

[Translation]

**Consolidated Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2017
[U.S. GAAP]**

October 31, 2016

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: General Manager of Corporate Planning
Name: Akira Miyagi

Stock Exchange: Tokyo

Tel: +81 (075) 682-1010

Scheduled quarterly report submission date: November 11, 2016
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, 2017 (April 1, 2016 – September 30, 2016)

(1) Consolidated Business Results

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

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Second Quarter ended September 30, 2016	102,412	(3.1)	7,887	(18.5)	11,887	11.7	9,200	23.0
Second Quarter ended September 30, 2015	105,715	9.9	9,676	15.3	10,646	5.2	7,482	14.6

(Note) Quarterly comprehensive income: (2,129) million yen (- %) for the second quarter ended September 30, 2016
6,268 million yen (decrease of 50.5%) for the second quarter ended September 30, 2015

	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, 2016	65.85	65.65
Second Quarter ended September 30, 2015	53.12	52.97

(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, 2016	283,918	219,972	215,389	75.9	1,554.15
As of the end of Fiscal Year (March 31, 2016)	292,854	229,401	224,374	76.6	1,592.90

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, 2016	–	–	–	33.00	33.00
Fiscal Year Ending March 31, 2017	–	–			
Fiscal Year Ending March 31, 2017 (Estimates)			–	33.00	33.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(% indicates increase from the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		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	198,000	(2.4)	10,500	(24.3)	14,500	(3.1)	11,000	(1.4)	78.73	

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

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative 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, 2016	Fiscal Year ended March 31, 2016
(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:	4,788,810 shares	2,519,350 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30):	139,718,364 shares	140,839,319 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.

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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, 2016

Our group entered the first year of our three-year mid-term plan (from fiscal year 2017 to fiscal year 2019). While we make efforts to improve profitability and business efficiency in line with the five elements of the basic policies, which are (i) to improve the infrastructure of our group management base as a foundation, (ii) to ensure profits from our domestic business, (iii) to achieve further growth of our overseas business, (iv) to achieve group synergies through collaboration and to strengthen our competitiveness, and (v) to attempt to expand our business portfolio, we will aim to improve corporate value by implementing an efficient capital policy.

Under these initiatives, sales as shown in our consolidated business results for the six months ended September 30, 2016 fell below the results for the corresponding period of the previous fiscal year due to a slowdown in our wholesale business of women's innerwear products, mainly at department stores and general merchandise stores, despite the favorable performance of our directly managed stores of Wacoal Corp., our core operating entity in our domestic business. Further, while demand in the United States and Europe has been showing a recovery trend, sales from our overseas business decreased due to the impact of the appreciation of the yen and poor sales trends in China. As a result, our group's overall sales fell below the results for the corresponding period of the previous fiscal year. In terms of profit, overall operating income largely fell below the results for the corresponding period of the previous fiscal year due to an increase in selling, general and administrative expenses which resulted from our domestic business and costs accrued in connection with the reorganization proceedings by a subsidiary located in France. Nevertheless, operating income still exceeded our initial plan. Income before income taxes and equity in net income of affiliated companies largely exceeded the results for the corresponding period of the previous fiscal year as a result of gain on sales of property, plant and equipment which was recorded during the first quarter of the current fiscal year.

Net sales:	102,412 million yen (a decrease of 3.1% as compared to the corresponding period of the previous fiscal year)
Operating income:	7,887 million yen (a decrease of 18.5% as compared to the corresponding period of the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	11,887 million yen (an increase of 11.7% as compared to the corresponding period of the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	9,200 million yen (an increase of 23.0% as compared to the corresponding period of the previous fiscal year)

(ii) Business Overview of Our Operating Segments

a. Wacoal Business (Domestic)

In our domestic business, with respect to our Wacoal brand business, sales of our core brassieres products were driven by the sales of our comfortable brassieres with new functionality, which received a positive response from consumers. Overall sales, however, fell below the results for the corresponding period of the previous fiscal year, as a result of decreased sales of luxury products and the influence of inventory adjustments at shops.

With respect to our Wing brand business, shop sales showed favorable performance as a result of the strong sales of the good-luck shorts products associated with the signs of the Chinese zodiac, our summer undergarments products and the strong performance of our core brassieres products across the board which we rolled out during the period from spring to early summer. Overall sales, however, fell below the results for the corresponding period of the previous year due to the influence of inventory adjustments at shops.

With respect to retail business, despite the decreasing number of shop visitors at our existing stores, sales from our directly managed retail store, AMPHI, exceeded the results for the corresponding period of the previous fiscal year as a result of the promotion efforts by individual stores which achieved a higher average sale per customer. In addition, other

shop brands steadily expanded shop openings. Further, our successful promotion initiatives of the broad rollout of common merchandise of our brand products for directly managed stores from this spring have contributed to the expansion of sales and improvement of profits. As a result, overall sales exceeded the results for the corresponding period of the previous fiscal year.

With respect to wellness business, sales of our sports conditioning wear “CW-X” brand products through sports specialty chain stores and e-commerce websites showed steady performance. Overall sales, however, fell below the results for the corresponding period of the previous fiscal year, due to the poor sales at outdoor specialty stores and weak performance of our products for daily use, in addition to the weak performance of exports to the United States.

With respect to catalog sales business, while sales from our website exceeded the results for the corresponding period of the previous fiscal year as a result of an increase in the number of internet users visiting our website resulting from new services and enhanced features of e-commerce websites, as well as our successful initiatives of monthly sales promotions, sales from our summer and autumn catalogs showed weak performance. As a result, overall sales fell below the results for the corresponding period of the previous fiscal year.

With respect to Ai Co., Ltd., while sales from the underwear business largely expanded through new shop openings, our core swimwear business was impacted by an increase in returns due to sluggish product launches on third-party e-commerce websites, and by the worsening efficiency of seasonal shops. As a result, overall sales remained unchanged from 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 decreased sales from Wacoal Corp., our core operating entity. With respect to profit, our operating income also largely decreased from the results for the corresponding period of the previous fiscal year due to an increase in retirement benefits costs and a higher tax under pro-forma basis taxation following tax reforms at Wacoal Corp., as well as an increase in expenses incurred by the opening for the business at the New Kyoto Building.

Net sales:	61,615 million yen (a decrease of 1.5% as compared to the corresponding period of the previous fiscal year)
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Operating income:	4,720 million yen (a decrease of 21.1% as compared to the corresponding period of the previous fiscal year)
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b. Wacoal Business (Overseas)

With respect to Wacoal International Corp. (U.S.), negative effects of inventory controls conducted by our customers were offset by the steady performance of sales (mostly of our core Wacoal brand products) at department stores in the United States, and sales from our e-commerce website also showed favorable performance. As a result, overall sales on a local currency basis exceeded the results for the corresponding period of the previous fiscal year, but overall sales on a yen converted basis fell largely below the results for the corresponding period of the previous fiscal year. In terms of profit, although operating income on a local currency basis exceeded the results for the corresponding period of the previous fiscal year due to the improvement in profits from sales resulting from containing manufacturing costs and the results of our efforts to control PR related expenses, operating income on a yen converted basis largely fell below the results for the corresponding period of the previous fiscal year.

With respect to Wacoal Europe, in the United Kingdom, although sales from specialty stores and sales through e-commerce websites showed favorable performance, sales at department stores showed weak performance. Demand in the Eurozone area showed a recovery since the summer with a steady trend and sales in North America and Eurozone countries were inflated by the influence of the weak Sterling pound. As a result, total sales on a local currency basis (Sterling pound) exceeded the results for the corresponding period of the previous fiscal year, but sales on a yen converted basis fell largely below the results for the corresponding period of the previous fiscal year. With regard to profit, we recorded an operating loss due to costs incurred for the reorganization proceedings by our subsidiary.

With respect to our business in China, sales at department stores showed poor sales trend, and sales from third-party e-commerce websites also showed weak performance in contrast to the strong performance seen during the previous fiscal year. As a result, overall sales, which were also impacted by the temporary suspension of shop openings and the closure of underperforming shops for LA ROSABELLE, our brand targeting the middle-class market, fell below the results for the corresponding period of the previous fiscal year. In terms of profit, operating income largely fell below

the results for the corresponding period of the previous fiscal year due to an increase in labor costs, in addition to decreased sales and a decline in the sales profit rate.

As a result of the above, overall sales and operating income, on a yen converted basis, attributable to our “Wacoal Business (Overseas)” segment both fell below the results for the corresponding period of the previous fiscal year.

Net sales:	25,719 million yen (a decrease of 7.4% as compared to the corresponding period of the previous fiscal year)
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Operating income:	2,371 million yen (a decrease of 26.9% 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., sales from our domestic directly managed retail stores (mainly in existing shops) showed steady performance and sales through third-party e-commerce websites also largely expanded. Sales from our mail-order catalogues, however, largely fell below the results for the corresponding period of the previous fiscal year due to the impact of a decrease in the number of existing customers and the poor performance in early spring, offsetting the higher number of users who visited our renovated website and the gradual increase in new customers beginning in the summer. On the other hand, with respect to our overseas subsidiaries, our directly managed retail stores in Hong Kong performed well, and sales in China also largely expanded.

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

Net sales:	5,733 million yen (a decrease of 1.2% as compared to the corresponding period of the previous fiscal year)
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Operating income:	321 million yen (a decrease of 3.6% as compared to the corresponding period of the previous fiscal year)
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d. Other

With respect to Lecien Corporation (“Lecien”), while sales from our core intimate apparel division were at about the same level as the results for the corresponding period of the previous fiscal year, overall sales from Lecien fell below the results for the corresponding period of the previous fiscal year due to the weak performance of our material division and the art & hobby division. In terms of profit, our operating income significantly improved from the corresponding period of the previous fiscal year, during which we recorded an operating loss, due to higher sales profit rate resulting from the impact of currency fluctuations and a higher percentage of our sales coming from high margin products.

As for Nanasai Co., Ltd. (“Nanasai”), we maintained sales from the rental business at the same level as we did in the corresponding period of the previous fiscal year, as a result of the number of new orders received, which offset the influence of store closures by our existing clients. Sales from our construction business also expanded as a result of an increase in the number of orders received from limited-time import brand shops and our new clients. Sales from our sales business, however, largely decreased as compared to the previous fiscal year, during which we received a higher number of large-scale orders. As a result, overall sales fell below the results for the corresponding period of the previous fiscal year. In terms of profit, operating income largely fell below the results for the corresponding period of the previous fiscal year due to a lower sales profit rate as a result of a higher percentage of our sales coming from our construction business.

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

Net sales:	9,345 million yen (a decrease of 2.9% as compared to the corresponding period of the previous fiscal year)
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Operating income: 475 million yen
(an increase of 313.0% 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 283,918 million yen, a decrease of 8,936 million yen from the end of the previous fiscal year, due to decreases in inventories and investments at market value.

Our total liabilities were 63,946 million yen, an increase of 493 million yen from the end of the previous fiscal year, due to increases in short-term bank loans and income taxes payable.

Total Wacoal Holdings Corp. shareholders' equity was 215,389 million yen, a decrease of 8,985 million yen from the end of the previous fiscal year, due to a decrease in foreign currency translation adjustments and an increase in repurchases of treasury stock.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated second quarter was 75.9%, a decrease of 0.7% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated second quarter of the current fiscal year were 34,887 million yen, an increase of 828 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 9,606 million yen, an increase of 1,825 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 9,326 million yen plus adjustments for depreciation and amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 713 million yen, a decrease of 3,014 million yen as compared to the corresponding period of the previous fiscal year, due to capital expenditures and payments to acquire intangible assets, despite the proceeds from sales of property, plant and equipment.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 6,026 million yen, a decrease of 29 million yen as compared to the corresponding period of the previous fiscal year, due to cash dividend payments and repurchase of treasury stock, despite an increase in short-term bank loans.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

Operating income and net income for the six-month period ended September 30, 2016 have exceeded our forecast as a result of the carry-forward of a part of incurrence of selling, general and administrative expenses to the third or subsequent quarters, in addition to the fact that costs accrued in connection with the reorganization proceedings by a subsidiary located in France and non-recurring charges incurred in connection with the New Kyoto Building were successfully reduced to levels lower than originally anticipated.

Net sales for the third and subsequent quarters are expected to decrease, similarly to the first six-month period, as we can no longer expect the last-minute demand before the sales tax hike which we incorporated in our forecast of business results for our domestic business, and the currency fluctuations will continue to impact and drive down net sales from our overseas business.

In light of the business results of the current consolidated second quarter, operating income and net income are expected to increase for the fiscal year ending March 31, 2017 as we anticipate our sales profit rate to improve due to the impact of currency fluctuations.

Based on the above, we have revised our forecast of consolidated business results for the fiscal year ending March 31, 2017 from our announcement on May 9, 2016 as follows.

Net sales:	198,000 million yen (a decrease of 2.5% as compared to original forecast)
Operating income:	10,500 million yen (an increase of 5.0% as compared to original forecast)
Income before income taxes and equity in net income of affiliated companies:	14,500 million yen (no change from original forecast)
Net income attributable to Wacoal Holdings Corp.:	11,000 million yen (an increase of 10.0% as compared to original forecast)

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:
Not applicable.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2016	Current Consolidated Second Quarter as of September 30, 2016	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	34,059	34,887	828
Time deposits	2,131	2,394	263
Marketable securities	1,880	2,413	533
Notes and accounts receivable	26,936	26,567	(369)
Allowance for returns and doubtful receivables	(2,229)	(2,542)	(313)
Inventories	44,445	42,097	(2,348)
Deferred income taxes	3,832	3,896	64
Other current assets	5,797	3,945	(1,852)
Total current assets	116,851	113,657	(3,194)
II. Property, plant and equipment:			
Land	21,677	21,553	(124)
Buildings and building improvements	65,056	71,296	6,240
Machinery and equipment	17,552	17,066	(486)
Construction in progress	<u>5,419</u>	<u>715</u>	<u>(4,704)</u>
	109,704	110,630	926
Accumulated depreciation	(55,766)	(55,874)	(108)
Net property, plant and equipment	53,938	54,756	818
III. Other assets:			
Investments in affiliated companies	20,713	18,852	(1,861)
Investments	56,021	54,969	(1,052)
Goodwill	17,911	15,317	(2,594)
Other intangible assets	12,112	11,118	(994)
Prepaid pension expense	8,145	8,355	210
Deferred income taxes	1,036	1,015	(21)
Other	6,127	5,879	(248)
Total other assets	122,065	115,505	(6,560)
Total assets	292,854	283,918	(8,936)

Accounts	Previous Fiscal Year as of March 31, 2016	Current Consolidated Second Quarter as of September 30, 2016	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	11,759	12,579	820
Notes and accounts payable:			
Trade notes	1,431	1,466	35
Trade accounts	12,017	11,727	(290)
Other payables	<u>6,106</u>	<u>5,398</u>	<u>(708)</u>
	19,554	18,591	(963)
Accrued payroll and bonuses	7,152	6,925	(227)
Income taxes payable	711	2,637	1,926
Other current liabilities	5,167	5,544	377
Total current liabilities	44,343	46,276	1,933
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,703	1,669	(34)
Deferred income taxes	15,588	14,541	(1,047)
Other long-term liabilities	1,819	1,460	(359)
Total long-term liabilities	19,110	17,670	(1,440)
Total liabilities	63,453	63,946	493
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,686	29,692	6
III. Retained earnings	162,196	166,743	4,547
IV. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	5,177	(5,244)	(10,421)
Unrealized gain on securities	17,966	17,452	(514)
Pension liability adjustments	(1,035)	(1,129)	(94)
V. Treasury stock, at cost	(2,876)	(5,385)	(2,509)
Total Wacoal Holdings Corp. shareholders' equity	224,374	215,389	(8,985)
VI. Noncontrolling interests	5,027	4,583	(444)
Total equity	229,401	219,972	(9,429)
Total liabilities and equity	292,854	283,918	(8,936)

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)		Current Consolidated Cumulative Second Quarter (From April 1, 2016 to September 30, 2016)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	105,715	100.0	102,412	100.0	(3,303)
II. Operating costs and expenses					
Cost of sales	49,031	46.4	47,951	46.8	(1,080)
Selling, general and administrative expenses	47,008	44.4	46,574	45.5	(434)
Total operating costs and expenses	96,039	90.8	94,525	92.3	(1,514)
Operating income	9,676	9.2	7,887	7.7	(1,789)
III. Other income (expenses):					
Interest income	76		69		(7)
Interest expense	(39)		(23)		16
Dividend income	599		669		70
Gain or loss on sales or exchange of marketable securities and investments - net	90		84		(6)
Valuation loss on marketable securities and investments - net	(0)		(1)		(1)
Gain on sales of property, plant and equipment	-		3,770		3,770
Other - net	244		(568)		(812)
Total other income (expenses)	970	0.9	4,000	3.9	3,030
Income before income taxes and equity in net income of affiliated companies	10,646	10.1	11,887	11.6	1,241
Income taxes	3,655	3.5	3,440	3.4	(215)
Income before equity in net income of affiliated companies	6,991	6.6	8,447	8.2	1,456
Equity in net income of affiliated companies	690	0.7	879	0.9	189
Net income	7,681	7.3	9,326	9.1	1,645
Net income attributable to noncontrolling interests	(199)	(0.2)	(126)	(0.1)	73
Net income attributable to Wacoal Holdings Corp.	7,482	7.1	9,200	9.0	1,718

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)	Current Consolidated Cumulative Second Quarter (From April 1, 2016 to September 30, 2016)	Increase/(Decrease)
	Millions of Yen	Millions of Yen	Millions of Yen
I. Net income	7,681	9,326	1,645
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	180	(10,847)	(11,027)
Unrealized gain on securities	(1,273)	(514)	759
Pension liability adjustments	(320)	(94)	226
Other comprehensive income	(1,413)	(11,455)	(10,042)
Comprehensive income	6,268	(2,129)	(8,397)
Comprehensive income attributable to noncontrolling interests	(198)	300	498
Comprehensive income attributable to Wacoal Holdings Corp.	6,070	(1,829)	(7,899)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)	Current Consolidated Cumulative Second Quarter (From April 1, 2016 to September 30, 2016)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	7,681	9,326
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	2,353	2,368
(2) Provision for returns and doubtful receivables - net	477	416
(3) Deferred income taxes	1,250	(413)
(4) Gain or loss on sales or disposal of property, plant and equipment - net	48	(3,588)
(5) Gain or loss on sales or exchange of marketable securities and investments - net	(90)	(84)
(6) Valuation loss on marketable securities and investments - net	0	1
(7) Equity in net income of affiliated companies, less dividends	46	(406)
(8) Changes in assets and liabilities		
Increase in notes and receivables	(1,745)	(739)
Decrease (increase) in inventories	(628)	178
Decrease (increase) in other current assets	(253)	1,509
Decrease in notes and accounts payable	(991)	(1,404)
Decrease in liability for termination and retirement benefits	(1,415)	(326)
Increase in other liabilities	978	2,396
(9) Other	70	372
Net cash provided by operating activities	7,781	9,606
II. Investing activities		
1. Increase in time deposits	(1,739)	(2,117)
2. Decrease in time deposits	1,887	1,616
3. Proceeds from sales and redemption of marketable securities	1,004	50
4. Payments to acquire marketable securities	(534)	-
5. Proceeds from sales of property, plant and equipment	54	3,884
6. Capital expenditures	(2,628)	(3,234)
7. Payments to acquire intangible assets	(767)	(868)
8. Proceeds from sales of investments	237	343
9. Payments to acquire investments	(255)	(263)
10. Other	(986)	(124)
Net cash used in investing activities	(3,727)	(713)
III. Financing activities		
1. Net increase in short-term bank loans	2,961	1,437
2. Repayment of long-term debt	(4,582)	(125)
3. Repurchase of treasury stock	(3)	(2,546)
4. Dividends paid on common stock	(4,225)	(4,648)
5. Dividends paid to noncontrolling interests	(206)	(167)
6. Other	-	23
Net cash used in financing activities	(6,055)	(6,026)
IV. Effect of exchange rate changes on cash and cash equivalents	53	(2,039)
V. Net increase (decrease) in cash and cash equivalents	(1,948)	828
VI. Cash and cash equivalents, beginning of period	38,410	34,059
VII. Cash and cash equivalents, end of period	36,462	34,887

Additional Cash Flow Information

Cash paid for:		
Interest	41	23
Income taxes	3,157	1,148
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	475	958
Acquisition of securities	-	295

(5) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

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

During the current consolidated cumulative second quarter, we purchased treasury stock of 2,300 thousand shares from the market in the aggregate price of 2,544 million yen. As a result, the balance of treasury stock at the end of the current consolidated second quarter was 5,385 million yen, an increase of 2,509 million yen from the end of the previous fiscal year.

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	62,526	27,767	5,800	9,622	105,715	-	105,715
(2) Intersegment	760	4,532	377	2,923	8,592	(8,592)	-
Total	63,286	32,299	6,177	12,545	114,307	(8,592)	105,715
Operating income	5,986	3,242	333	115	9,676	-	9,676

Current Consolidated Cumulative Second Quarter (From April 1, 2016 to September 30, 2016)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	61,615	25,719	5,733	9,345	102,412	-	102,412
(2) Intersegment	560	4,888	504	2,920	8,872	(8,872)	-
Total	62,175	30,607	6,237	12,265	111,284	(8,872)	102,412
Operating income	4,720	2,371	321	475	7,887	-	7,887

(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, other textile-related products, etc.
- Peach John business: innerwear (foundation, lingerie, and nightwear), outerwear, and other textile-related products, etc.
- Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins, construction of stores and interior design, etc.

(ii) Segment Information by Region

Previous Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	77,768	9,271	18,676	105,715
Distribution ratio	73.5%	8.8%	17.7%	100.0%
Operating income	6,372	1,152	2,152	9,676

Current Consolidated Cumulative Second Quarter (From April 1, 2016 to September 30, 2016)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	76,512	9,990	15,910	102,412
Distribution ratio	74.7%	9.8%	15.5%	100.0%
Operating income	5,310	1,489	1,088	7,887

- (Note)
1. Countries or areas are classified according to geographical proximity.
 2. Main countries and areas belonging to classifications other than Japan:
Asia/Oceania: various countries of East Asia, Southeast Asia and West Asia, and Australia
Europe/N.A.: North America and European countries
 3. Sales in respect of consolidated companies are categorized by location.

(6) Status of Sales

Type of product		Previous Consolidated Cumulative Second Quarter (From April 1, 2015 to September 30, 2015)		Current Consolidated Cumulative Second Quarter (From April 1, 2016 to September 30, 2016)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 78,796	% 74.5	Millions of Yen 75,810	% 74.0	Millions of Yen (2,986)	% (3.8)
	Nightwear	4,725	4.5	4,547	4.4	(178)	(3.8)
	Children's underwear	743	0.7	774	0.8	31	4.2
	Subtotal	84,264	79.7	81,131	79.2	(3,133)	(3.7)
Outerwear/Sportswear		10,841	10.3	9,949	9.7	(892)	(8.2)
Hosiery		1,152	1.1	1,115	1.1	(37)	(3.2)
Other textile goods and related products		3,744	3.5	4,727	4.6	983	26.3
Other		5,714	5.4	5,490	5.4	(224)	(3.9)
Total		105,715	100.0	102,412	100.0	(3,303)	(3.1)