

[Translation]

Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2015
[U.S. GAAP]

July 31, 2014

Listed Company: Wacoal Holdings Corp.
Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)
Representative: Position: President and Representative Director
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Scheduled quarterly report submission date: August 12, 2014
Scheduled dividend payment start date: -
Supplementary materials regarding quarterly business results: None
Explanatory meeting regarding quarterly business results: None

(Amounts less than 1 million yen have been rounded)

1. First Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 – June 30, 2014)

(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	%
First Quarter ended June 30, 2014	46,010	(4.9)	3,268	(38.6)	4,702	(19.4)	3,023	(18.6)
First Quarter ended June 30, 2013	48,400	11.6	5,323	35.1	5,836	48.8	3,716	35.0

(Note) Quarterly comprehensive income: 5,624 million yen (decrease of 35.8%) for the first quarter ended June 30, 2014
8,759 million yen (increase of 507.4%) for first quarter ended June 30, 2013

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
First Quarter ended June 30, 2014	21.46	21.41
First Quarter ended June 30, 2013	26.38	26.33

(Note) As described in “(3) Summary of Changes in Accounting Principles” in Section 2 “Matters Concerning Summaries (Notes)” on page 5, retroactive adjustments have been made to the results for the first quarter ended June 30, 2013.

(2) Consolidated Financial Condition

	Total Assets	Total Equity (Net Assets)	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2014	274,244	208,436	205,993	75.1	1,462.62
As of the end of Fiscal Year (March 31, 2014)	271,988	207,536	205,106	75.4	1,456.32

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, 2014	–	–	–	33.00	33.00
Fiscal Year Ending March 31, 2015	–				
Fiscal Year Ending March 31, 2015 (Estimates)		–	–	30.00	30.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(% 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	
Six-month Period Ending September 30, 2014	100,000	1.5	8,500	(11.2)	10,000	(0.7)	6,700	4.1	47.57	
Annual	196,000	1.1	13,500	(2.6)	15,400	2.4	10,500	3.9	74.55	

(Note) Revision of forecast of consolidated business results announced during the latest quarter: No

Notes

- (1) Changes in significant subsidiaries in the first quarter of the current fiscal year (i.e., changes in specified subsidiaries (*tokutei kogaisha*) which involve change in scope of consolidation): None
- (2) Application of simplified accounting methods and specific accounting methods: None
- (3) Changes in accounting principles:

(i) Changes due to modifications in accounting standards, etc.: None

(ii) Changes other than (i) above: Yes

(Note) For details, please see "(3) Summary of Changes in Accounting Principles" in Section 2 "Matters Concerning Summaries (Notes)" on page 5.

(4) Number of Issued Shares (Common Stock)

	First Quarter ended June 30, 2014	Fiscal Year ended March 31, 2014
(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:	2,539,522 shares	2,539,371 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	140,838,676 shares	140,844,045 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 information system; 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.

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1. Qualitative Information regarding Consolidated Performance during the First Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Three Months ended June 30, 2014

Our group entered the second 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 and profitability by actively developing our overseas business.

As a result of the above, with respect to our consolidated business results for the three months ended June 30, 2014, overall sales fell below the results for the corresponding period of the previous fiscal year due to a significant decline in demand after the consumption tax increase as a reaction to the last-minute rise in demand in the domestic business, despite the fact that the sales from our overseas business were inflated by the weak yen. Operating income also fell below the results for the corresponding period of the previous fiscal year due to a decrease in sales and a decline in the sales profit rate.

Net sales:	46,010 million yen (a decrease of 4.9% as compared to the corresponding period of the previous fiscal year)
Operating income:	3,268 million yen (a decrease of 38.6% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	4,702 million yen (a decrease of 19.4% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	3,023 million yen (a decrease of 18.6% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

Sales from our Wacoal brand business performed poorly over the current period due to the impact of climate instability, in addition to a significant decline in demand as a reaction to the last-minute rise in demand. Despite strong performance of certain products, including nightwear and senior products, overall sales fell below the results for the corresponding period of the previous fiscal year due to shop sales which did not recover in all channels as a result of the poor sales performance of our summer brassieres.

Our Wing brand business faced difficult operating conditions and was impacted by the stockout in our core brassieres and a change in the timing for placing advertisements. Overall sales of our Wing brand business largely fell below the results for the corresponding period of the previous fiscal year as a result of a significant decline in demand, in general, after the consumption tax increase as a reaction to the last-minute rise in demand, despite the favorable sales performance of men's functional innerwear products for seniors, nightwear, and innerwear products for teens.

In our retail business, our directly managed retail store, AMPHI, showed favorable sales performance due to an increase in the number of shops and our successful initiatives in improving average customer spending assuming a decrease in the number of customers after the consumption tax increase. On the other hand, our Wacoal Factory Store at outlet malls and Wacoal the Store (mainly handling Wacoal brand products), which had high last-minute demand, performed poorly. As a result, overall sales remained unchanged from the results for the corresponding period of the previous fiscal year.

In our wellness business, although we promoted the launch of new products, mainly women's business shoes, overall sales fell below the results for the corresponding period of the previous fiscal year due to the poor performance of shop sales of our core products, including our sports conditioning wear "CW-X" brand.

In our catalog sales business, overall sales fell largely below the results for the corresponding period of the previous fiscal year due to our internet sales which were impacted by the shutdown of our website as a result of detecting an unauthorized user attempting to access our website, and the poor sales performance of our summer catalog products since the advertisements were placed after the consumption tax increase.

In summary, overall sales attributable to our “Wacoal Business (Domestic)” segment fell below the results for the corresponding period of the previous fiscal year due to the sales from Wacoal Corp., our core operating entity which fell below the results from the previous fiscal year as a result of a significant decline in demand in general after the tax increase. With respect to profitability, our operating income also fell largely below the results for the corresponding period of the previous fiscal year due to decreased sales and a decline in sales profit rate as a result of increasing processing charges at overseas production bases, despite our efforts to reduce selling, general and administrative expenses at Wacoal Corp.

Net sales:	26,719 million yen (a decrease of 8.6% as compared to the corresponding period of the previous fiscal year)
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Operating income:	1,691 million yen (a decrease of 48.9% as compared to the corresponding period of the previous fiscal year)
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b. Wacoal Business (Overseas)

In the United States, we made efforts in improving product competitiveness at department stores, which are our major clients and in expanding sales areas and channels. While sales of our core Wacoal brand products in the United States performed poorly, sales from our b.tempt'd brand, featuring simple design, internet sales and Canadian business showed strong performance. Overall sales exceeded the results for the corresponding period of the previous fiscal year partially due to the effects of weak yen. 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, we made efforts in improving profitability and enhancing our presence in the middle-class market. Sales on a local currency basis fell below the results for the corresponding period of the previous fiscal year as a result of the slow economy and a decline in consumer confidence of wealthy segments of the population due to the effects of anti-corruption initiatives taken by the current administration, while steadily increasing number of shop openings for our expanding sales of LA ROSABELLE, our brand targeting the middle-class market, expanded results from internet sales, and outlet malls contributed as an offset. In terms of profit, operating income exceeded the results for the corresponding period of the previous fiscal year due to expanded local procurement rate, expanded sales profit as a result of the increasing sales distribution ratio at sales channels with higher gross margin rate, and the effect of a reduction in head-count resulting from discontinuation of underperforming shops.

With respect to Wacoal Eveden Limited, we continued to successfully expand sales whilst strengthening our group synergies. While we were successful in expanding sales channels for our Wacoal brand products in Europe, shop sales, mainly at department stores, in the United Kingdom and the United States showed poor performance due to the slow recovery from the recession. In addition, our business in Europe, especially the launch of new swimwear products, performed poorly. As a result, sales on a local currency basis fell below the results for the corresponding period of the previous fiscal year, but sales on a yen converted basis exceeded the results for the corresponding period of the previous fiscal year due to the weak yen. In terms of profit, operating income was below the results for the corresponding period of the previous fiscal year as a result of costs incurred in connection with changes in our system of business intended to expand sales of our Wacoal brand products.

As a result of the above, overall sales under the “Wacoal Business (Overseas)” segment exceeded the results for the corresponding period of the previous fiscal year, while operating income fell below the results for the corresponding period of the previous fiscal year.

Net sales:	12,670 million yen (an increase of 5.6% as compared to corresponding period of the previous fiscal year)
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Operating income:	1,822 million yen (a decrease of 7.0% as compared to the corresponding period of the previous fiscal year)
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c. Peach John Business

With respect to Peach John Co., Ltd. (“Peach John”), sales from our core mail-order catalogues fell below the results for the corresponding period of the previous fiscal year as a result of the purchase rate which showed a declining tendency following the consumption tax increase, despite an increase in the number of visitors accessing our website resulting from the effect of functional improvements to our website. Net sales attributable to our domestic direct retail stores exceeded the results for the corresponding period of the previous fiscal year as a result of our opening of new stores with the introduction of our new business-style shop, YUMMY MART. With respect to our directly-managed overseas stores, sales from Hong Kong showed steady performance as a result of an increase in the number of customers, while sales from China remained unchanged from the corresponding period of the previous fiscal year. As a result of the above, overall sales from our Peach John business fell below the results for the corresponding period of the previous fiscal year. In terms of profit, we recorded operating loss due to an increased cost rate which was impacted by the weak yen, and due to an increase in the number of discount sales which we conducted as a part of our promotional initiatives after the consumption tax increase.

Net sales:	2,844 million yen (a decrease of 7.4% as compared to the corresponding period of the previous fiscal year)
Operating loss:	86 million yen (as compared to 80 million yen of operating income for 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 a decrease in sales from infomercial channels at our apparel business division which handles outerwear products, while the number of products offered to our major clients by our innerwear business division which handles our core innerwear products showed recovery. In terms of profit, we recorded an operating loss due to 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, sales from sales and construction businesses fell largely below the results for the corresponding period of the previous fiscal year as a result of a decrease in the number of orders received from our clients who anticipated lower consumer spending after the consumption tax increase. As a result, we recorded an operating loss.

Net sales:	3,777 million yen (a decrease of 7.9% as compared to the corresponding period of the previous fiscal year)
Operating loss:	159 million yen (as compared to 26 million yen of operating loss for the corresponding period of the previous fiscal year)

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated first quarter were 274,244 million yen, an increase of 2,256 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 65,808 million yen, an increase of 1,356 million yen from the end of the previous fiscal year, due to increases in deferred income taxes and other current liabilities.

Total Wacoal Holdings Corp. shareholders' equity was 205,993 million yen, an increase of 887 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 first quarter was 75.1%, a decrease of 0.3% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated first quarter of the current fiscal year were 32,221 million yen, an increase of 1,563 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 5,440 million yen, an increase of 5,904 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 3,112 million yen plus adjustments of depreciation expenses and deferred taxes.

(Cash Flow Provided by Investing Activities)

Cash flow provided by investing activities was 930 million yen, a decrease of 3,150 million yen as compared to the corresponding period of the previous fiscal year, due to proceeds from sale of paintings.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 4,711 million yen, an increase of 943 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 not revised our forecast of consolidated business results for the six-month period ending September 30, 2014 and fiscal year ending March 31, 2015 since our announcement on May 13, 2014.

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:

(Change of Fiscal Year End of Certain Subsidiaries)

Since the previous fiscal year, certain subsidiaries changed their fiscal year ends from December 31 to March 31 to more closely conform with the Parent's year-end. Accordingly, in order to reflect the change, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows, segment information, and status of sales of the first quarter ended June 30, 2013 have been adjusted retrospectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2014	Current Consolidated First Quarter as of June 30, 2014	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	30,658	32,221	1,563
Time deposits	2,168	1,560	(608)
Marketable securities	3,523	3,572	49
Notes and accounts receivable	26,269	22,849	(3,420)
Allowance for returns and doubtful receivables	(2,321)	(2,516)	(195)
Inventories	40,211	41,346	1,135
Deferred income taxes	4,848	4,152	(696)
Other current assets	4,132	5,428	1,296
Total current assets	109,488	108,612	(876)
II. Property, plant and equipment:			
Land	21,994	21,930	(64)
Buildings and structures	63,024	62,919	(105)
Machinery and equipment	15,446	15,795	349
Construction in progress	<u>147</u>	<u>124</u>	<u>(23)</u>
	100,611	100,768	157
Accumulated depreciation	(51,633)	(51,985)	(352)
Net property, plant and equipment	48,978	48,783	(195)
III. Other assets:			
Investments in affiliated companies	18,894	18,934	40
Investments	45,951	48,463	2,512
Goodwill	22,723	23,154	431
Other intangible fixed assets	13,688	13,707	19
Deferred income taxes	1,008	1,008	0
Other	11,258	11,583	325
Total other assets	113,522	116,849	3,327
Total assets	271,988	274,244	2,256

Accounts	Previous Fiscal Year as of March 31, 2014	Current Consolidated First Quarter as of June 30, 2014	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	16,630	16,945	315
Notes and accounts payables:			
Trade notes	1,064	1,272	208
Trade accounts	10,657	11,004	347
Other payables	<u>5,764</u>	<u>4,294</u>	<u>(1,470)</u>
	17,485	16,570	(915)
Accrued payroll and bonuses	7,085	5,565	(1,520)
Income taxes payable	1,224	610	(614)
Other current liabilities	4,184	7,545	3,361
Total current liabilities	46,608	47,235	627
II. Long-term liabilities:			
Liabilities for termination and retirement benefits	1,795	1,758	(37)
Deferred income taxes	13,611	14,650	1,039
Other long-term liabilities	2,438	2,165	(273)
Total long-term liabilities	17,844	18,573	729
Total liabilities	64,452	65,808	1,356
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,587	29,599	12
III. Retained earnings	151,468	149,843	(1,625)
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	2,310	3,169	859
Unrealized gain on securities	11,606	13,295	1,689
Pension liability adjustments	(227)	(275)	(48)
V. Treasury stock	(2,898)	(2,898)	(0)
Total Wacoal Holdings Corp. shareholders' equity	205,106	205,993	887
VI. Noncontrolling interests	2,430	2,443	13
Total equity	207,536	208,436	900
Total liabilities and equity	271,988	274,244	2,256

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated First Quarter (From April 1, 2013 to June 30, 2013)		Current Consolidated First Quarter (From April 1, 2014 to June 30, 2014)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	48,400	100.0	46,010	100.0	(2,390)
II. Operating costs and expenses:					
Cost of sales	21,439	44.3	20,982	45.6	(457)
Selling, general and administrative expenses	21,638	44.7	21,760	47.3	122
Total operating costs and expenses	43,077	89.0	42,742	92.9	(335)
Operating income	5,323	11.0	3,268	7.1	(2,055)
III. Other income (expenses):					
Interest income	18		28		10
Interest expense	(30)		(27)		3
Dividend income	437		482		45
Gain or loss on sale or exchange of marketable securities and investments, net	36		1		(35)
Valuation gain or loss on marketable securities and investments, net	(48)		(0)		48
Gain on sale of paintings	-		1,059		1,059
Other, net	100		(109)		(209)
Total other income (expenses)	513	1.1	1,434	3.1	921
Income before income taxes and equity in net income of affiliated companies	5,836	12.1	4,702	10.2	(1,134)
Income taxes	2,339	4.9	1,777	3.8	(562)
Income before equity in net income of affiliated companies	3,497	7.2	2,925	6.4	(572)
Equity in net income of affiliated companies	303	0.7	187	0.4	(116)
Net income	3,800	7.9	3,112	6.8	(688)
Net income attributable to noncontrolling interests	(84)	(0.2)	(89)	(0.2)	(5)
Net income attributable to Wacoal Holdings Corp.	3,716	7.7	3,023	6.6	(693)

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated First Quarter (From April 1, 2013 to June 30, 2013)	Current Consolidated First Quarter (From April 1, 2014 to June 30, 2014)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	3,800	3,112	(688)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	3,347	869	(2,478)
Net unrealized gains on securities	1,555	1,695	140
Pension liability adjustments	57	(52)	(109)
Other comprehensive income (loss)	4,959	2,512	(2,447)
Comprehensive income (loss)	8,759	5,624	(3,135)
Comprehensive income (loss) attributable to noncontrolling interests	(137)	(101)	36
Comprehensive income attributable to Wacoal Holdings Corp.	8,622	5,523	(3,099)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated First Quarter (From April 1, 2013 to June 30, 2013)	Current Consolidated First Quarter (From April 1, 2014 to June 30, 2014)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	3,800	3,112
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	1,218	1,367
(2) Provision for returns and doubtful receivables – net	320	196
(3) Deferred income taxes	444	779
(4) Gain or loss on sale of fixed assets	0	(25)
(5) Gain on sale of paintings	-	(1,059)
(6) Gain or loss on sale and exchange of marketable securities and investments	(36)	(1)
(7) Valuation gain or loss on investment in marketable securities and investments	48	0
(8) Equity in net income of affiliated companies – less dividends	338	397
(9) Changes in assets and liabilities		
Decrease (increase) in notes and receivables	(632)	3,445
Increase in inventories	(1,267)	(1,137)
Increase in other current assets	(1,250)	(1,756)
Decrease in notes and accounts payable	(1,194)	(714)
Decrease in liabilities for termination and retirement benefits	(217)	(392)
Increase (decrease) in other liabilities	(2,158)	1,196
(10) Other	122	32
Net cash flow provided (used in) by operating activities	(464)	5,440
II. Investing activities		
1. Increase in time deposits	(73)	(374)
2. Decrease in time deposits	500	966
3. Proceeds from sales and redemption of marketable securities	932	106
4. Payments to acquire marketable securities	(103)	-
5. Proceeds from sale of paintings	-	1,275
6. Proceeds from sale of property, plant and equipment	31	164
7. Capital expenditure	(491)	(844)
8. Payments to acquire intangible assets	(243)	(262)
9. Proceeds from sale of investments	3,775	-
10. Payments to acquire investments	(251)	(108)
11. Payments to acquire additional shares of a subsidiary	-	(1)
12. Other	3	8
Net cash flow provided by investing activities	4,080	930
III. Financing activities		
1. Net increase in short-term bank loans	480	274
2. Repayment of long-term debt	(248)	(250)
3. Repurchase of treasury stock	(1)	(0)
4. Dividends paid on common stock	(3,944)	(4,648)
5. Dividends paid to noncontrolling interests	(55)	(87)
Net cash flow used in financing activities	(3,768)	(4,711)
IV. Effect of exchange rate changes on cash and cash equivalents	292	(96)
V. Net (decrease) increase in cash and cash equivalents	140	1,563
VI. Cash and cash equivalents, beginning of period	24,514	30,658
VII. Cash and cash equivalents, end of period	24,654	32,221

Additional Information

Cash paid for:		
Interest	29	27
Income taxes	5,230	2,548
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	438	352

(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 First Quarter (From April 1, 2013 to June 30, 2013)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	29,225	12,002	3,070	4,103	48,400	-	48,400
(2) Intersegment	511	2,042	114	1,339	4,006	(4,006)	-
Total	29,736	14,044	3,184	5,442	52,406	(4,006)	48,400
Operating income (loss)	3,310	1,959	80	(26)	5,323	-	5,323

Current Consolidated First Quarter (From April 1, 2014 to June 30, 2014)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	26,719	12,670	2,844	3,777	46,010	-	46,010
(2) Intersegment	435	2,132	160	1,162	3,889	(3,889)	-
Total	27,154	14,802	3,004	4,939	49,899	(3,889)	46,010
Operating income (loss)	1,691	1,822	(86)	(159)	3,268	-	3,268

(Note) Core products of respective businesses:

Wacoal business (Domestic): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.

Wacoal business (Overseas): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, 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.

(ii) Segment Information by Region

Previous Consolidated First Quarter (From April 1, 2013 to June 30, 2013)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	36,256	3,870	8,274	48,400
Distribution ratio	74.9%	8.0%	17.1%	100.0%
Operating income	3,354	332	1,637	5,323

Current Consolidated First Quarter (From April 1, 2014 to June 30, 2014)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	33,240	4,165	8,605	46,010
Distribution ratio	72.2%	9.1%	18.7%	100.0%
Operating income	1,420	537	1,311	3,268

- (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 First Quarter (From April 1, 2013 to June 30, 2013)		Current First Quarter (From April 1, 2014 to June 30, 2014)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Fluctuation Ratio
Innerwear	Foundation and lingerie	Millions of Yen 36,230	% 74.9	Millions of Yen 34,278	% 74.5	Millions of Yen (1,952)	% (5.4)
	Nightwear	2,597	5.4	2,613	5.7	16	0.6
	Children's underwear	492	1.0	420	0.9	(72)	(14.6)
	Subtotal	39,319	81.3	37,311	81.1	(2,008)	(5.1)
Outerwear/Sportswear		4,129	8.5	3,957	8.6	(172)	(4.2)
Hosiery		591	1.2	668	1.4	77	13.0
Other textile goods and related products		2,223	4.6	2,060	4.5	(163)	(7.3)
Other		2,138	4.4	2,014	4.4	(124)	(5.8)
Total		48,400	100.0	46,010	100.0	(2,390)	(4.9)