

[Translation]

**Consolidated Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2014**  
**[U.S. GAAP]**

October 31, 2013

Listed Company: Wacoal Holdings Corp.  
Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)  
Representative: Position: President and Representative Director  
Name: Yoshikata Tsukamoto  
For Inquiries: Position: Senior Managing Director  
Name: Ikuo Otani

Stock Exchange: Tokyo

Tel: +81 (075) 682-1010

Scheduled quarterly report submission date: November 14, 2013  
Scheduled dividend payment start date: -  
Supplementary materials regarding quarterly business results: None  
Explanatory meeting regarding quarterly business results: Yes

(Amounts less than 1 million yen have been rounded)

1. Second Quarter of the Fiscal Year Ending March 31, 2014 (April 1, 2013 – September 30, 2013)

(1) Consolidated Business Results

(% indicates increase (decrease) from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Pre-tax Net Income		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Second Quarter ended September 30, 2013	98,550	8.4	9,702	13.8	10,222	20.9	6,539	26.8
Second Quarter ended September 30, 2012	90,876	2.4	8,522	(3.1)	8,456	(1.2)	5,158	0.0

(Note) Quarterly comprehensive income: 13,412 million yen (increase of 600.4%) for the second quarter ended September 30, 2013  
1,915 million yen (decrease of 56.8%) for the second quarter ended September 30, 2012

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Second Quarter ended September 30, 2013	46.43	46.34
Second Quarter ended September 30, 2012	36.62	36.57

## (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 September 30, 2013	262,082	197,448	195,102	74.4	1,385.25
As of the end of Fiscal Year (March 31, 2013)	253,803	188,004	185,840	73.2	1,319.47

## 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, 2013	—	—	—	28.00	28.00
Fiscal Year Ending March 31, 2014	—	—			
Fiscal Year Ending March 31, 2014 (Estimates)			—	28.00	28.00

(Note) Revision of estimated dividends announced during the latest quarter: No

## 3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 - March 31, 2014)

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

	Net Sales		Operating Income		Pre-tax Net Income		Net Income Attributable to Wacoal Holdings Corp.		Net Income Attributable to Wacoal Holdings Corp. Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Annual	193,000	8.9	12,700	56.8	13,200	25.2	9,400	23.3	66.74

(Note) Revision of forecast of consolidated business results announced during the latest quarter: Yes

## Notes

- (1) Changes in significant subsidiaries in the second quarter of the current fiscal year (i.e., changes in specified subsidiaries (*tokutei kogaisha*) which involve change in scope of consolidation): None
- (2) Application of simplified accounting methods and specific accounting methods: None
- (3) Changes in accounting principles:
  - (i) Changes due to modifications in accounting standards, etc.: None
  - (ii) Changes other than (i) above: None

(4) Number of Issued Shares (Common Stock)

	Second Quarter ended September 30, 2013	Fiscal Year ended March 31, 2013
(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:	2,535,908 shares	2,533,728 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30, 2012):	140,843,441 shares	140,847,918 shares

\*Notes on Implementation of Quarterly Review Procedures

This summary of quarterly financial results is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Law. The review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Law had not been completed at the time of disclosure of this summary of quarterly financial results.

\*Cautionary Statement regarding Forecast of Business Results

The forecast of business results is based on reasonable information we obtained as of the date hereof and, due to various risks, uncertainties and other factors arising in the future, actual results in the future may differ largely from the estimates set out in this document.

These risks, uncertainties and other factors include: the impact of the ongoing global economic downturn on our sales and profitability in Japan and our other markets; the impact on our business of anticipated continued weakness of department stores and other general retailers in Japan; our ability to successfully develop, manufacture, and market products in Japan and our other markets that meet the changing tastes and needs of consumers and to deliver high quality products; the highly competitive nature of our business and the strength of our competitors; our ability to successfully expand our network of our own specialty retail stores and achieve profitable operations at these stores; our ability to further develop our Internet sales capabilities; our ability to effectively manage our inventory levels; our ability to reduce costs; our ability to attract and retain highly qualified personnel; effects of irregular weather events on our business and performance; risks related to conducting our business internationally; risks from acquisitions and other strategic transactions with third parties; risks relating to return of investment for development of new markets; risks relating to intellectual property; risks relating to protection of customer information and our ability to protect our trade secrets; risks relating to internal controls over financial reporting; the impact of weakness in the Japanese equity markets on our holdings of Japanese equity securities; the impact of any natural disaster or epidemic on our business; and other risks referred to from time to time in our annual report and other disclosures.

## Table of Contents for Attached Materials

1.	Qualitative Information regarding Consolidated Performance during the Second Quarter -----	2
(1)	Qualitative Information regarding Consolidated Business Results -----	2
(2)	Qualitative Information regarding Consolidated Financial Condition -----	4
(3)	Qualitative Information regarding Forecast of Consolidated Business Results -----	5
2.	Matters Concerning Summaries (Notes)-----	5
(1)	Summary of Changes in Significant Subsidiaries during the Current Consolidated Quarter -----	5
(2)	Application of Simplified Accounting Methods and Specific Accounting Methods -----	5
(3)	Summary of Changes in Accounting Principles -----	5
3.	Consolidated Financial Statements -----	7
(1)	Consolidated Balance Sheets -----	7
(2)	Consolidated Quarterly Income Statement -----	9
(3)	Consolidated Quarterly Comprehensive Income Statement -----	9
(4)	Consolidated Cash Flow Statements -----	10
(5)	Notes on Consolidated Quarterly Financial Statements-----	12
	(Notes on Going Concern)-----	12
	(Notes on Significant Changes in the Amount of Total Shareholders' Equity)-----	12
	(Segment Information)-----	12
(6)	Status of Sales -----	13

## 1. Qualitative Information regarding Consolidated Performance during the Second Quarter

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

#### (i) Performance Overview of the Six Months ended September 30, 2013

Our group entered the first year of our three-year mid-term plan (from fiscal 2014 to fiscal 2016), and we (primarily Wacoal Corp., our core operating entity) made efforts to expand our share of sales while responding to the diversifying domestic women's innerwear market, establish a system for our business other than the women's innerwear business and strengthen growth by actively developing our overseas business.

As a result of the above, with respect to our consolidated business results for the six months ended September 30, 2013, overall sales increased as compared to the corresponding period of the previous fiscal year mainly due to the expansion of sales attributable to our business in the United States, in addition to the influence of the exchange rate, as well as the inclusion of the business results of Wacoal Eveden Limited ("Wacoal Eveden"), which became our subsidiary in April 2012. Operating income exceeded the results for the corresponding period of the previous fiscal year due to the inclusion of the operating income from Wacoal Eveden and also an increase in the profit from sales of our overseas subsidiaries.

Net sales:	98,550 million yen (an increase of 8.4% as compared to the corresponding period of the previous fiscal year)
Operating income:	9,702 million yen (an increase of 13.8% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	10,222 million yen (an increase of 20.9% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	6,539 million yen (an increase of 26.8% as compared to the corresponding period of the previous fiscal year)

#### (ii) Business Overview of Our Operating Segments

##### a. Wacoal Business (Domestic)

In our Wacoal brand business, although sales of certain spring and summer products and brands in certain sales channels showed favorable performance and gained support from consumers, overall sales remained unchanged from the results for the corresponding period of the previous fiscal year due to the poor sales performance of our core brassieres and bottom products, which were impacted by climate instability, including unusually hot summer days in July and August.

In our Wing brand business, sales of our core brassieres showed steady performance due to the favorable performance of our products based on "body aging" and an increase in the number of shops promoting collaboration products with our major clients. Overall sales of our Wing brand business, however, fell below the results for the corresponding period of the previous fiscal year due to the poor performance of our seasonal men's innerwear products.

In our retail business, overall sales exceeded the results for the corresponding period of the previous fiscal year due to an expansion in sales from our direct retail stores, AMPHI, and our Wacoal Factory Stores as a result of opening new stores.

In our wellness business, although sales of footwear products were impacted by the products sold by our competitors and showed poor performance, overall sales exceeded the results for the corresponding period of the previous fiscal year due to the expanded sales of our sports conditioning wear "CW-X" brand as a result of an increase in the opening of new sports specialty stores and the recent hiking and trekking trend in Japan.

In our catalog sales business, overall sales were below the results for the corresponding period of the previous fiscal year due to the poor performance of our summer outerwear products and a decline in average customer spending, despite the steady performance of our internet sales.

In summation, overall sales and operating income attributable to “Wacoal Business (domestic)” segment remained unchanged from the corresponding period of the previous fiscal year.

Net sales:	60,122 million yen (a decrease of 0.4% as compared to the corresponding period of the previous fiscal year)
Operating income:	6,270 million yen (an increase of 0.1% as compared to the corresponding period of the previous fiscal year)

b. Wacoal Business (Overseas)

In the United States (from April 1 to September 30), we made aggressive efforts in expanding our U.S. market share, sales areas and channels mainly at department stores, which are our major clients. Sales exceeded the results for the corresponding period of the previous fiscal year as a result of steady performance shown by most of the products, including our core brassiere products. In terms of profit, operating income exceeded the results for the corresponding period of the previous fiscal year due to an increase in net sales.

With respect to our business in China (from January 1 to June 30), we made efforts in improving profitability and enhancing our presence in the middle-class market. Sales exceeded the results for the corresponding period of the previous fiscal year as a result of our improved product competitiveness and sales force and the effect of the promotional initiatives we took with respect to our clients. In addition, sales of our new fashionable and price-competitive brand La Rosabelle, targeting the middle-class market, showed steady performance after opening stores at department stores. In terms of profit, operating income exceeded the results for the corresponding period of the previous fiscal year as a result of increased sales and our efforts in reducing costs.

With respect to Wacoal Eveden Limited (from January 1 to June 30), we made efforts to increase sales and improve profitability by exploiting our strong market positioning in full bust brassieres, in order to strengthen our influence in the North American and European markets, while maintaining our market leading position in the United Kingdom. Fantasie brand sales in particular saw strong growth in all markets, through a combination of product innovation, high quality and competitive pricepoints. In the United States, the number of stores mainly at premium store groups expanded and the sales of swimwear and full figure brands in particular showed strong performance. Overall sales for January to March, however, were below our initial plan due to the downturn of the European markets and adverse weather conditions across Europe, however May and June results were ahead of budget as retailers came late into Spring/Summer purchasing. In terms of profit, operating income exceeded our initial plan as a result of increased operational efficiency in all areas, our continued efforts in reducing cost of sales and our successful efforts in cost reduction, in addition to the increased composition ratio of sales achieved in highly-profitable export regions.

Significant increases in net sales and operating income under this “Wacoal Business (Overseas)” segment are due to the business results of Wacoal Eveden which were consolidated from the second quarter of the previous fiscal year, as well as the influence of the exchange rates. Wacoal Eveden has been added to this segment from our “Other” segment from the current fiscal year and accordingly, the results for the previous fiscal year have been restated.

Net sales:	22,687 million yen (an increase of 53.9% as compared to corresponding period of the previous fiscal year)
Operating income:	3,167 million yen (an increase of 111.4% as compared to the corresponding period of the previous fiscal year)

c. Peach John Business

With respect to Peach John Co., Ltd. (“Peach John”), sales from our core mail-order catalogues exceeded the results for the corresponding period of the previous fiscal year due to the favorable performance of our new brassiere products launched in August; however, we were unable to attain new customers and sales of our outerwear products performed poorly. Net sales attributable to our domestic direct retail stores showed strong performance due to an increase in sales per store as a result of the strengthening of our sales follow-up system, in addition to the strong performance of our new products. With respect to our directly-managed overseas stores, sales from Hong Kong exceeded the results for the corresponding period of the previous fiscal year due to the sufficient inventory of our popular items, while sales from China showed poor performance.

As a result of the above, overall sales attributable to our Peach John business remained unchanged from the corresponding period of the previous fiscal year. In terms of profit, our Peach John business was less profitable than it was for the corresponding period of the previous fiscal year due to an increased cost rate which was impacted by the exchange rate.

Net sales: 6,178 million yen  
(an increase of 0.4% as compared to the corresponding period of the previous fiscal year)

Operating income: 112 million yen  
(a decrease of 45.9% as compared to the corresponding period of the previous fiscal year)

d. Other

With respect to the business of Lecien Corporation (“Lecien”), overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year, due to the decreased number of products offered to our major clients in our innerwear business, which offers our core innerwear products. In terms of profit, we recorded an operating loss due to an increased cost rate which was impacted by the exchange rate, in addition to the decreased sales.

As for Nanasai Co., Ltd. (“Nanasai”), which engages in the manufacturing, sales and rental business of mannequins and interior design and construction of stores at commercial facilities, net sales were below the results for the corresponding period of the previous fiscal year due to the poor performance of the construction and rental businesses, which were impacted by reduced investment in reconstruction projects by our clients. Accordingly, operating income was below the results for the corresponding period of the previous fiscal year.

As a result of the above, overall sales and operating income attributable to “Other” segment fell below the results for the corresponding period of the previous fiscal year.

Net sales: 9,563 million yen  
(a decrease of 0.8% as compared to the corresponding period of the previous fiscal year)

Operating income: 153 million yen  
(a decrease of 72.5% 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 second quarter were 262,082 million yen, an increase of 8,279 million yen from the end of the previous fiscal year, due to increases in cash and cash equivalents and the valuation amount of our investment securities.

Our total liabilities were 64,634 million yen, a decrease of 1,165 million yen from the end of the previous fiscal year, due to decreases in accounts payable and accrued taxes as a result of our payment of income taxes.

Total Wacoal Holdings Corp. shareholders’ equity was 195,102 million yen, an increase of 9,262 million yen from the end of the previous fiscal year, due to increases in foreign currency exchange adjustment and unrealized gain/loss on securities.

As a result of the above, our total shareholders’ equity ratio as of the end of the current consolidated second quarter was 74.4%, an increase of 1.2% from the end of the previous fiscal year.

(ii) Cash Flow

Cash and cash equivalents as of the end of the consolidated second quarter of the current fiscal year were 28,930 million yen, an increase of 4,070 million yen from the end of the previous fiscal year.

(Cash Provided by Operating Activities)

Cash flow provided by operating activities was 3,810 million yen, a decrease of 2,890 million yen as compared to the corresponding period of the previous fiscal year, after adjustments of changes in assets and liabilities to our net income of 6,690 million yen plus adjustments of depreciation expenses and deferred taxes.

(Cash Provided by Investing Activities)

Cash flow provided by investing activities was 3,957 million yen, an increase of 26,218 million yen as compared to the corresponding period of the previous fiscal year, due to proceeds from the sale and redemption of marketable securities and proceeds from the sale of investment securities.

(Cash Used in Financing Activities)

Cash flow used in financing activities was 4,162 million yen, an increase of 9,765 million yen as compared to the corresponding period of the previous fiscal year, due to cash dividend payments.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have revised our forecast of consolidated business results for the fiscal year ending March 31, 2014 since our announcement on May 14, 2013 based on the business results for the current consolidated second quarter.

Net sales:	193,000 million yen (an increase of 8.9% as compared to the corresponding period of the previous fiscal year)
Operating income:	12,700 million yen (an increase of 56.8% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	13,200 million yen (an increase of 25.2% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	9,400 million yen (an increase of 23.3% as compared to the corresponding period of the previous fiscal year)

In our domestic business, we will make efforts to expand our share of sales by making approaches into the areas, price-ranges and age groups, which we believe have further growth potential, and we will work on building a new pillar of sales in our wellness and men's innerwear businesses, in addition to our women's innerwear business.

In our overseas business, we will work on building the operating base of our European business, mainly Wacoal Eveden, and establishing our presence in European markets. In addition, we will continue to cultivate new business in the United States and improve profitability in China. We will also work on expanding sales by exercising group synergies among the subsidiaries of our group.

Our group, as a whole, will make efforts to cope with the increased salary and price of commodities in Asian countries and will build and strengthen our low-cost production facilities mainly in the ASEAN region in order to maintain or reduce cost of sales.

## 2. Matters Concerning Summaries (Notes)

- (1) Summary of Changes in Significant Subsidiaries during the Current Consolidated Quarter:  
Not applicable.
- (2) Application of Simplified Accounting Methods and Specific Accounting Methods:  
Not applicable.
- (3) Summary of Changes in Accounting Principles:



Not applicable.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2013	Current Consolidated Second Quarter as of September 30, 2013	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	24,860	28,930	4,070
Time deposits	1,914	977	(937)
Marketable securities	4,601	3,716	(885)
Notes and account receivable	23,443	25,337	1,894
Allowance for returns and doubtful receivables	(1,872)	(2,236)	(364)
Inventories	37,807	39,711	1,904
Deferred income taxes	4,821	4,978	157
Other current assets	7,644	3,895	(3,749)
Total current assets	103,218	105,308	2,090
II. Property, plant and equipment:			
Land	21,945	21,970	25
Buildings and building improvements	61,455	62,258	803
Machinery and equipment	15,076	15,645	569
Construction in progress	<u>136</u>	<u>73</u>	<u>(63)</u>
	98,612	99,946	1,334
Accumulated depreciation	(48,952)	(50,488)	(1,536)
Net property, plant and equipment	49,660	49,458	(202)
III. Other assets:			
Investments in affiliated companies	17,599	18,619	1,020
Investments	42,368	46,170	3,802
Goodwill	20,148	21,021	873
Other intangible assets	12,817	13,016	199
Deferred income taxes	1,085	1,093	8
Other	6,908	7,397	489
Total other assets	100,925	107,316	6,391
Total assets	253,803	262,082	8,279

Accounts	Previous Fiscal Year as of March 31, 2013	Current Consolidated Second Quarter as of September 30, 2013	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	16,259	16,702	443
Notes and accounts payables:			
Trade notes	1,442	1,222	(220)
Trade accounts	10,859	10,920	61
Other payables	<u>6,069</u>	<u>4,160</u>	<u>(1,909)</u>
	18,370	16,302	(2,068)
Accrued payroll and bonuses	6,897	6,924	27
Income taxes payable	4,479	3,887	(592)
Other current liabilities	4,605	4,849	244
Total current liabilities	50,610	48,664	(1,946)
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,802	1,789	(13)
Deferred income taxes	10,181	11,716	1,535
Other long-term liabilities	3,206	2,465	(741)
Total long-term liabilities	15,189	15,970	781
Total liabilities	65,799	64,634	(1,165)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,514	29,548	34
III. Retained earnings	145,049	147,644	2,595
IV. Accumulated other comprehensive income:			
Foreign currency translation adjustment	(6,473)	(2,287)	4,186
Unrealized gain on securities	9,310	11,645	2,335
Pension liability adjustment	(1,928)	(1,814)	114
V. Treasury stock	(2,892)	(2,894)	(2)
Total Wacoal Holdings Corp. shareholders' equity	185,840	195,102	9,262
VI. Noncontrolling interests	2,164	2,346	182
Total equity	188,004	197,448	9,444
Total liabilities and equity	253,803	262,082	8,279

## (2) Consolidated Quarterly Income Statement

Accounts	Previous Consolidated Second Quarter (From April 1, 2012 to September 30, 2012)		Current Consolidated Second Quarter (From April 1, 2013 to September 30, 2013)		Increase/ (Decrease)
	Millions of Yen	%	Millions of Yen	%	Millions of Yen
I. Net Sales	90,876	100.0	98,550	100.0	7,674
II. Operating costs and expenses					
Cost of sales	42,040	46.2	45,532	46.2	3,492
Selling, general and administrative expenses	40,314	44.4	43,316	43.9	3,002
Total operating costs and expenses	82,354	90.6	88,848	90.1	6,494
Operating income	8,522	9.4	9,702	9.9	1,180
III. Other income (expenses):					
Interest income	56		39		(17)
Interest expense	(69)		(68)		1
Dividend income	413		456		43
Gain on sale or exchange of marketable securities and investments, net	26		13		(13)
Valuation gain (loss) on investment in marketable securities and/or investment securities, net	(79)		0		79
Other profit and (loss), net	(413)		80		493
Total other income (expenses)	(66)	(0.1)	520	0.5	586
Pre-tax net income	8,456	9.3	10,222	10.4	1,766
Income taxes	3,769	4.1	4,035	4.1	266
Income before equity in net income of affiliated companies	4,687	5.2	6,187	6.3	1,500
Equity in net income of affiliated companies	580	0.6	503	0.5	(77)
Net income	5,267	5.8	6,690	6.8	1,423
Net income attributable to noncontrolling interests	(109)	(0.1)	(151)	(0.2)	(42)
Net income attributable to Wacoal Holdings Corp.	5,158	5.7	6,539	6.6	1,381

## (3) Consolidated Quarterly Comprehensive Income Statement

Accounts	Previous Consolidated Second Quarter (From April 1, 2012 to September 30, 2012)		Current Consolidated Second Quarter (From April 1, 2013 to September 30, 2013)		Increase/(Decrease)
	Millions of Yen		Millions of Yen		Millions of Yen
I. Net income	5,267		6,690		1,423
II. Other comprehensive income (loss) - after adjustment of tax effect:					
Foreign currency translation adjustment	(2,438)		4,271		6,709
Net unrealized gain (loss) on securities	(1,138)		2,337		3,475
Pension liability adjustment	224		114		(110)
Total other comprehensive income (loss)	(3,352)		6,722		10,074
Comprehensive income	1,915		13,412		11,497
Comprehensive loss attributable to non-controlling interests	(121)		(238)		(117)
Comprehensive income attributable to Wacoal Holdings Corp.	1,794		13,174		11,380

## (4) Consolidated Cash Flow Statements

Accounts	Previous Consolidated Second Quarter (From April 1, 2012 to September 30, 2012)	Current Consolidated Second Quarter (From April 1, 2013 to September 30, 2013)
	Millions of Yen	Millions of Yen
<b>I. Operating activities</b>		
1. Net income	5,267	6,690
2. Adjustments of net income to cash flow from operating activities		
(1) Depreciation and amortization	2,220	2,514
(2) Allowance for returns and doubtful receivables	357	335
(3) Deferred taxes	(190)	(255)
(4) Gain on sale of tangible fixed assets	34	7
(5) Gain (loss) on sale and exchange of marketable securities and investment securities	(26)	(13)
(6) Valuation gain on investment in marketable securities and investment securities	79	0
(7) Equity in net income of affiliated companies – less dividends	(59)	138
(8) Changes in assets and liabilities		
Increase in receivables	(1,077)	(1,464)
Increase in inventories	(105)	(901)
Decrease (increase) in other current assets	(119)	109
Decrease in payables and accounts payable	(2,458)	(2,060)
Decrease in reserves for retirement benefits	(415)	(427)
Increase (decrease) in other liabilities	2,721	(844)
(9) Other	471	(19)
Net cash flow provided by operating activities	6,700	3,810
<b>II. Investing activities</b>		
1. Increase in time deposits	(1,163)	(540)
2. Decrease in time deposits	409	1,577
3. Proceeds from sales and redemption of marketable securities	837	1,251
4. Acquisition of marketable securities	(392)	(113)
5. Proceeds from sales of tangible fixed assets	23	44
6. Acquisition of tangible fixed assets	(1,286)	(1,309)
7. Acquisition of intangible fixed assets	(366)	(504)
8. Proceeds from sales of investments	95	3,823
9. Acquisition of investments	(3,533)	(253)
10. Expenses for acquisition of subsidiary (net of cash acquired)	(16,906)	-
11. Other	21	(19)
Net cash flow provided by (used in) investing activities	(22,261)	3,957
<b>III. Financing activities</b>		
1. Net increase in short-term bank loans	10,293	336
2. Financing from long-term debt	2,037	-
3. Repayment of long-term debt	(2,709)	(496)
4. Acquisition of treasury stock	(5)	(2)
5. Sale of treasury stock	0	-
6. Dividends paid in cash on common stock	(3,944)	(3,944)
7. Dividends paid in cash on common stock to the non-controlling interests	(69)	(56)
Net cash flow provided by (used in) financing activities	5,603	(4,162)
<b>IV. Effect of exchange rate on cash and cash equivalents</b>	(221)	465
<b>V. Increase (Decrease) in cash and cash equivalents</b>	(10,179)	4,070
<b>VI. Initial balance of cash and cash equivalents</b>	29,985	24,860
<b>VII. Period end balance of cash and cash equivalents</b>	19,806	28,930

## Additional Information

Cash paid for:		
Interest	69	71
Income taxes	1,827	4,587
Noncash investing activities		
Acquisition cost of fixed assets	237	210
Acquisition cost of marketable securities	11	-

(5) Notes on Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

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

Not applicable.

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Second Quarter (From April 1, 2012 to September 30, 2012)

(Unit: Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination or corporate	Consolidated
Net sales							
(1) Net sales to outside customers	60,344	14,743	6,153	9,636	90,876	-	90,876
(2) Internal sales or transfers among segments	1,116	3,829	92	2,708	7,745	(7,745)	-
Total	61,460	18,572	6,245	12,344	98,621	(7,745)	90,876
Operating income	6,261	1,498	207	556	8,522	-	8,522

Current Consolidated Second Quarter (From April 1, 2013 to September 30, 2013)

(Unit: Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination or corporate	Consolidated
Net sales							
(1) Net sales to outside customers	60,122	22,687	6,178	9,563	98,550	-	98,550
(2) Internal sales or transfers among segments	1,077	4,204	217	2,635	8,133	(8,133)	-
Total	61,199	26,891	6,395	12,198	106,683	(8,133)	98,550
Operating income	6,270	3,167	112	153	9,702	-	9,702

- (Note) 1. 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, etc.
- Peach John business: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, and other textile-related products, etc.
- Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins, shop design and implementation, etc.
2. Matters concerning changes in reporting segment:
- During the current consolidated first quarter, certain segment information has been changed in conformity with the internal reporting segment that is based on our organizational structure. Accordingly, the amount related to Wacoal Eveden is recorded in "Wacoal business (overseas)", whereas it was originally recorded in our "Other" segment.
- The segment information related to the previous consolidated second quarter has been prepared and disclosed based on these new reporting segments.

## (ii) Segment Information by Region

Previous Consolidated Second Quarter (From April 1, 2012 to September 30, 2012)

(Unit: Millions of Yen)

	Japan	Asia	Europe/N.A.	Consolidated
Net sales to outside customers	75,727	6,186	8,963	90,876
Distribution ratio	83.3%	6.8%	9.9%	100.0%
Operating income	7,097	267	1,158	8,522

Current Consolidated Second Quarter (From April 1, 2013 to September 30, 2013)

(Unit: Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales to outside customers	75,594	7,511	15,445	98,550
Distribution ratio	76.7%	7.6%	15.7%	100.0%
Operating income	6,513	526	2,663	9,702

- (Note)
1. Countries or areas are classified according to geographical proximity.
  2. Major countries and areas included in the respective segments other than Japan:  
Asia/Oceania: various countries of East Asia, Southeast Asia, West Asia and Australia  
Europe/N.A.: North America and European countries
  3. Sales are classified according to the locations of the consolidated companies.

## (6) Status of Sales

Type of product		Previous Second Quarter (From April 1, 2012 to September 30, 2012)		Current Second Quarter (From April 1, 2013 to September 30, 2013)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 67,811	% 74.6	Millions of Yen 74,322	% 75.4	Millions of Yen 6,511	% 9.6
	Nightwear	4,653	5.1	4,698	4.8	45	1.0
	Children's underwear	868	1.0	822	0.8	(46)	(5.3)
	Subtotal	73,332	80.7	79,842	81.0	6,510	8.9
Outerwear/Sportswear		8,006	8.8	8,529	8.7	523	6.5
Hosiery		838	0.9	893	0.9	55	6.6
Other textile goods and related products		3,724	4.1	4,147	4.2	423	11.4
Other		4,976	5.5	5,139	5.2	163	3.3
Total		90,876	100.0	98,550	100.0	7,674	8.4