	(0.1)	(239)	(0.1)	74
Dividends received	220	0.1	201	0.1	19
Gain on sale and transfer of investment	436	0.3	502	0.3	(66)
Valuation loss of investment in securities	(3,566)	(2.2)	(507)	(0.3)	(3,059)
Others (net)	110	0.1	114	0.1	(4)
Total other income and expense	(2,660)	(1.6)	427	0.3	(3,087)
Current year net income before adjustment of income taxes	4,604	2.8	7,613	4.7	(3,009)
Corporate taxes, etc.					
Current	5,243	3.2	4,405	2.7	838
Deferred	(2,756)	(1.7)	(620)	(0.4)	(2,136)
Total corporate taxes	2,487	1.5	3,785	2.3	(1,298)
Current year net income before adjustment of equity-method investment income and minority interests	2,117	1.3	3,828	2.4	(1,711)
Equity-method investment income	966	0.6	1,148	0.7	(182)
Minority interests	(185)	(0.1)	7	0.0	(192)
Current year net income	2,898	1.8	4,983	3.1	(2,085)
Current year net income per share	19.48 yen		33.22 yen		

Note: The U.S. Accounting Standard No. 130 "Report of Comprehensive Income" is applicable, and the increase/decrease (comprehensive income) of capital accounts other than capital transactions for the year ended March 2003 and the year ended March 2002 based on the said Standard was a decrease of 3,005 million yen and an increase of 66 million yen, respectively.

IV-3. Consolidated Earned Surplus Statement

Accounts	Current Year From April 1, 2002 To March 31, 2003		Previous Year From April 1, 2001 To March 31, 2002		Amount Increased/Decreased Million Yen
	Million Yen	Million Yen	Million Yen	Million Yen	
Retained earnings					
Initial balance	132,891		132,322		569
Current year net income	2,898		4,983		(2,085)
Cash dividends paid	(2,013)		(2,040)		27
Retirement of treasury stock	(2,310)		(2,374)		64
Current year end balance	131,466		132,891		(1,425)

IV-4. Consolidated Cash Flow Statement

Accounts	Current Year From April 1, 2002 To March 31, 2003	Previous Year From April 1, 2001 To March 31, 2002	Amount Increased/Decreased
	Million Yen	Million Yen	Million Yen
I. Cash flow from operating activities			
1. Current year net income	2,898	4,983	(2,085)
2. Adjustment of cash flow from operating activities			
(1) Depreciation and amortizations	2,971	3,533	(562)
(2) Deferred taxes	(2,756)	(620)	(2,136)
(3) Gain/loss on sale of fixed assets	143	740	(597)
(4) Impairment loss on fixed assets	556	-	556
(5) Investment securities valuation loss	3,566	507	3,059
(6) Gain on sale and transfer of investment securities	(436)	(502)	66
(7) Equity-method investment income	(643)	(1,028)	385
(8) Changes in assets and liabilities			
Decrease in receivables	3,110	1,306	1,804
Decrease in inventories	154	1,262	(1,108)
Decrease in other current assets (Increase)	(1,365)	395	(1,760)
Decrease in payables	(2,236)	(2,049)	(187)
Increase in reserves for retirement benefits	1,672	1,400	272
Increase in accrued expenses and other current liabilities (Decrease)	771	(1,293)	2,064
(9) Others	(547)	19	(566)
Net cash flow from operating activities	7,858	8,653	(795)
II. Cash flow used in investment activities			
1. Proceeds from sale and redemption of marketable securities	59,681	29,248	30,433
2. Acquisition of marketable securities	(67,613)	(35,148)	(32,465)
3. Proceeds from sales of fixed assets	1,416	115	1,301
4. Proceeds from sale and redemption of investments	1	65	(64)
5. Acquisition of tangible fixed assets	(2,104)	(2,484)	380
6. Acquisition of investments	(866)	(895)	29
7. Increase in other assets	(354)	(313)	(41)
Net cash flow used in investment activities	(9,839)	(9,412)	(427)
III. Cash flow used in financial activities			
1. Decrease in short-term bank loans	(1,647)	(1,018)	(629)
2. Decrease in long-term debt	(181)	(556)	375
3. Increase in long-term debt	183	521	(338)
4. Purchase of treasury stock	(2,348)	(2,379)	31
5. Dividends paid in cash	(2,013)	(2,040)	27
Net cash flow used in financial activities	(6,006)	(5,472)	(534)
IV. Effect of exchange rate on cash and cash equivalents	(148)	416	(564)
V. Decrease in cash and cash equivalents	(8,135)	(5,815)	(2,320)
VI. Initial balance of cash and cash equivalents	35,381	41,196	(5,815)
VII. Current year end balance of cash and cash equivalents	27,246	35,381	(8,135)

Additional Information

Cash paid for			
Interest	154	231	(77)
Corporatetaxes, etc.	4,543	5,402	(859)
Investment activities without cash expenditure			
Exchange of shares	703	1,927	(1,224)

IV-5. Basic Matters in Preparing Consolidated Financial Statements

1. Matters Regarding the Scope of Consolidation and Application of the Equity Method

Major consolidated subsidiaries:

Studio Five Corp., Point Up Inc., Nagasaki Wacoal Sewing Corp., Torica Co., Ltd., Nanasai Co., Ltd., Wacoal International Corp., Wacoal America Inc., Wacoal France S.A., Wacoal Hong Kong Co., Ltd., Wacoal Investment Co., Ltd. and Beijing Wacoal Co., Ltd.

Major Affiliated Companies:

Shinyoung Wacoal Inc., Taiwan Wacoal Co., Ltd. and Thai Wacoal Public Co., Ltd.

2. Matters Regarding Deployment Status of Scope of Consolidation and Application of the Equity Method

Consolidated (new): Wacoal Sports Science Corp. and Wacoal (Shanghai) Human Science R&D Co., Ltd.

Equity Method (new): WJ Co., Ltd.

3. Preparing Standard of Consolidated Financial Statements

The consolidated financial statements have been prepared based on the terms, format and preparation methods in compliance with accounting standards generally accepted in the United States (hereinafter referred to as the "U.S. Accounting Standards") required in relation to the issuance of the American Depositary Receipts (ADR). Moreover, the various laws and ordinances relating to accounting in the U.S. include the format regulations (Regulation S-X) and Accounting Series Release regarding notifications and reports to the Security Exchange Commission, the references of the Financial Accounting Standards Board (FASB), the report of the Accounting Principles Board, and Accounting Research Bulletin (ARB) of the Committee on Accounting Procedures, among others. Therefore, the subject matter differs from cases in which consolidated financial statements are prepared based on the "consolidated financial statement regulations" and "general rules for consolidated financial statements". Nevertheless, segment information is prepared based on the "consolidated financial statement regulations".

4. Material Accounting Policy

(1) Valuation Standard of Inventories

The gross average method was mainly used for goods, products and supplies, and the first-in first-out method was used for raw materials, with both valued at the lower cost accounting method.

(2) Valuation Standard of Tangible Fixed Assets and Method of Depreciation

Tangible fixed assets are valued at the acquisition cost. Depreciation expenses are calculated mainly with the constant percentage method based on the estimated useful life of such asset (the lease term for leased assets capitalized as assets).

(3) Valuation Method of Marketable Securities and Investment Securities

Based on the provisions of FASB Standard No. 115, marketable securities and investment securities have been classified as available for sale securities, and valued at a fair value. Moreover, unrealized valuation profit/loss is classified and indicated in the cumulative amount of other comprehensive profits in the capital section at a price after the adjustment of the tax effect.

(4) Reserve for Retirement Benefits

This is accounted for based on the provisions of FASB Standard No. 87.

(5) Lease Transactions

Based on the provisions of FASB Standard No. 13, capital leases have been capitalized at the fair value of the leased item, and accrued liability corresponding thereto has been accounted for.

(6) Accounting Procedure for Consumption Tax, etc.

Accounting procedure for consumption tax, etc., is based on the tax-excluded method.

(7) Consolidated Cash Flow Statement

Upon preparing the consolidated cash flow statements, time deposits and negotiable deposits within three (3) months have been included in cash and cash equivalents.

(Notes)

1. Market Value, etc. of Securities

(Unit: Million Yen)

	Current Year As of March 31, 2003				Previous Year As of March 31, 2002			
	Acquisition Cost	Total Unrealized Profit	Total Unrealized Loss	Fair Value	Acquisition Cost	Total Unrealized Profit	Total Unrealized Loss	Fair Value
Securities								
Government Bonds	2,720	5	0	2,725	299	1	0	300
Corporate Bonds	18,696	39	14	18,721	20,483	42	26	20,499
Bank Bonds	23,944	30	16	23,958	17,641	18	140	17,519
Investment Trust	2,829	17	0	2,846	1,897	1	13	1,885
Total	48,189	91	30	48,250	40,320	62	179	40,203
Investment								
Stock	16,293	2,672	1,352	17,613	18,639	5,676	2,234	22,081
Total	16,293	2,672	1,352	17,613	18,639	5,676	2,234	22,081

2. Reserve for Retirement Benefits

Employee Retirement Benefit Plans

We and our subsidiaries have several retirement benefit plans. We have adopted a welfare pension fund plan, and some subsidiaries have adopted an eligible pension plan.

Market value of estimated future payment, increase and decrease of fair value of pension assets and related information calculated based on annuity insurance are as follows.

	<u>March 31, 2003</u>	<u>March 31, 2002</u>
Increase/decrease of fair value of estimated future payment		
Initial balance of fair value of estimated future payment	48,431 million yen	44,655 million yen
Service expense	2,146	2,368
Interest rate expense	1,355	1,490
Contribution of employees	420	484
Actuarial losses	4,733	1,917
Balance based on prior service liabilities	(244)	(1,151)
Pension benefits from pension assets	(1,054)	(953)
Pension benefits from the company	<u>(672)</u>	<u>(379)</u>
Current year end balance of fair value of estimated future payment	<u>55,115</u>	<u>48,431</u>
Increase/Decrease of fair value of pension assets		
Initial balance of pension assets	27,801	27,323
Actual increase	(2,821)	(1,351)
Pension contributed from company	1,848	2,298
Contribution from employees	420	484
Pension benefits	<u>(1,111)</u>	<u>(953)</u>
Current year end balance of pension assets	<u>26,137</u>	<u>27,801</u>
Initial balance of pension benefit trusts	4,161	5,464
Actual increase	<u>(1,107)</u>	<u>(1,303)</u>
Current year end balance of pension benefit trusts	<u>3,054</u>	<u>4,161</u>
Excess over pension assets of estimated future payment	25,924	16,469
Unrecognized actuarial differences	(18,894)	(11,590)
Unrecognized prior service liabilities (decrease in liabilities)	2,029	2,229
Unamortized balance of net assets in adopting new standard	<u>118</u>	<u>235</u>
Balance of net recognized	<u>9,177</u>	<u>7,343</u>
Breakdown of net recognized on consolidated balance sheet		
Reserve for retirement benefits	20,046	11,567
Accumulated other comprehensive income (before deduction of tax effect)	<u>(10,869)</u>	<u>(4,224)</u>
Total	<u>9,177</u>	<u>7,343</u>
	<u>Year Ended March 2003</u>	<u>Year Ended March 2002</u>
Current year retirement benefit expense		
Service expense	2,146	2,368
Interest rate expense	1,355	1,490
Expected performance benefit from pension assets	(808)	(939)
Amortized and deferred net unrecognized liability	<u>1,832</u>	<u>1,105</u>
Total	<u>4,525</u>	<u>4,024</u>

The reduction ratio, the expected promotion ratio and the long-term performance benefit of pension assets which are used in the above annuity insurance calculation for the year ended March 2003 and the year ended March 2002 are 2.5% and 3.0%, 0.4% and 0.4%, and 3.0 and 3.5%, respectively. Unrecognized loss has been constantly amortized over the length of average remaining continuous services (12 years), and the balance of transition in adopting the provisions of FASB Standard No. 87 is constantly amortized over 15 years.

Officers Retirement Benefit Plans

The reserve for officers retirement benefit for officers retirement benefit are included in the reserve for retirement benefits. Balance of reserves for officers retirement benefit for the year ended March 2003 and the year ended March 2002 are 604 million yen and 767 million yen, respectively.

3. Income Taxes

The effective corporate tax rate is different from legal tax rate owing to the following reasons:

	<u>Year Ended March 2003</u>	<u>Year Ended March 2002</u>
Legal tax rate	42.1%	42.1%
Reasons increased (decreased)		
Expense excluded from nontaxable expenses	5.8	3.8
Valuation allowance	11.7	2.3
Undistributed earnings of foreign subsidiaries and affiliates	4.1	1.1
Others	<u>(9.7)</u>	<u>0.4</u>
Effective corporate tax rate	<u>54.0</u>	<u>49.7</u>

Effect of temporary difference, etc. for deferred tax assets/liabilities is as follows.

	<u>March 31, 2003</u>		<u>March 31, 2002</u>	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Sales returns	798 million yen		908 million yen	
Inventory valuation	751		854	
Intercompany profits	133		127	
Accrued bonuses	1,413		1,342	
Valuation loss on investment securities	1,407		514	
Gain on sales of fixed assets		1,711 million yen		1,800 million yen
Undistributed earnings of foreign subsidiaries and affiliates		2,015		2,050
Net unrealized gain on securities		579		1,400
Net realized gain on exchange of equity securities		2,126		2,080
Capitalized supplies	388		404	
Enterprise taxes	250		175	
Compensated absences	1,005		948	
Pension expense	7,355		3,498	
Tax loss carryforwards	1,317		614	
Other temporary differences	<u>1,087</u>	<u>44</u>	<u>1,007</u>	<u>663</u>
Total	15,904	6,475	10,391	7,993
Valuation allowance	<u>(1,199)</u>		<u>(607)</u>	
Total	<u>14,705</u>	<u>6,475</u>	<u>9,784</u>	<u>7,993</u>

4. Contract Amount, Market Value and Valuation Profit/Loss of Derivative Transactions

In order to prepare for the fluctuation risk of the foreign currency exchange rate and interest, forward exchange contracts and interest rate swap contracts have been utilized as financial derivative products.

- (1) There are forward exchange transactions (dollar-buying, yen-selling) which are non-market transactions, but there is no balance for such forward exchange in the previous year and current year.
- (2) In order to alleviate the loss relating to loan liabilities arising from the improvement in the yield rate and fluctuation of interest in the operation of funds, financial swap contracts have been executed. Nevertheless, indications thereof have been omitted as the valuation profit/loss and contract amounts are of little importance.

V. Segment Information

(1) Segment Information by Type of Business

Current year (April 1, 2002 to March 31, 2003)

(Unit: Million Yen)

	Textile goods and related products	Others	Total	Elimination or corporate	Consolidated
I. Sales					
(1) Sales to outside customers	147,386	16,323	163,709	-	163,709
(2) Internal sales among segments	-	7,489	7,489	(7,489)	-
Total	147,386	23,812	171,198	(7,489)	163,709
Operating expenses	138,622	24,116	162,738	(6,293)	156,445
Operating income (Loss)	8,764	(304)	8,460	(1,196)	7,264
II. Assets, depreciation and amortization and capital expenditure					
Assets	115,072	15,483	130,555	87,550	218,105
Depreciation and amortization	2,625	238	2,863	108	2,971
Capital expenditure	2,432	56	2,488	0	2,488

Previous year (April 1, 2001 to March 31, 2002)

(Unit: Million Yen)

	Textile goods and related products	Others	Total	Elimination or corporate	Consolidated
I. Sales					
(1) Sales to outside customers	146,438	16,391	162,829	-	162,829
(2) Internal sales among segments	-	7,324	7,324	(7,324)	-
Total	146,438	23,715	170,153	(7,324)	162,829
Operating expenses	136,878	24,865	161,743	(6,100)	155,643
Operating income (Loss)	9,560	(1,150)	8,410	(1,224)	7,186
II. Assets, depreciation and amortization and capital expenditure					
Assets	114,728	16,418	131,146	92,839	223,985
Depreciation and amortization	3,091	303	3,394	139	3,533
Capital expenditure	2,097	43	2,140	0	2,140

- (Note)
1. Segment information is prepared based on the "consolidated financial statement regulations".
 2. Business classification is classified into textile goods and related products and others based on the type, quality, and resemblance in the sales market of such products.
 3. Core products of respective businesses:
 Textile goods and related products: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.
 Others: mannequins, shop design and implementation, housing, restaurant, culture, services, etc.

(2) Segment Information by Location

Current year (April 1, 2002 to March 31, 2003)

(Unit: Million Yen)

	Japan	Asia	Europe/U.S.	Total	Elimination or corporate	Consolidated
I. Sales						
(1) Sales to outside customers	145,155	4,986	13,568	163,709	-	163,709
(2) Internal sales among segments	718	3,025	-	3,743	(3,743)	-
Total	145,873	8,011	13,568	167,452	(3,743)	163,709
Operating expenses	139,527	7,446	12,019	158,992	(2,547)	156,445
Operating income	6,346	565	1,549	8,460	(1,196)	7,264
II. Assets	119,105	17,390	7,374	143,869	74,236	218,105

Previous year (April 1, 2001 to March 31, 2002)

(Unit: Million Yen)

	Japan	Asia	Europe/U.S.	Total	Elimination or corporate	Consolidated
I. Sales						
(1) Sales to outside customers	145,930	4,649	12,250	162,829	-	162,829
(2) Internal sales among segments	523	2,911	-	3,434	(3,434)	-
Total	146,453	7,560	12,250	166,263	(3,434)	162,829
Operating expenses	139,424	6,998	11,431	157,853	(2,210)	155,643
Operating income	7,029	562	819	8,410	(1,224)	7,186
II. Assets	120,256	16,958	7,433	144,647	79,338	223,985

- (Note) 1. Segment information is prepared based on the “consolidated financial statement regulations”.
 2. Main countries and areas belonging to classifications other than Japan
 Asia: various countries of East Asia and Southeast Asia
 Europe/U.S.: the U.S. and various European countries

(3) Overseas Sales

Current year (April 1, 2002 to March 31, 2003)

(Unit: Million Yen)

	Asia	Europe/U.S.	Total
I. Overseas sales	4,986	13,568	18,554
II. Consolidated sales			163,709
III. Ratio of overseas sales in consolidated sales	3.0%	8.3%	11.3%

Previous year (April 1, 2001 to March 31, 2002)

(Unit: Million Yen)

	Asia	Europe/U.S.	Total
I. Overseas sales	4,649	12,250	16,899
II. Consolidated sales			162,829
III. Ratio of overseas sales in consolidated sales	2.9%	7.5%	10.4%

- (Note) 1. Segment information is prepared based on the “consolidated financial statement regulations”.
 2. Main countries and areas belonging to classifications other than Japan
 Asia: various countries of East Asia and Southeast Asia
 Europe/U.S.: the U.S. and various European countries

VI. Status of Production and Sales

(1) Production Results

Segment name by type of business	Current Year From April 1, 2002 To March 31, 2003		Previous Year From April 1, 2001 To March 31, 2002	
	Amount	Distribution Ratio	Amount	Distribution Ratio
Textile goods and related products	Million Yen 69,670	% 100.0	Million Yen 70,673	% 100.0

(2) Sales Results

Segment name by type of business		Current Year From April 1, 2002 To March 31, 2003		Previous Year From April 1, 2001 To March 31, 2002	
		Amount	Distribution Ratio	Amount	Distribution Ratio
		Million Yen	%	Million Yen	%
Textile goods and related products	Innerwear				
	Foundation and lingerie	116,741	71.3	116,096	71.3
	Nightwear	12,710	7.8	12,714	7.8
	Children's underwear	2,515	1.5	2,470	1.5
	Subtotal	131,966	80.6	131,280	80.6
	Outerwear/Sportswear	9,440	5.8	9,588	5.9
	Hosiery	1,672	1.0	1,777	1.1
	Other textile goods and related products	4,299	2.6	3,793	2.3
	Total	147,377	90.0	146,438	89.9
Others		16,332	10.0	16,391	10.1
Total		163,709	100.0	162,829	100.0

VII. Summary of Individual Financial Statement for the Year Ended March 2003

May 15, 2003

Listed Company: Wacoal Corporation

Stock Exchanges: Tokyo, Osaka

Code Number: 3591

Location of Principal Office: Kyoto

(URL <http://www.wacoal.co.jp/>)

Representative: Position: President and Director

Name: Yoshitaka Tsukamoto

For Inquiries: Position: Corporate Officer, General Manager of Management Control Department

Name: Nobuhiro Matsuda Tel: (075) 682-1010

Date of Meeting of Board of Directors for Financial Statement: May 15, 2003

Date of Ordinary General Meeting of Shareholders: June 27, 2003

Existence of Interim Dividend System: None

Adoption of Unit Stock System: Yes (1 Unit: 1,000 shares)

1. Results for the Year Ended March 2003 (April 1, 2002 to March 31, 2003)

(1) Business Results (Note) Fractions less than 1 million yen in the indicated amounts have been rounded off.

	Sales		Operating Income		Ordinary Profit	
	Million Yen	%	Million Yen	%	Million Yen	%
Year Ended March 2003	128,641	0.2	8,169	5.4	9,517	4.5
Year Ended March 2002	128,431	(0.1)	7,754	(3.8)	9,107	(5.3)

	Net Profit		Diluted Net Profit Per Share	Ratio of Net Profit to Equity Capital	Ratio of Ordinary Profit to Total Capital	Ratio of Ordinary Profit to Sales	
	Million Yen	%					
Year Ended March 2003	3,013	(37.3)	19.99	-	1.9	5.0	7.4
Year Ended March 2002	4,804	1.3	32.03	-	3.0	4.6	7.1

(Note) (i) Average number of shares during the year ended:

March 2003: 148,772,325 shares March 2002: 149,985,724 shares

(ii) Changes in accounting method: None

(iii) Percentages indicated under sales, operating income, ordinary profit and current year net profit represent the increase/decrease compared to the previous year.

(2) Status of Dividends

	Annual Dividend Per Share			Total Dividends (Annual)	Dividend Tendency	Dividend Ratio for Equity Capital
	Interim	End of Year	Yen			
Year Ended March 2003	Yen 13.50	Yen -	Yen 13.50	Million Yen 1,978	% 67.5	% 1.3
Year Ended March 2002	Yen 13.50	Yen -	Yen 13.50	Million Yen 2,013	% 41.9	% 1.3

(3) Financial Status

	Total Assets	Equity Capital	Equity Capital Ratio	Equity Capital Per Share
	Million Yen	Million Yen	%	Yen
Year Ended March 2003	189,019	155,714	82.4	1,062.12
Year Ended March 2002	192,128	158,412	82.5	1,062.38

(Note) (i) Number of outstanding shares at end of the year:

March 2003: 146,570,431 shares March 2002: 149,111,694 shares

(ii) Number of treasury stock at end of the year:

March 2003: 46,254 shares March 2002: 4,991 shares

2. Forecast of Business Results for the Year Ending March 2004 (April 1, 2003 to March 31, 2004)

	Sales	Operating Income	Net Profit	Annual Dividend Per Share		
				Interim	End of Year	Yen
	Million Yen	Million Yen	Million Yen	Yen	Yen	Yen
Interim Period	69,000	6,100	3,400	-	-	-
Annual	132,000	8,600	4,900	-	13.50	13.50

(Reference) Expected net profit per share (annual basis): 33.16 yen

* The foregoing estimates are made based on information available as of the date this data was released, and actual results may differ from estimates due to various factors arising in the future. Please refer to page 6 of the attachment for items relating to the foregoing estimates.

VIII-1. Financial Statement

Accounts	Current Year As of March 31, 2003		Previous Year As of March 31, 2002		Amounts Increased/Decreased
	Million Yen	%	Million Yen	%	Million Yen
(Assets)					
I. Current Assets	94,526	50.0	87,751	45.7	6,774
Cash and bank deposits	22,911		30,602		(7,691)
Notes receivable	1,038		1,392		(353)
Accounts receivable-trade	13,565		14,346		(781)
Marketable securities	29,735		17,393		12,342
Finished products	15,633		16,337		(704)
Raw materials	194		211		(17)
Work in process	67		38		28
Materials held by Subcontractors	1,888		1,929		(41)
Short-term loans	5,960		2,427		3,532
Deferred tax assets	3,063		2,762		301
Others	612		555		56
Reserve for bad debts	(143)		(245)		102
II. Fixed Assets	94,493	50.0	104,377	54.3	(9,883)
1. Tangible fixed assets	45,840	24.2	48,038	25.0	(2,198)
Buildings	21,714		23,011		(1,297)
Structures	477		542		(64)
Machinery	21		19		2
Vehicles	22		33		(10)
Equipment and tools	2,614		2,684		(69)
Land	20,948		21,718		(770)
Temporary account for Construction	40		28		12
2. Intangible fixed assets	2,410	1.3	1,707	0.9	703
Goodwill	367		505		(137)
Leasehold right	585		585		-
Software	1,367		524		843
Others	89		92		(2)
3. Investment and other as sets	46,242	24.5	54,631	28.4	(8,388)
Investment securities	37,815		46,469		(8,653)
Equity investment in Subsidiaries	4,997		5,042		(45)
Long-term loans	643		747		(103)
Lease deposits	1,293		956		337
Others	2,225		2,200		25
Reserve for bad debts	(733)		(785)		51
Total Assets	189,019	100.00	192,128	100.00	(3,109)

Accounts	Current Year As of March 31, 2003		Previous Year As of March 31, 2002		Amounts Increased/Decreased
	Million Yen	%	Million Yen	%	
(Liabilities)					Million Yen
I. Current Liabilities	26,676	14.1	24,751	12.9	1,924
Notes payable	653		3,779		(3,126)
Accounts payable-trade	10,363		6,447		3,916
Accrued liability	5,848		5,472		376
Accrued expenses	489		140		348
Accrued corporate taxes, etc.	2,550		1,744		805
Accrued bonuses	3,350		3,450		(100)
Allowance for returns	1,480		1,600		(120)
Others	1,941		2,116		(175)
II. Long-term Liabilities	6,628	3.5	8,963	4.6	(2,335)
Deferred tax liability	126		3,019		(2,893)
Reserve for retirement benefits	5,338		4,646		692
Reserve for officers retirement benefit	450		581		(130)
Others	713		716		(3)
Total liabilities	33,304	17.6	33,715	17.5	(410)
(Capital)					
I. Capital	-		13,260	6.9	(13,260)
II. Capital reserve	-		25,273	13.2	(25,273)
III. Earned surplus reserve	-		3,315	1.7	(3,315)
IV. Other surplus	-		111,102	57.8	(111,102)
Optional reserve fund	-		105,435		(105,435)
Current year undistributed profits	-		5,667		(5,667)
(Current year net income)	-		(4,804)		(-4,804)
V. Other securities valuation difference	-		5,467	2.9	(5,467)
VI. Treasury Stock	-		(5)	(0.0)	5
Total Capital	-		158,412	82.5	(158,412)
(Capital)					
I. Capital	13,260	7.0	-	-	13,260
II. Capital surplus	25,273	13.4	-	-	25,273
Capital reserve	25,273		-	-	25,273
III. Earned surplus	113,052	59.8	-	-	113,052
Earned surplus reserve	3,315		-	-	3,315
Optional reserve fund	105,367		-	-	105,367
Current year undistributed profits	4,370		-	-	4,370
(Current year net income)	(3,013)		(-)	-	(3,013)
IV. Other securities valuation difference	4,170	2.2	-	-	4,170
V. Treasury stock	(42)	(0.0)	-	-	(42)
Total capital	155,714	82.4	-	-	155,714
Total liabilities and capital	189,019	100.00	192,128	100.00	(3,109)

VIII-2. Income Statement

Accounts	Current Year From April 1, 2002 To March 31, 2003		Previous Year From April 1, 2001 To March 31, 2002		Amounts Increased/Decreased
	Million Yen	%	Million Yen	%	
I. Sales	128,641	100.00	128,431	100.00	210
II. Cost of sales	66,296	51.5	67,069	52.2	(772)
Total income on sales	62,345	48.5	61,361	47.8	983
III. Selling, general and administrative expenses	54,175	42.1	53,607	41.8	568
Operating income	8,169	6.4	7,754	6.0	415
IV. Non-operating income	1,638	1.2	1,564	1.2	73
Interest income	321		334		(13)
Dividends received	694		672		21
Others	622		557		65
V. Non-operating expenses	290	0.2	210	0.1	79
Interest expense	2		8		(6)
Others	288		202		86
Current income	9,517	7.4	9,107	7.1	409
VI. Extraordinary gains	547	0.4	8	0.0	538
Gains on sales of fixed assets	547		8		538
VII. Extraordinary loss	4,621	3.6	928	0.7	3,692
Loss on sale of fixed assets	631		88		542
Reserve for bad debts	-		301		(301)
Valuation loss of investment securities	2,673		85		2,588
Valuation loss of subsidiary stock	70		453		(382)
Additional charge for optional retirement	1,246		-		1,246
Pre-tax current year net income	5,443	4.2	8,187	6.4	(2,744)
Corporate tax, resident tax and enterprise tax	4,559	3.5	3,840	3.0	719
Adjustment of corporate tax, etc.	(2,130)	(1.6)	(456)	(0.3)	(1,673)
Current year net income	3,013	2.3	4,804	3.7	(1,790)
Profit carryforwards from previous year	3,667		3,237		430
Retirement of treasury stock	2,310		2,374		(63)
Current year undistributed profits	4,370		5,667		(1,296)

VIII-3. Income Statement

Accounts	Current Year From April 1, 2002 To March 31, 2003	Previous Year From April 1, 2001 To March 31, 2002	Amounts Increased/Decreased
	Million Yen	Million Yen	Million Yen
Current year undistributed income	4,370	5,667	(1,296)
Liquidated amount of reduced reserve for fixed assets	67	67	(0)
Total	4,437	5,735	(1,297)
Dividends to shareholders	1,978 (13.50 yen per share)	2,013 (13.50 yen per share)	(34)
Officers bonuses	40	55	(15)
(Directors)	(37)	(52)	(-15)
(Statutory Auditors)	(2)	(2)	(-)
Reserve for reduced fixed assets	39	-	39
Profit carryforwards to next year	2,379	3,667	(1,287)

<Basic Matters in Preparation of Individual Financial Statement>

1. Valuation Standards and Method of Assets

(1) Valuation standards and method of securities

Stock of subsidiaries and affiliated companies: Cost accounting method based on moving average method

Other securities:

Securities with market value: Market value method based on market price on closing day for the end of the year (Variance in valuation is based on method of directly including all shareholders' equity, and cost of sales is calculated based on moving average method.)

Securities without market value: Cost accounting method based on moving average method

(2) Valuation standard and method of inventories: Lower cost accounting method based on first-in first-out method

2. Depreciation Method of Fixed Assets

(1) Tangible fixed assets: Constant percentage method (fixed amount method for buildings (excluding fixtures incidental to buildings) acquired on or after April 1, 1998). Durable years for major items are as follows.

Buildings and structures: 5 to 50 years

Machinery and vehicles: 6 to 12 years

Equipment and tools: 5 to 20 years

(2) Intangible fixed assets: Fixed amount method. For the internal use of software in the Company, the fixed amount method based on the available period (5 years) is used.

3. Appropriation Standards of Reserves

(1) Reserve for bad debts: In order to prepare for bad debt loss of accounts receivable and loans receivable, the estimated collectable amounts are appropriated using the loan loss ratio for general credits and consideration of individual collectability credits specified as being at risk of becoming dead loans.

(2) Accrued bonuses: In order to supply bonuses to employees, accrued bonuses is appropriated based on the anticipated amount to be supplied.

(3) Reserve for adjustment of returned goods: In order to clarify the corresponding relationship of sales and returns, consideration is given to prior returned goods and the estimated loss accompanying future returned goods is appropriated.

(4) Reserve for retirement benefits: In order to prepare for retirement benefits for employees, based on retirement pay liabilities and pension assets as of the end of the current year, such amount is appropriated.

(5) Reserve for officers retirement benefit: In order to prepare for expenditure of reserve for officers retirement benefit, a necessary year end supply amount based on internal regulations relating to the supply of officers retirement benefit is appropriated.

4. Processing Method of Lease Transactions

Finance lease transactions, other than those in which the ownership of the leased item is acknowledged to be transferred to the borrower, are pursuant to accounting procedures based on the method according to an ordinary lease transaction.

5. Material Matters in Preparation of Other Financial Statements

(1) Accounting procedures for consumption tax, etc.

Accounting procedures for consumption tax, etc. is as per the tax-excluded method.

(2) Accounting standards for the liquidation of treasury stock and legal reserves

“Accounting standards for on the liquidation of treasury stock and legal reserves” (Accounting Standard No. 1) is applicable from the current year. The effect of the application on the profit and loss of the current year is negligible. Pursuant to the revision of the financial statement regulations, the capital section of the balance sheet of the current year has been prepared based on the revised financial statement regulations.

(3) Per share information

“Accounting standards for the current year net income per share” (Accounting Standard No. 2) and “Applicable guidelines for the accounting standards for the current year net income per share” (Accounting Standard No. 4) are being applied from the current year. The effect thereof is negligible.

<Additional Information>

Reserve for Retirement Benefits

In accordance with the enforcement of Law Concerning Defined Benefit Corporate Pension Plan, on January 30, 2003 the Company obtained an approval of exemption from future payment obligations regarding the substitutional portion of employee pension fund from the Minister of Health, Labor and Welfare. The Company has not adopted the provisional measures provided in Paragraph 47-2 of the “Guidelines Regarding Accounting for Retirement Benefit (Interim Report)” (Report No. 13 of Accounting System Committee, The Japan Institute of Certified Public Accountants). However, if the Company adopts the provisional measures provided in Paragraph 47-2 of such guidelines, the amount affected by such adoption will be 4,580 million yen as extraordinary gains.

<Notes>

	(Current Year)	(Previous Year)
1. Accumulated depreciation in tangible fixed assets	28,217 million yen	27,005 million yen
2. Matters relating to lease transactions		
(1) Financial lease other than transfer of ownership		
(i) Acquisition cost equivalent, cumulative depreciation equivalent, and year end balance equivalent	(Tools and equipment)	(Tools and equipment)
Acquisition cost equivalent	470 million yen	442 million yen
<u>Cumulative depreciation equivalent</u>	<u>372</u>	<u>237</u>
Year end balance equivalent	97	205
(ii) Year end balance equivalent of lease obligation		
Within one year	133 million yen	125 million yen
<u>Over one year</u>	<u>53</u>	<u>153</u>
Total	187	279
Since the tangible fixed assets represent a small percentage of the lease obligation, the foregoing amounts have been calculated including interest portion.		
(iii) Lease fee paid		
Lease fee paid	146 million yen	87 million yen
Depreciation expense equivalent	159	96
(2) Operating lease		
Unearned lease fee		
Within one year	180 million yen	86 million yen
<u>Over one year</u>	<u>88</u>	<u>94</u>
Total	269	181
3. Breakdown of decrease in number of current year outstanding shares		
Retirement of treasury stock by profit	2,500 thousand shares	2,000 thousand shares
Total stock acquisition cost	2,310 million yen	2,374 million yen
4. Shares of affiliated companies with market value		
Appropriation on balance sheet	1,263 million yen	1,263 million yen
<u>Market value</u>	<u>2,808</u>	<u>2,803</u>
Balance	1,544	1,540
5. Guarantee of liabilities of loans by subsidiary		
(1) Guarantee of liability	467 million yen (1 company)	- million yen
(2) Cover of management guidance letter	833 million yen (2 companies)	2,006 million yen (4 companies)
6. Breakdown of deferred tax assets and deferred tax liabilities		
Deferred tax assets		
Inventory valuation	594 million yen	605 million yen
Valuation loss on investment securities	1,637	517
Excess over allowed limit of reserve for retirement benefits	1,681	984
Officers retirement benefit	185	244
Excess over allowed limit of reserve for bonus payment	1,192	1,004
Excess over allowed limit of reserve for returns as expenses	594	657
Capitalized supplies	388	388
Accrued enterprise tax	224	138
Excess over allowed limit of allowance for doubtful receivables as expense	254	309
Excess over depreciation and amortization	257	242
Others	<u>481</u>	<u>356</u>
Total deferred tax asset	7,491	5,449
Deferred tax liabilities		
Other securities valuation difference	(2,910)	(3,977)
Reserve for deferred gain on sales of fixed assets	(1,632)	(1,721)
Others	<u>(11)</u>	<u>(7)</u>
Total deferred tax liability	<u>(4,554)</u>	<u>(5,706)</u>
Net deferred tax asset (liability)	<u>2,937</u>	<u>(257)</u>

IX. Changes to Directors and Corporate Officers (June 27, 2003)

The scheduled changes to Directors and Corporate Officers after the conclusion of the 55th Ordinary General Meeting of Shareholders to be held on June 27, 2003 are as follows.

1. Directors

(1) Resignation of Directors (scheduled)

Toru Ochiai (Director)
Junichiro Sato (Director)
Kazuyasu Iida (Director)
Hisami Kashitani (Director)

(2) Promotion of Directors

Vice President and Director: Hiroshi Sakagami (Senior Managing Director)
Managing Director: Yuzo Ito (Director)

2. Corporate Officers

(1) Candidates for New Corporate Officers

Tadashi Yamamoto (General Manager of International Operation Division)
Akio Shinozaki (Chief of Human Science Research Center)
Tsutomu Fukui (General Manager of Production Innovation Division and General Manager of Production Control Department,
Wacoal Brand Operation Division)
Ichiro Katsura (General Manager of Administration Department)

Management and Administrative Organization for the 56th Fiscal Year

New positions for Corporate Officers will be established after the conclusion of the 55th Ordinary General Meeting of Shareholders to be held on June 27, 2003. New management and administrative organization will be as follows:

Yoshikata Tsukamoto	President and Representative Director, and President and Corporate Officer
Hiroshi Sakagami	Vice President and Director, and Vice President and Corporate Officer; Supervisor for Business Support Staff
Kazuaki Ichihashi	Senior Managing Director and Senior Corporate Officer; General Manager of Wacoal Brand Operation Division
Shoichi Suezawa	Managing Director and Senior Corporate Officer; Supervisor for Personnel, General Administration, Accounting and Business Strategy Staffs, and Chief of President's Office
Yuzo Ito	Managing Director and Senior Corporate Officer; General Manager of Wing Brand Operation Division
Masayuki Yamamoto	Director and Senior Corporate Officer; Chief of Direct Stores Control Office and General Manager of Direct Retail Operation Division
Susumu Miyamoto	Director and Senior Corporate Officer; Chief of China Group
Tatsuya Kondo	Director and Senior Corporate Officer; General Manager of Wellness Department
Michihiko Kato	Director and Corporate Officer; Chief of Corporate Communication Center
Hajime Kotake	Corporate Officer and General Manager of Management Control Department, Wacoal Brand Operation Division
Kimiaki Shiraiishi	Corporate Officer and General Manager of Commodity Control Department, Wacoal Brand Operation Division
Minehiro Sato	Corporate Officer and General Manager of Tokyo Sales Office (Department Store Section), Wacoal Brand Operation Division
Yoshiro Hashizume	Corporate Officer and General Manager of Tokyo Sales Office (Specialty Store Section), Wacoal Brand Operation Division
Akira Tanaka	Corporate Officer and General Manager of Osaka Sales Office (Department Store Section), Wacoal Brand Operation Division
Tsuneo Shimizu	Corporate Officer and General Manager of Osaka Sales Office (Specialty Store Section), Wacoal Brand Operation Division
Shigeki Honma	Corporate Officer and General Manager of Chain Store Control Office, Wacoal Brand Operation Division
Kazuaki Hanya	Corporate Officer and General Manager of Family Wear Sales Department, Wacoal Brand Operation Division
Masahiro Joshin	Corporate Officer and General Manager of Tokyo Sales Office, Wacoal Brand Operation Division
Takashi Narita	Corporate Officer and Chief of Catalog Sales Operation Department
Tadashi Yamamoto	Corporate Officer and General Manager of International Operation Division
Sadayasu Ohno	Corporate Officer and General Manager of Technological Innovation Division
Akio Shinozaki	Corporate Officer and Chief of Human Science Research Center
Tsutomu Fukui	Corporate Officer; Chief of Human Science Research Center and General Manager of Production Control Department, Wacoal Brand Operation Division
Junichiro Sato	Corporate Officer; General Manager of Distribution Control Department and President of Wacoal Distribution Corp.
Nobuhiro Matsuda	Corporate Officer and General Manager of Management Control Department
Tadashi Yamamoto	Corporate Officer; General Manager of Personnel Department and Chief of Sports Group
Ichiro Katsura	Corporate Officer and General Manager of Administration Department
Ryu Yamada	Corporate Officer and Chief of Business Strategy Office