

[Translation]

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

January 30, 2015

Listed Company: Wacoal Holdings Corp.
Code Number: 3591 (URL: <http://www.wacoalholdings.jp/>)
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Scheduled quarterly report submission date: February 12, 2015
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. Third Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 – December 31, 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	%
Third Quarter ended December 31, 2014	143,980	(1.3)	6,047	(55.4)	8,542	(42.2)	5,631	(39.7)
Third Quarter ended December 31, 2013	145,840	7.6	13,552	17.5	14,777	27.4	9,336	32.1

(Note) Quarterly comprehensive income: 19,619 million yen (decrease of 13.4%) for the third quarter ended December 31, 2014
22,645 million yen (increase of 210.1%) for the third quarter ended December 31, 2013

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Third Quarter ended December 31, 2014	39.98	39.88
Third Quarter ended December 31, 2013	66.29	66.15

(Note) As described in “(3) Summary of Changes in Accounting Principles” in Section 2 “Matters Concerning Summaries (Notes)” on page 6, retroactive adjustments have been made to the results for the third quarter ended December 31, 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 December 31, 2014	290,279	222,361	219,772	75.7	1,560.46
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	
Annual	192,000	(0.9)	5,800	(58.2)	9,800	(34.8)	6,300	(37.7)	44.73	

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

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative third 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 6.
- (4) Number of Issued Shares (Common Stock)

	Third Quarter ended December 31, 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:	2,540,477 shares	2,539,371 shares
(iii) Average number of shares during consolidated third quarter (third quarter ended December 31):	140,838,338 shares	140,842,583 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 systems; risks relating to the 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 Third Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Nine Months ended December 31, 2014

Our group entered the second year of our three-year mid-term plan (from fiscal year 2014 to fiscal year 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 nine months ended December 31, 2014, overall sales fell below the results for the corresponding period of the previous fiscal year due to the influence of a delay in recovery of personal consumption in domestic business after the consumption tax increase, despite the fact that the sales from our overseas business were inflated by the sharp depreciation of the yen. In terms of profit, operating income fell largely below the results for the corresponding period of the previous fiscal year due to a decrease in sales and due to the impact of the impairment charges of 6,021 million yen as a result of the reassessment of the fair value of our Peach John business.

Net sales:	143,980 million yen (a decrease of 1.3% as compared to the corresponding period of the previous fiscal year)
Operating income:	6,047 million yen (a decrease of 55.4% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	8,542 million yen (a decrease of 42.2% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	5,631 million yen (a decrease of 39.7% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

Our business in the domestic market for the current consolidated cumulative third quarter faced difficult operating conditions as a result of the slowdown in the growth of real disposable income due to rising prices, and of the budget-conscious consumers (mainly with regard to daily products and clothing), despite a recovery in demand for certain high-priced products.

Overall sales from our Wacoal brand business fell below the results for the corresponding period of the previous fiscal year due to the poor performance of products for middle-aged consumers and bottom products from our autumn campaign, despite favorable performance of certain products, including newly-launched exclusive brand products intended for a single sales channel, and pre-stage brand products.

With respect to our Wing brand business, although sales in October and November were strong as a result of our TV commercials placed for our bottom products in October which met the needs of our consumers, and of promotional efforts by our major clients, overall sales from our Wing brand business fell below the results for the corresponding period of the previous fiscal year because sales were not driven by our core brassieres and undergarments.

In our retail business, sales were driven by a lineup of products with a high gross margin rate and collaboration products with stylists at our directly managed retail store, AMPHL. We were also successful in handling inbound customer service by increasing duty-free stores with respect to our Wacoal Factory Store in outlet malls, and as a result, overall sales exceeded the results for the corresponding period of the previous fiscal year.

In our wellness business, 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, our promotional initiatives to attract customers, such as using SNS advertising, implemented from October, did not have much effect, and thus our internet sales were weak. Sales of our winter catalog products were strong at the beginning, but lost momentum during the latter half of the current third quarter, and as a result, overall sales fell largely below the results for the corresponding period of the previous fiscal year.

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 poor sales from Wacoal Corp., our core operating entity, which fell below the results from the previous fiscal year. With respect to profitability, our operating income also fell below the results for the corresponding period of the previous fiscal year due to decreased sales and a decline in the sales profit rate as a result of increasing processing charges and purchasing cost, which were impacted by the weak yen, despite our efforts to reduce selling, general and administrative expenses at Wacoal Corp.

Net sales:	86,066 million yen (a decrease of 4.1% as compared to the corresponding period of the previous fiscal year)
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Operating income:	7,987 million yen (a decrease of 14.7% as compared to the corresponding period of the previous fiscal year)
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b. Wacoal Business (Overseas)

In the United States, where sales at department stores continue to be weak due to the difficult retail environment, sales were driven by our brassieres products, and as a result, sales at department stores remained unchanged from the previous fiscal year. In addition, internet sales and sales from our business in surrounding countries showed strong performance, and as a result, overall sales on a local currency basis exceeded the results for the corresponding period of the previous fiscal year. 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 and the effects of the weak yen.

With respect to our business in China, a factor that contributed to our sales was an increase in shops which handle LA ROSABELLE, our brand targeting the middle-class market, and strong internet sales. On the other hand, sales of our high-priced brand products at department stores performed poorly due to the effects of laws regulating expenditures, and 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, gross margin rate significantly improved as a result of achieving a higher local procurement rate and the expansion of bargain products in internet sales. In addition, operating income largely exceeded the results for the corresponding period of the previous fiscal year as a result of a reduction in head-count due to the discontinuation of underperforming shops.

With respect to Wacoal Europe (known as Wacoal Eveden until January 2015), sales in the United Kingdom remained unchanged from the previous fiscal year as a result of the expansion of our Wacoal brand products, despite a decrease in the number of tourists visiting from Russia and the Middle East. On the other hand, sales in the Euro area showed weak performance due to the poor performance of our fall and winter products and continued economic difficulty in the eurozone. In addition, sales from department stores in the United States showed weak performance due to the continuing poor retail environment. 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 sharp depreciation of the yen. In terms of profit, operating income largely fell below the results for the corresponding period of the previous fiscal year as a result of decreased sales, and of costs incurred in connection with changes in the structure of our business in Europe.

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

Net sales:	35,518 million yen (an increase of 8.9% as compared to corresponding period of the previous fiscal year)
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Operating income:	3,966 million yen (an increase of 6.3% as compared to the corresponding period of the previous fiscal year)
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c. Peach John Business

Sales from our core mail-order catalogues fell largely below the results for the corresponding period of the previous fiscal year, despite signs of recovery in the purchase rate as a result of our efforts in making our website more user-friendly. 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 the increasing number of shop openings, including the introduction of our new business-style shops targeting young adults. With respect to our overseas business, despite our favorable performance in Hong Kong resulting from shop openings and an increase in the number of customers, sales fell below the results for the corresponding period of the previous fiscal year as a result of poor performance of our directly-managed stores in China. 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 a significant operating loss due to decreased sales, and an impairment charges on goodwill and other intangible assets.

Net sales:	8,723 million yen (a decrease of 6.0% as compared to the corresponding period of the previous fiscal year)
Operating loss:	6,140 million yen (as compared to 273 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”), although sales from our material business showed favorable performance as a result of commencing new transactions, overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year due to our innerwear business division which was impacted by inventory adjustments by our major clients resulting from the poor performance of their winter campaign products. In terms of profit, we recorded operating income (as opposed to an operating loss incurred for the previous fiscal year) due to an improvement in profitability resulting from full operation of factories at our overseas subsidiaries.

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, while sales from rental business exceeded the results for the corresponding period of the previous fiscal year, sales from sales and construction business fell 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 and construction postponement by clients. In terms of profit, operating income exceeded the results for the corresponding period of the previous fiscal year.

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

Net sales:	13,673 million yen (a decrease of 3.7% as compared to the corresponding period of the previous fiscal year)
Operating income:	234 million yen (an increase of 25.8% 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 third quarter were 290,279 million yen, an increase of 18,291 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 67,918 million yen, an increase of 3,466 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 219,772 million yen, an increase of 14,666 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 third quarter was 75.7%, an increase 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 third quarter of the current fiscal year were 37,300 million yen, an increase of 6,642 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 13,928 million yen, an increase of 4,786 million yen as compared to the corresponding period of the previous fiscal year, after adjustments of impairment charges on goodwill and other intangible assets and changes in assets and liabilities to our net income of 5,895 million yen plus adjustments of depreciation and amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 2,453 million yen, as compared to 3,212 million yen of cash inflow for the corresponding period of the previous fiscal year, due to increases in capital expenditure and payments to acquire investments, despite proceeds from sale of paintings.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 6,633 million yen, an increase of 2,093 million yen as compared to the corresponding period of the previous fiscal year, due to repayment of short-term bank loans and 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, 2015 since our announcement on May 13, 2014 as described below due to the recognition of an impairment charges on intangible assets regarding our subsidiaries. There is no change to our expected annual dividend (30 yen per share).

Net sales:	192,000 million yen (a decrease of 0.9% as compared to the corresponding period of the previous fiscal year)
Operating income:	5,800 million yen (a decrease of 58.2% as compared to the corresponding period of the previous fiscal year)
Pre-tax net income:	9,800 million yen (a decrease of 34.8% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.	6,300 million yen (a decrease of 37.7% as compared to the corresponding period of the previous fiscal year)

2. Matters Concerning Summaries (Notes)

- (1) Summary of Changes in Significant Subsidiaries during the Current Consolidated Cumulative 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 third quarter ended December 31, 2013 have been adjusted retrospectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2014	Current Consolidated Third Quarter as of December 31, 2014	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	30,658	37,300	6,642
Time deposits	2,168	2,520	352
Marketable securities	3,523	3,894	371
Notes and accounts receivable	26,269	23,321	(2,948)
Allowance for returns and doubtful receivables	(2,321)	(2,681)	(360)
Inventories	40,211	44,114	3,903
Deferred income taxes	4,848	4,229	(619)
Other current assets	4,132	4,953	821
Total current assets	109,488	117,650	8,162
II. Property, plant and equipment:			
Land	21,994	22,028	34
Buildings and structures	63,024	63,977	953
Machinery and equipment	15,446	16,646	1,200
Construction in progress	<u>147</u>	<u>891</u>	<u>744</u>
	100,611	103,542	2,931
Accumulated depreciation	(51,633)	(54,089)	(2,456)
Net property, plant and equipment	48,978	49,453	475
III. Other assets:			
Investments in affiliated companies	18,894	21,031	2,137
Investments	45,951	54,596	8,645
Goodwill	22,723	19,476	(3,247)
Other intangible assets	13,688	13,038	(650)
Deferred income taxes	1,008	2,665	1,657
Other	11,258	12,370	1,112
Total other assets	113,522	123,176	9,654
Total assets	271,988	290,279	18,291

Accounts	Previous Fiscal Year as of March 31, 2014	Current Consolidated Third Quarter as of December 31, 2014	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	16,630	15,865	(765)
Notes and accounts payables:			
Trade notes	1,064	1,379	315
Trade accounts	10,657	11,840	1,183
Other payables	<u>5,764</u>	<u>4,701</u>	<u>(1,063)</u>
	17,485	17,920	435
Accrued payroll and bonuses	7,085	5,306	(1,779)
Income taxes payable	1,224	1,558	334
Other current liabilities	4,184	6,680	2,496
Total current liabilities	46,608	47,329	721
II. Long-term liabilities:			
Liabilities for termination and retirement benefits	1,795	1,724	(71)
Deferred income taxes	13,611	16,868	3,257
Other long-term liabilities	2,438	1,997	(441)
Total long-term liabilities	17,844	20,589	2,745
Total liabilities	64,452	67,918	3,466
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,587	29,633	46
III. Retained earnings	151,468	152,451	983
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	2,310	10,349	8,039
Unrealized gain on securities	11,606	17,336	5,730
Pension liability adjustments	(227)	(358)	(131)
V. Treasury stock	(2,898)	(2,899)	(1)
Total Wacoal Holdings Corp. shareholders' equity	205,106	219,772	14,666
VI. Noncontrolling interests	2,430	2,589	159
Total equity	207,536	222,361	14,825
Total liabilities and equity	271,988	290,279	18,291

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2013 to December 31, 2013)		Current Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	145,840	100.0	143,980	100.0	(1,860)
II. Operating costs and expenses					
Cost of sales	67,208	46.1	66,500	46.2	(708)
Selling, general and administrative expenses	65,080	44.6	65,412	45.4	332
Impairment charges on goodwill and other intangible assets	-		6,021	4.2	6,021
Total operating costs and expenses	132,288	90.7	137,933	95.8	5,645
Operating income	13,552	9.3	6,047	4.2	(7,505)
III. Other income (expenses):					
Interest income	71		95		24
Interest expense	(88)		(78)		10
Dividend income	787		892		105
Gain or loss on sale or exchange of marketable securities and investments - net	13		1		(12)
Valuation gain or loss on marketable securities and investments - net	2		(14)		(16)
Gain on sale of paintings	-		1,059		1,059
Other - net	440		540		100
Total other income (expenses)	1,225	0.8	2,495	1.7	1,270
Income before income taxes, equity in net income of affiliated companies	14,777	10.1	8,542	5.9	(6,235)
Income taxes	5,934	4.0	3,320	2.3	(2,614)
Income before equity in net income of affiliated companies	8,843	6.1	5,222	3.6	(3,621)
Equity in net income of affiliated companies	743	0.5	673	0.5	(70)
Net income	9,586	6.6	5,895	4.1	(3,691)
Net income attributable to noncontrolling interests	(250)	(0.2)	(264)	(0.2)	(14)
Net income attributable to Wacoal Holdings Corp.	9,336	6.4	5,631	3.9	(3,705)

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2013 to December 31, 2013)	Current Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	9,586	5,895	(3,691)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	8,411	8,111	(300)
Net unrealized gains on securities	4,477	5,748	1,271
Pension liability adjustments	171	(135)	(306)
Other comprehensive income (loss)	13,059	13,724	665
Comprehensive income (loss)	22,645	19,619	(3,026)
Comprehensive income (loss) attributable to noncontrolling interests	(337)	(350)	(13)
Comprehensive income attributable to Wacoal Holdings Corp.	22,308	19,269	(3,039)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2013 to December 31, 2013)	Current Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	9,586	5,895
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	3,707	3,765
(2) Provision for returns and doubtful receivables - net	600	228
(3) Deferred income taxes	114	(1,064)
(4) Gain or loss on sale or disposal of property, plant and equipment - net	32	23
(5) Gain on sale of paintings	-	(1,059)
(6) Impairment charges on goodwill and other intangible assets	-	6,021
(7) Gain or loss on sale and exchange of marketable securities and investments - net	(13)	(1)
(8) Valuation gain or loss on marketable securities and investments - net	(2)	14
(9) Equity in net income of affiliated companies - less dividends	(35)	(18)
(10) Changes in assets and liabilities		
Decrease in notes and receivables	1,988	3,647
Increase in inventories	(2,125)	(2,382)
Decrease (increase) in other current assets	30	(971)
Increase (decrease) in notes and accounts payable	(1,350)	118
Decrease in liabilities for termination and retirement benefits	(618)	(1,190)
Increase (decrease) in other liabilities	(2,879)	764
(11) Other	107	138
Net cash flow provided by operating activities	9,142	13,928
II. Investing activities		
1. Increase in time deposits	(719)	(2,317)
2. Decrease in time deposits	1,661	2,249
3. Proceeds from sales and redemption of marketable securities	1,256	311
4. Payments to acquire marketable securities	(114)	-
5. Proceeds from sale of paintings	-	1,275
6. Proceeds from sale of property, plant and equipment	61	163
7. Capital expenditure	(1,725)	(2,578)
8. Payments to acquire intangible assets	(762)	(995)
9. Proceeds from sale of other investments	3,825	14
10. Payments to acquire investments	(258)	(593)
11. Payments to acquire additional shares of a subsidiary	(0)	(1)
12. Other	(13)	19
Net cash flow provided by (used in) investing activities	3,212	(2,453)
III. Financing activities		
1. Net increase (decrease) in short-term bank loans	358	(1,193)
2. Repayment of long-term debt	(802)	(601)
3. Repurchase of treasury stock	(5)	(1)
4. Dividends paid on common stock	(3,944)	(4,648)
5. Dividends paid to noncontrolling interests	(147)	(190)
Net cash flow used in financing activities	(4,540)	(6,633)
IV. Effect of exchange rate changes on cash and cash equivalents	642	1,800
V. Net increase in cash and cash equivalents	8,456	6,642
VI. Cash and cash equivalents, beginning of period	24,514	30,658
VII. Cash and cash equivalents, end of period	32,970	37,300

Additional Information

Cash paid for:		
Interest	92	79
Income taxes	7,800	4,206
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	136	436

(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 Cumulative Third Quarter (From April 1, 2013 to December 31, 2013)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	89,759	32,604	9,282	14,195	145,840	-	145,840
(2) Intersegment	1,713	6,359	348	3,926	12,346	(12,346)	-
Total	91,472	38,963	9,630	18,121	158,186	(12,346)	145,840
Operating expenses	82,111	35,231	9,247	17,935	144,524	(12,346)	132,178
Depreciation and amortization on customer relationships	-	-	110	-	110	-	110
Total operating expenses	82,111	35,231	9,357	17,935	144,634	(12,346)	132,288
Operating income	9,361	3,732	273	186	13,552	-	13,552

Current Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	86,066	35,518	8,723	13,673	143,980	-	143,980
(2) Intersegment	1,525	6,523	476	3,863	12,387	(12,387)	-
Total	87,591	42,041	9,199	17,536	156,367	(12,387)	143,980
Operating expenses	79,604	38,075	9,208	17,302	144,189	(12,387)	131,802
Depreciation and amortization on customer relationships	-	-	110	-	110	-	110
Impairment charges on goodwill and other intangible assets	-	-	6,021	-	6,021	-	6,021
Total operating expenses	79,604	38,075	15,339	17,302	150,320	(12,387)	137,933
Operating income (loss)	7,987	3,966	(6,140)	234	6,047	-	6,047

(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 Cumulative Third Quarter (From April 1, 2013 to December 31, 2013)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	112,873	11,161	21,806	145,840
Distribution ratio	77.4%	7.6%	15.0%	100.0%
Operating income	9,776	914	2,862	13,552

Current Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	108,165	11,996	23,819	143,980
Distribution ratio	75.1%	8.3%	16.6%	100.0%
Operating income	2,009	1,466	2,572	6,047

- (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 Consolidated Cumulative Third Quarter (From April 1, 2013 to December 31, 2013)		Current Consolidated Cumulative Third Quarter (From April 1, 2014 to December 31, 2014)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Distribution Ratio
Innerwear	Foundation and lingerie	Millions of Yen 108,625	% 74.5	Millions of Yen 107,531	% 74.7	Millions of Yen (1,094)	% (1.0)
	Nightwear	7,425	5.1	7,461	5.2	36	0.5
	Children's underwear	1,205	0.8	1,128	0.8	(77)	(6.4)
	Subtotal	117,255	80.4	116,120	80.7	(1,135)	(1.0)
Outerwear/Sportswear		12,451	8.5	12,242	8.5	(209)	(1.7)
Hosiery		1,748	1.2	1,906	1.3	158	9.0
Other textile goods and related products		6,798	4.7	6,097	4.2	(701)	(10.3)
Other		7,588	5.2	7,615	5.3	27	0.4
Total		145,840	100.0	143,980	100.0	(1,860)	(1.3)