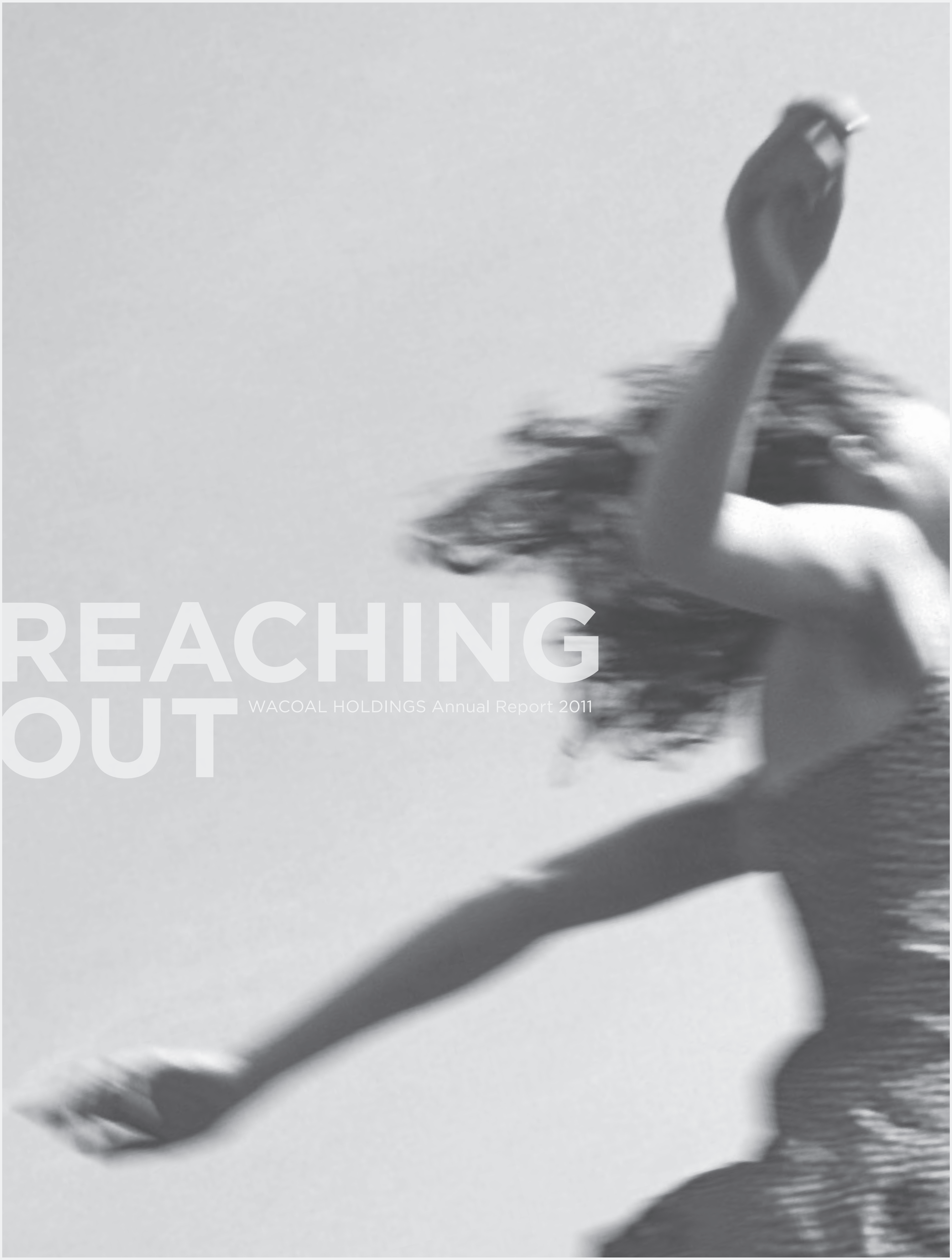


REACHING OUT

WACOAL HOLDINGS Annual Report 2011

CONTENTS

A STATEMENT
FROM WACOAL GROUP

Koichi Tsukamoto established Wako Shoji as a company wholesaling Western-style dresses and accessories for women in June 1946. The subsequent establishment of Wako Shoji Corp. in November 1949 marked the birth of Wacoal. Since then, with “helping women to express their beauty” as its overriding management goal, Wacoal has contributed to the development of the women’s innerwear market in Japan. Today, based on a holding company system that encompasses 47 consolidated subsidiaries and nine affiliates, the Wacoal Group is building an even more robust operational platform in Japan while growing sales aggressively in North America, Europe, and Asia.

As we developed as a company, it became clear that conveying our strong empathy with women through our business activities would gain recognition from society of the worthwhile functions we perform. Accordingly, Wacoal declared itself “a company empathetic to women” in 2001. The Wacoal Group’s management philosophy not only calls for corporate growth but also sustainable development with society based on the cultivation of mutual trust. Mindful of this philosophy, we aim to incorporate empathy with women into all aspects of our business operations. And, the phrase “a company empathetic to women” best expresses this ambition.

This is a report that combines a report on business results and business strategies for shareholders and other investors with a report on the Wacoal Group’s corporate social responsibility (CSR) activities. We have prepared the report in this new combined format because we want to further understanding not only of the management strategies that will drive our growth as a company but also our unique CSR activities aimed at building mutual trust with society.

OVERVIEW

THE WACOAL GROUP MANAGEMENT PHILOSOPHY

Wacoal has since our founding pursued the essence of "beauty" which transcends the ages, while always keeping a close eye on the values and aesthetic sense of women.

Furthermore, in the course of conducting our business we listen to the opinions of each individual customer and modestly seek to transform ourselves, so as to build "a relationship of mutual trust" with each individual. Wacoal is founded on this philosophy of mutual trust, and has remained our Management Philosophy since our founding.

OUR MISSION

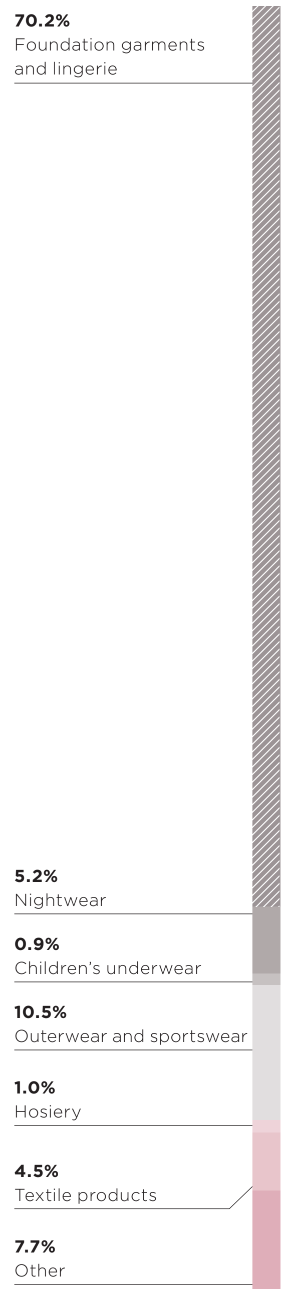
We will contribute to society by helping women to express their beauty.

OUR VISION

We, the employees and management of Wacoal, will maintain a refined corporate culture based on mutual trust and will continually strive to make the Company a global leader in the industry.

OUR VALUES

1. Create products loved by customers
2. Develop new products that meet the needs of the times
3. Conduct business in a fair manner with a forward focus
4. Build a better Wacoal through better human resources
5. Fear not failure and boast not of success



Share of net sales

OUR PRODUCTS

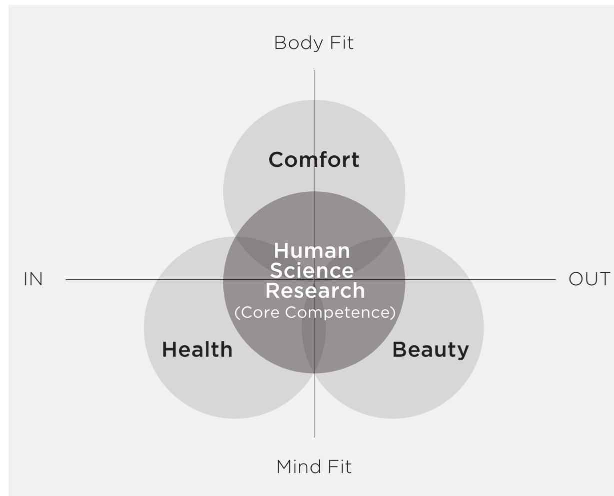
We are engaged in manufacturing, wholesaling, and—for certain products—retailing of women's foundation garments and lingerie, nightwear, children's underwear, outerwear and sportswear, hosiery, and other textile products. Other operations include restaurant businesses, cultural and service-related operations, and the construction of interiors for commercial premises.

OUR BUSINESS FIELDS

At Wacoal, we see the “body” as having both a physical and a mental/spiritual side, and our intimate apparel and wellness businesses, based on our core competences, offer three corresponding forms of value: beauty, comfort, and health.

One of these core competences is the Human Science Research we have built up over many years. Looking at things from the Human Science perspective enables us to discover the new values our customers desire and transform them into products. Having a clear sense of different people’s needs, turning those insights into products and services that offer new value, and delivering them to customers in the appropriate space—this is the process through which we have managed to create everything from new brands to new lifestyles.

The different business fields of “body design”



DIRECTION

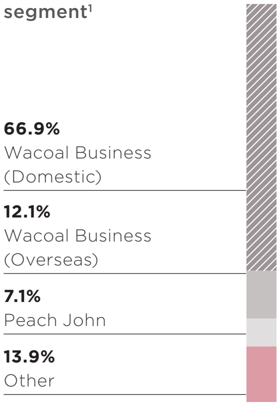
WACOAL GROUP ORGANIZATION

- **Wacoal Holdings Corp.**
  - Wacoal Corp.
    - Domestic Principal Subsidiaries, Joint Ventures
    - Overseas Principal Subsidiaries, Joint Ventures
  - Shinyoung Wacoal Inc. (South Korea)
  - Lecien Corp.
  - Peach John Co., Ltd.
  - Nanasai Co., Ltd.
  - House of Rose Co., Ltd.
  - Wacoal Career Service Corp.
  - Wacoal Service Co., Ltd.
  - Wacoal Distribution Corp.

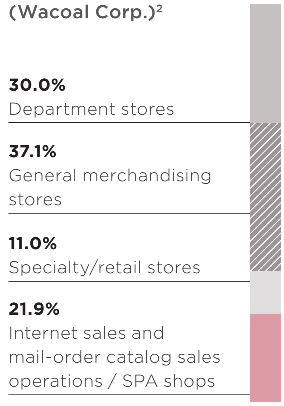
WACOAL BY FIGURES

Year ended March 31, 2011

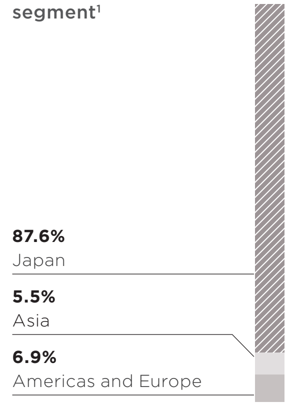
Sales by business segment[1]



Sales by sales channel (Wacoal Corp.)[2]



Sales by geographic segment[1]



[1] Percentage figures are calculated based on external customers sales [2] Figures are Wacoal Corp. business results

WACOAL'S OVERSEAS OPERATIONS

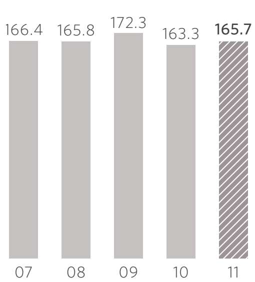
FY2011	Wacoal Holdings Equity Owned	Net Sales (¥ Million)
Wacoal International Corp. (U.S.A.)	100%	¥10,275
Wacoal China Co., Ltd.	100	5,182
Wacoal Hong Kong Co., Ltd.	80	1,991
Wacoal France S.A.	100	1,127
Wacoal Singapore Pte. Ltd.	100	640
Philippine Wacoal Corp.	67	376
Shinyoung Wacoal Inc. (South Korea)	25	14,078
Thai Wacoal Public Co., Ltd.	34	9,664
Taiwan Wacoal Co., Ltd.	50	10,138

FINANCIAL HIGHLIGHTS

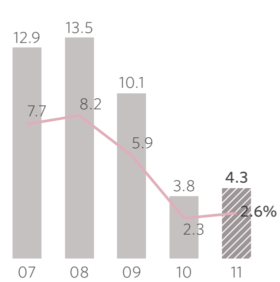
	Millions of Yen (except per share amounts)			Thousands of U.S. Dollars*	% change
Years ended March 31, 2011, 2010 and 2009	**2011**	2010	2009	**2011**	**2011 vs 2010**
Net sales	**¥165,726**	¥163,297	¥172,276	**$2,002,489**	**1.5%**
Operating income	**4,255**	3,810	10,129	**51,414**	**11.7%**
Selling, general and administrative expenses	**77,592**	78,392	77,399	**937,554**	**−1.0%**
Income before income taxes, equity in net income of affiliated companies, and net (income) loss attributable to noncontrolling interests	**3,739**	3,123	7,627	**45,179**	**19.7%**
Net income attributable to Wacoal Holdings Corp.	**2,615**	2,524	5,230	**31,597**	**3.6%**
Return on assets (ROA)	**1.2%**	1.2%	2.3%		
Return on equity (ROE)	**1.5%**	1.5%	3.0%		
Net cash provided by operating activities	**¥10,054**	¥9,449	¥8,168	**121,484**	**6.4%**
Net cash used in investing activities	**(1,546)**	(2,698)	(4,714)	**(18,681)**	**−42.7%**
Net cash used in financing activities	**(4,899)**	(5,438)	(7,448)	**(59,195)**	**−9.9%**
			Yen	U.S. Dollars*	% change
Per share of common stock					
Net income attributable to Wacoal Holdings Corp.	**¥ 18.53**	¥ 17.86	¥ 36.75	**$ 0.22**	**3.4%**
Cash dividends	**20.00**	20.00	25.00	**0.24**	**—**
Shareholders' equity	**1,185.44**	1,215.52	1,181.00	**14.32**	**−2.5%**

PERFORMANCE

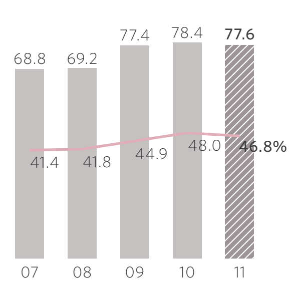
Net sales
¥ Billion



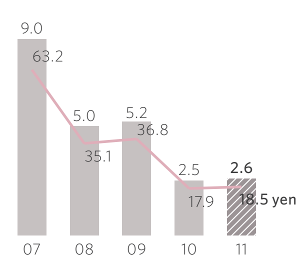
Operating income / Operating income margin
¥ Billion / %



SG&A expenses / % of net sales
¥ Billion / %



Net income attributable to Wacoal Holdings Corp. / Per share of net income attributable to Wacoal Holdings Corp.
¥ Billion / Yen

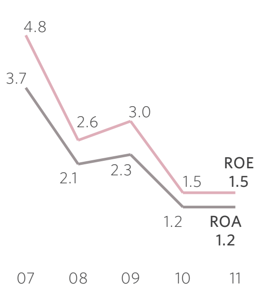


			Millions of Yen	Thousands of U.S. Dollars*	% change
March 31, 2011, 2010 and 2009	**2011**	2010	2009	**2011**	**2011 vs 2010**
Total current assets	**¥ 90,496**	¥ 89,933	¥ 90,619	**$1,093,475**	**0.6%**
Total current liabilities	**34,423**	35,683	31,943	**415,938**	**−3.5%**
Cash and cash equivalents	**26,981**	24,317	22,939	**326,015**	**11.0%**
Total assets	**215,345**	223,387	213,486	**2,602,042**	**−3.6%**
Total shareholders' equity	**166,967**	171,630	165,873	**2,017,484**	**−2.7%**

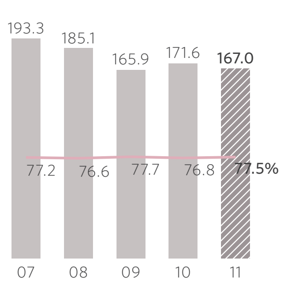
			People	% change
Number of employee (Consolidated)				
Wacoal Business (Domestic)	**7,241**	7,453	7,471	**−2.8%**
Wacoal Business (Overseas)	**6,974**	6,277	6,206	**11.1%**
Peach John	**422**	467	463	**−9.6%**
Other	**1,346**	1,417	336	**−5.0%**
Total	**15,983**	15,614	14,476	**2.4%**

* The U.S. dollar amounts represent translations of Japanese yen solely for convenience at the rate of ¥82.76=$1.

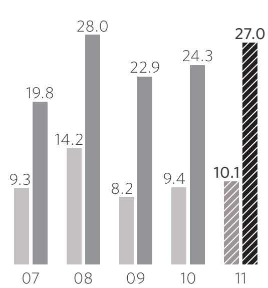
ROA / ROE
%



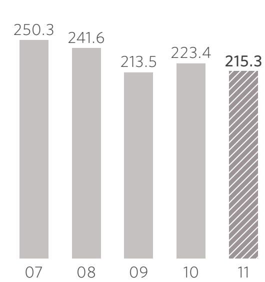
Shareholders' equity / Equity ratio
¥ Billion / %



Net cash provided by operating activities / Cash and cash equivalents
¥ Billion



Total assets
¥ Billion



Guided by a founding spirit that seeks to "contribute to society by helping women to express their beauty," the Wacoal Group will further heighten its overall capabilities to establish a stronger global presence.

YOSHIKATA TSUKAMOTO
Representative Director
Wacoal Holdings Corp.

STRATEGY
FROM THE MANAGEMENT

THE WACOAL GROUP—EMPATHY WITH WOMEN

Based on a founding spirit and management philosophy that call for it to "contribute to society by helping women to express their beauty," Wacoal has enhanced its enterprise value by creating products customers love and developing products meeting the needs of the times.

Not only seeking beauty but also focused on enhancing comfort and health, Wacoal Group's Human Science Research Center has conducted basic research on women's physiques for more than 40 years. Unmatched among competitors, such unique capabilities enable the Wacoal Group to analyze carefully what customers see as offering real value and develop appealing products suited to the times.

Also, the Human Science Research Center supports Wacoal's unique activities as a company empathetic to women. The results of the center's research benefit a range of businesses, including in the Remamma project, which caters to women that have undergone breast cancer operations; the Dublevé business, which provides semi-order-made innerwear; the Good Age business, which develops products for seniors; and companies that apply business-based approaches to address social issues. At the Wacoal Group, we want to preserve our founding spirit and contribute to society at large as a company empathetic to women.

FISCAL 2011 BUSINESS RESULTS REPORT

For fiscal 2011, ended March 31, 2011, the Wacoal Group posted year-on-year increases of 1.5% in net sales, to ¥165,726 million, 11.7% in operating income, to ¥4,255 million, and 3.6% in net income, to ¥2,615 million.

Our domestic business faced tough business conditions as continuing slumps in the mainstay department stores sales channel and among general merchandising stores and other retail formats affected its performance. In response to these conditions, the Wacoal Group increased its earning power by implementing structural reform focused on its main operating company, Wacoal Corp, in accordance with the new Medium-Term Management Plan that began in April 2010. At the same time, we strengthened our growth potential by actively developing overseas businesses with an emphasis on China. The structural reform successfully improved the earnings of Wacoal's domestic business. However, Peach John recognized an operating loss of roughly ¥3 billion, partly due to the recognition of impairment charges on other intangible assets. As a result, although we achieved year-on-year growth in operating income, the size of the increase was disappointing.

AN OVERVIEW OF THE MEDIUM-TERM MANAGEMENT PLAN

PERIOD

April 2010–March 2013

TARGET CORPORATE PROFILE

A stronger global presence for the Wacoal Group

NUMERICAL TARGETS (FISCAL 2013)

Net sales of at least	¥190 billion
Operating income of at least	¥8 billion

GROUP STRATEGIES OVER THE THREE YEARS

- Heighten the overall capabilities of the Wacoal Group through promoting collaboration among Group companies to realize each company's strengths
- Secure and increase earnings
  - Restructure operations focusing on innerwear wholesale operations
  - Accelerate expansion in growing business areas at home and abroad
- Strengthen system for Groupwide management

TARGET CORPORATE PROFILE FOR FISCAL 2013

- New revenue and earnings pillars established alongside existing innerwear wholesale operations
- Overseas operations such as those in the U.S. and China support growth
- Restructured innerwear wholesale operations see profitability improve
- System for Groupwide management further developed and strengthened
- Meeting CSR and compliance requirements

STRATEGY
FROM THE MANAGEMENT

PROGRESS UNDER THE MEDIUM-TERM MANAGEMENT PLAN

We have completed the first year of the medium-term management plan launched in April last year. Unfortunately, judging based only on fiscal 2011 business results, there are many issues we must address. On the other hand, we did make concrete progress. In the remaining two years, we intend to steadily resolve immediate problems while moving toward achievement of our target corporate profile.

Benefiting from bringing forward the structural reforms and appropriate expenses control, Wacoal's domestic business saw operating income recover ahead of targets. However, sales were down year on year, despite brisk sales of brassieres thanks to promotional campaigns highlighting the results of the Human Science Research Center's aging research. Lower sales were partly attributable to the effect of the Great East Japan Earthquake. As for the overseas businesses, while sales were favorable by and large, operating income remained unchanged year on year due to higher advance investment in our business in China. Tasks going forward are to achieve a recovery in the sales of Wacoal's domestic business and maintain the sales growth in overseas businesses while generating earnings.

In other businesses, Lecien, which became a wholly owned subsidiary last year, made progress in reforming its earnings structure but did not realize operating income as planned. This was partly due to the recognition of pension expenses and other special factors. Also, Peach John had a significantly negative impact on consolidated business results for fiscal 2011. As well as a drop of more than 10% in net sales, the subsidiary recorded a substantial operating loss for the second year in a row. Amid efforts to grow the Wacoal Group's earnings, rebuilding Peach John's business is the highest priority task.

MEASURES AND STRATEGIES AIMED AT REALIZING THE MEDIUM-TERM MANAGEMENT PLAN

As the second year of our medium-term management plan, the current fiscal year will see us overcome the above-mentioned issues by accelerating a range of initiatives. In a drive to strengthen the earning power of the domestic Wacoal business centered on wholesale operations, we intend to heighten our operational efficiency in the mainstay department stores sales channel. While reducing inventory per item, we will display a wider range of products with a view to encouraging a higher rate of repeat purchases by offering customers a greater selection of products. Through even more precise product control, we intend to heighten inventory turnover rates at stores. In conjunction with these efforts, we will deploy sales personnel at stores appropriately in order to increase the productivity of each sales person. Further, the Group will continue initiatives to rationalize manufacturing and distribution as well as reform business infrastructure.

In efforts to rebuild Peach John's business, from the current fiscal year we intend to move the company into the black rapidly by completely renewing its business management system and drastically revising its previous strategies. In tandem with measures to turn around the sales of the subsidiary by changing its organization and revising product plans, we will advance reforms aimed at establishing a solid earnings structure.

As for Lecien, innerwear comprises about half of its products. Moreover, roughly 80% of its innerwear products are low-margin OEM products. Therefore, aiming to add value, Lecien is currently undertaking joint product development with major chain stores as well as developing sales areas in conjunction with the Wacoal and Wing brand businesses. In addition, we are realizing a variety of Group synergies. For example, Lecien is using its expertise in the manufacture of low-priced products to advance operational collaborations with Wacoal's retail business and Peach John as well as introduce new brands. Overseas, we are considering using Lecien to establish a system that will support manufacturing for our business in China. At present, Wacoal is mainly rolling out products for China's high-end market. However, we are planning to market low-priced and mid-priced brands. We believe that Lecien can build and operate a manufacturing system that will provide a stable supply of products at low cost.

Further, the Medium-Term Management Plan sets out establishing a stronger global presence as a target corporate profile for the Wacoal Group. In order to realize this, our most important management task is to expand overseas businesses. The Wacoal Group took its first steps toward becoming a major presence in markets worldwide by establishing joint venture companies in Korea, Taiwan, and Thailand in the early 1970s. Since then, 40 years have passed. Now we have 30 operating companies overseas including affiliates, which generate total local sales worth ¥52 billion. Nevertheless, we have only progressed half way toward establishing a stronger global presence for the Wacoal Group. With its domestic market maturing, the Wacoal Group has to expand its overseas businesses further in order to maintain steady growth.

Accordingly, we are accelerating business expansion in the United States and in China's growing market. As well as expanding our business within the United States, we are using it as a base from which to enter such new markets as Canada, Brazil, and Mexico. In China, our business remains at the advance investment stage. For the time being, we will conduct advertising campaigns vigorously and expand our store network in order to heighten the visibility of the Wacoal brand and secure market share in China. Although our business in China recorded an operating loss for fiscal 2011, we expect it to break even for the current fiscal year. And, from fiscal 2013 onward, we plan for it to contribute to the Group's earnings.

STRENGTHENING THE GROUP'S OVERALL CAPABILITIES

In June 2011, I resigned as the representative director and president of Wacoal Corp. to become its representative director and chairman. Hironobu Yasuhara became the representative director, president and corporate officer of Wacoal Corp. Consequently, he will manage the Company as the top executive responsible for the implementation of operations. Until now, I have concurrently held the positions of representative director of our holding company, Wacoal Holdings Corp., and president of our operating company, Wacoal Corp. However, for some time I have felt that I should not hold these positions simultaneously given the differing roles of the two companies. Although we are in the midst of carrying out measures under the Medium-Term Management Plan, business results are on track for recovery. Therefore, we felt it was an opportune moment to adjust the management system. Closely involved with our business in China and our core manufacturing operations for many years, Hironobu Yasuhara has a wealth of experience. Also, given the trust he inspires inside and outside the Group as an individual, we thought he was an appropriate choice for the top management position at Wacoal Corp. Under the new system, as the leader of the holding company I want to boost the role that I play in heightening the overall capabilities of the Wacoal Group.

With six years having elapsed since we established a pure holding company, strengthening collaboration between Wacoal and new Group members Peach John and Lecien is becoming a pressing issue. Aiming to address this issue, we have established the Group Strategy Meeting. By gathering the senior management teams of operating companies around one table, this meeting will facilitate the sharing of a variety of issues and tasks relating to product planning through to manufacturing with the whole Group and integrate efforts to solve such issues. This process will heighten the Wacoal Group's overall capabilities and speed up management decision making. In future, we hope to include overseas operating companies in these meetings.

AIMING TO GIVE THE WACOAL GROUP A STRONGER GLOBAL PRESENCE

Calling on us to "contribute to society by helping women to express their beauty," our management philosophy not only applies to women in Japan but to women the world over. The target of establishing a stronger global presence for the Wacoal Group set out in the Medium-Term Management Plan summarizes our ambition to have women around the world support and love our products. This does not simply mean that we aim to sell our products in markets worldwide. Rather, our goal is to enrich women's lives by manufacturing the kind of high-quality, high-value-added products that only we can.

I do not think we will have established a strong global presence for Wacoal Group until, based on complete trust in our products, the women of the world recognize the real value of the Wacoal as a corporate brand. Looking still further into the future, I want to extend the scope of our social businesses, which we are currently operating in Japan and certain other countries, to encompass regions worldwide. Contributing to society and women's quality of life through its main business is one of Wacoal's key social missions.

In closing, we would like to express our sincere sympathy for the victims of the Great East Japan Earthquake on March 11, 2011, as well as our wishes for a rapid recovery. At the Wacoal Group, we are committed to helping this recovery by unstintingly providing assistance to the people affected by the disaster and the affected areas.

As we take on an array of fresh challenges, I would like to ask our shareholders, investors, and other stakeholders for their continued understanding and support.

August 2011

Yoshikata Tsukamoto
Representative Director

STRATEGY
FROM THE MANAGEMENT

TURN AROUND BUSINESS RESULTS RAPIDLY, REALIZE OPERATING INCOME FOR CURRENT FISCAL YEAR

Targeting young women and young career women, Peach John has achieved rapid growth based on a unique business model that combines mail-order catalog sales and store sales. Regrettably, however, in the past few years the company's business results have been sluggish because products and marketing have been unable to respond appropriately to market changes. In fiscal 2011, this trend continued in Peach John's core domestic business as mainstay catalog, PJ, saw orders slump, while directly managed stores were unable to put a brake on declining sales. Overseas, Peach John's two directly managed stores in Hong Kong performed solidly, and the company opened stores in mainland China in 2010. Nevertheless, the slumping domestic business impacted Peach John's business results significantly. As a result, net sales decreased 11.4% year on year, to ¥11.7 billion. Also, the company recorded an operating loss of ¥3,024 million, including the recognition of impairment charges on other intangible assets of ¥1,772 million. We recognized this impairment loss as the result of a reevaluation of Peach John's fair value based on a business plan that we prepared for the five years from fiscal 2012 and which takes into consideration the effect of the Great East Japan Earthquake.

This was the backdrop to my appointment as Peach John's Representative Director and Chairman and President in June 2011. Until now, I have been involved in Peach John's business from the standpoint of an executive of the holding company Wacoal Holdings Corp. Now, however, I will lead its operations directly. My mission is to steer the company out of the crisis that two consecutive fiscal years of operating losses has brought about, restore its earnings base, and return it to a growth track.

Already, we have revised the expansion-driven growth strategy of the domestic business, and we are radically reforming the earnings structure of the company by right-sizing its organization. These efforts mainly involve consolidating operating bases and implementing a special voluntary retirement scheme. This restructuring aims to ensure that we post operating income for fiscal 2012.

REGAINING EARNING POWER BY STRENGTHENING PRODUCT APPEAL AND EXPANDING OVERSEAS BUSINESSES

I believe a weakening of product appeal is the main reason for the downturn in mail-order catalog sales, which represent two-thirds of the revenues that the domestic business generates. Peach John's current product lineup is not appealing enough to attract the company's principal target customers, women in their 20s. Therefore, I want to fundamentally revise our products and rebuild the Peach John brand. Specifically, we will advance the creation of appealing products that reflect current demand by keeping Peach John's founder and former president Mika Noguchi as the head of the product planning division to direct on-site operations. At the same time, we will capitalize on the talents of young designers actively. We have already launched fresh brands targeting new markets. And, I am confident the benefits of these initiatives will become apparent steadily.

Generating 32% of the revenues of the domestic business, our network of directly managed stores comprises 23 stores, as of February 28, 2011, centered on the Tokyo metropolitan area. Over the coming fiscal year, we plan to open three new stores while closing four unprofitable stores. We will build a profitable store network by assessing stringently the profitability of each store and pursuing a rigorous scrap and build strategy.

Further, in Internet sales we have completely reformed our web site in order to make it more convenient and thereby grow sales. These initiatives are the first steps toward revitalizing Peach John. Going forward, we want to make sure that we realize concrete benefits as a result of these changes.

Overseas, meanwhile, adding to our two Hong Kong stores, we expanded our store network in mainland China in fiscal 2011. We opened five stores in Shanghai and two in Beijing, all of which are performing steadily. In the current fiscal year, we plan to open another store in Shanghai and a further three in Beijing. In these activities, we will closely monitor the profitability of individual stores. In China, I want us to achieve rapid growth by quickly establishing the business infrastructure to support such expansion of the store network. However, Peach John's core business is still mail-order sales based on catalogs and the Internet. Accordingly, we view these directly managed stores as "antenna shops" that will heighten the Peach John brand's name recognition.

In this way, we will rebuild Peach John's business by reforming its earnings structure in order to realize earnings. Peach John is indispensable for the Wacoal Group's growth. As a brand popular with young women and young career women, Peach John is enabling the Group to broaden its customer base to include customers in their 20s. Moreover, Peach John's products feature design types that the Wacoal Group used to lack and which appeal to customers in Japan and overseas. To date, Peach John has built up a customer base comprising approximately 2 million customers. In order to meet the expectations of each of these customers who have supported us, we want to move forward decisively with initiatives to create products that have even more appeal and reinvigorate the Peach John brand.

Focusing on reenergizing the Peach John brand, we will launch an all-out effort to streamline our organization and develop even more appealing products.

HIDEO KAWANAKA
Director and Vice President
(Business Restructuring, Representative Director and Chairman and President, Peach John)

STRATEGY
FROM THE MANAGEMENT

By tackling management tasks boldly,
we will progress toward a new growth stage.

IKUO OTANI
Managing Director
(Overall Group Manager and General Manager of Corporate Planning)

FISCAL 2011 BUSINESS RESULTS AND FISCAL 2012 FORECAST

In fiscal 2011, ended March 31, 2011, net sales rose 1.5% year on year, to ¥165,726 million, because a year-on-year increase in revenues from businesses in China and the United States as well as the inclusion of the business results of Lecien Corporation, which became a wholly owned subsidiary last year, in the consolidated business results for the full fiscal year absorbed a year-on-year decrease in the net sales of core operating company Wacoal Corp.

In earnings, meanwhile, Wacoal Corp. achieved a 23.7% year-on-year increase in operating income, to ¥5,620 million, due to an improved profit margin resulting from structural reforms that reduced costs and expenses. However, Peach John recorded an operating loss of ¥3,024 million, partly as a result of recognizing impairment charges on other intangible assets. Consequently, operating income was up 11.7% year on year, to ¥4,255 million. Although we grew earnings, Peach John significantly affected consolidated business results, and, in the context of the targets set out in the medium-term management plan, we do not feel earnings were high enough.

In fiscal 2012, ending March 31, 2012, challenging business conditions seem likely to continue given the strength of concern over the effect of the Great East Japan Earthquake and a possible economic slowdown. Nevertheless, aiming to reach the targets of the medium-term management plan, we will increase sales by continuing to roll out products that offer real value. We forecast year-on-year increases of 0.8% in net sales, to ¥167.0 billion, 52.8% in operating income, to ¥6.5 billion, and 53.0% in net income attributable to shareholders of the Company, to ¥4.0 billion. This forecast assumes currency exchange rates of ¥82 to the U.S. dollar and ¥13 to the yuan. We anticipate a contribution to operating income of approximately¥4.0 billion from the combined effect of the absence of the impairment charges on other intangible assets of approximately ¥1.8 billion that Peach John recognized for fiscal 2011, a recovery in earnings, and roughly ¥0.6 billion resulting from improved profit margins due to structural reform.

RETURNS TO SHAREHOLDERS

Our basic policy for returns to shareholders is to increase enterprise value by actively investing to increase earning power, grow earnings per share, and pay stable dividends in light of consolidated business results. With these targets in mind, we intend to purchase treasury stock as appropriate, improve capital efficiency, and provide returns to our shareholders. Since 2001, we have purchased treasury stock. In the fiscal year, we purchased approximately 600,000 shares of treasury stock, bringing treasury stock purchased to a total of approximately 22 million shares.

For fiscal 2011, we paid cash dividends of ¥20 per share in accordance with plans. This resulted in a payout ratio of 107.9% for the fiscal year. For the current fiscal year, we plan to pay cash dividends of ¥20 per share, too.

FUNDAMENTAL INVESTMENT STRATEGY FOR GROWTH

The Wacoal Group's basic financial policy is to pursue flexible capital measures based on a strong financial foundation and ample cash flows. We use retained earnings for investment aimed at developing new sales areas through our retail business, creating new points of contact with customers, and expanding overseas businesses. In overseas initiatives, we intend to select the best courses of action from among such options as business collaborations with local companies and M&A activities.

In addition, when we invest to participate in new businesses or establish operational and capital tie-ups, for promising counterparties we will give due consideration to M&A initiatives of the type that brought Peach John and Lecien into our organization. However, for the time being, rather than aggressively investing in new businesses, we intend to give priority to the sound development of these two operating companies within our organization. In this way, while adhering to our medium-to-long management plan, we will make the positive investments needed to realize sustainable growth.

DEVELOPING PERSONNEL FOR THE NEXT-GENERATION AS A KEY GROWTH STRATEGY

Personnel are one of the Wacoal Group's greatest assets. Accordingly, we are building relationships of trust with personnel, creating workplace environments that enable all employees to work vigorously and with a sense of fulfillment, and developing systems for fostering personnel. At Wacoal Corp., although many women work as beauty advisors, they occupy less than 5% of management positions. Therefore, our goal is to foster more women managers. Aiming to create self-reliant personnel that will contribute to its advancement, the Company offers a range of personnel development programs to help ambitious, talented female employees advance their careers.

As our overseas businesses expand, another urgent task is to foster personnel able to work worldwide. Also, our overseas bases are hiring a lot of local employees. Looking ahead, we need to involve more such employees in management. Further, as new members of the Wacoal Group, Peach John and Lecien have to foster management personnel able to perform based on a Groupwide viewpoint. Developing personnel in preparation for the coming generation through such initiatives will make Wacoal's growth base more robust than ever.

STRATEGY
FROM THE MANAGEMENT

CONTINUING STRUCTURAL REFORM—RESTORING THE EARNING POWER OF WACOAL OPERATIONS

In 2011, after I became president of Wacoal Corp. in April, the ordinary general shareholders' meeting that was convened on June 29 appointed me a director of Wacoal Holdings Corp. Since joining the Company in 1975, I have been closely involved with the core of Wacoal's manufacturing operations, gaining a variety of experience in the innerwear business. Also, I helped develop our business in China, assuming the post of president of Wacoal Beijing Wacoal Co., Ltd., in 1997, which became Wacoal China Co., Ltd. During fiscal 2011, as the executive responsible for the Wacoal brand, I devoted my energies to advancing structural reform.

These structural reform initiatives addressed the pressing need to rebuild domestic wholesale operations, which are the Company's earnings base. Rather than simply reducing personnel and cutting expenses to realize near-term earnings, our efforts to improve the profitability of the mainstay department stores channel sought to establish a structure that will adapt flexibly to changing conditions and thereby generate stable earnings over the long term. Specifically, we took steps to increase inventory turnover rates at stores and improve the productivity of personnel. Thanks to these efforts—even though domestic Wacoal operations saw net sales slump, declining 2.7% year-on-year—operating income was up 23.7%, and the profit margin improved significantly. Aiming to restore earning power further, we intend to continue moving forward with an array of structural reforms.

STRENGTHENING GROWTH BUSINESSES—ACCELERATING THE EXPANSION OF WACOAL'S EARNINGS

For domestic Wacoal operations, we are concentrating efforts on strengthening and expanding retail operations as a second pillar of earnings after wholesale operations. We reorganized former SPA operations to establish retail operations. Under this new operational structure, we will strengthen product lineups for high-volume markets and implement strategic area control in order to realize business format deployment and product rollouts that can respond to changes among customers or retail channels. For example, our directly managed store AMPHI, which targets women in their 20s and has a network of 56 stores in Japan, as of March 31, 2011, is growing steadily on brisk sales of affordable brassieres. For fiscal 2011, former SPA operations posted net sales of ¥7.5 billion. In fiscal 2012, however, the net sales target for retail operations is¥9.2 billion.

Another promising business area is the Wellness Business, which centers on the sports conditioning wear CW-X. Celebrating the 20th anniversary of its launch this year, CW-X is a lineup of functional products developed based on Wacoal's unique human science research. It has earned high acclaim from a range of different professional athletes. Reflecting increasing awareness of these products in the market and the success of aggressive sales promotion campaigns, CW-X sales have grown steadily in recent years. Also, our functional footwear business Success Walk is selling well. For working women, these shoes have become popular by offering wearing comfort unattainable from

While continuing structural reform aimed at growing earnings, we will develop an even more robust position in the domestic innerwear market.

HIRONOBU YASUHARA
Director
(Representative Director, President and Corporate Officer Wacoal Corp.)

ready-made shoes available in a wide range of sizes. For fiscal 2011, this product line generated revenues of ¥8.7 billion, which we plan to raise to ¥9.8 billion in fiscal 2012.

In men's innerwear operations, sales of Cross Walker, a growth driver in recent years, have plateaued. Nevertheless, Cross Walker has a strong market presence, with increasing numbers of stores carrying it. This indicates the abundant scope for growing Cross Walker further by revising marketing of the product. By strengthening Internet sales, bringing to market new brands for seniors, and introducing new products for sports use, we aim to increase revenues from men's innerwear operations from fiscal 2011's ¥3.3 billion to ¥3.8 billion in the current fiscal year.

Meanwhile, in Wacoal's overseas operations our priority initiatives will be to strengthen brand development in the United States while using it as a base from which to enter new markets. In China, we will continue increasing store openings and bolstering pricing strategies. Also, we intend to invest actively in emerging countries and new markets.

DEVELOPING WACOAL'S DOMESTIC WHOLESALE OPERATIONS—ESTABLISHING AN UNASSAILABLE POSITION

As the leader of Wacoal Corp., the core operating company of Wacoal Holdings Corp., my mission is to ensure that we reach the targets of the medium-term management plan. Women's innerwear wholesale operations in Japan, the Wacoal Group's earnings base, are unlikely to see the market expand given the ongoing structural reform of the retail industry, the falling birthrate, and the ageing of the population. However, the powerful brand image that Wacoal has cultivated over many years centered on department stores will enable it to stake out an even larger market share. Although profitability is improving as a result of structural reform, in order to realize vigorous earnings growth, we have to take measures to increase the top line at the same time.

To this end, we need to provide products that offer customers real value and step up development of value-added products that only we can create. In fiscal 2011, we applied the findings of the Human Science Research Center's research into the physique changes that accompany aging to offer products that give customers new ideas about the value and functions innerwear can offer them. This approach is attracting women's interest very effectively, and we are seeing an upturn in store visits and customer feedback.

Through such initiatives, even amid tough conditions in the retail industry as a whole, many avenues remain open to us by which we can prevail against competitors and continue growing. My role is to draw on my long experience of on-site operations in order to unearth new business opportunities. And, I firmly believe that Wacoal has such potential opportunities. By reassessing the domestic wholesale operations from a variety of different viewpoints and taking on the challenge of the new possibilities that this reveals, I am determined to establish an even more dominant market position for the Wacoal brand.

1975, March	Joins Wacoal Corp.
1996, September	Vice President, Guangdong Wacoal Inc.
1997, April	President, Beijing Wacoal Co., Ltd.
2005, April	Corporate Officer, General Manager of Wing brand business
2006, June	Director and Standing Corporate Officer, Wacoal Corp., General Manager of Wing brand business
2008, April	Director and Senior Corporate Officer, Wacoal Corp., General Manager of Wing brand business
2010, April	Director and Senior Corporate Officer, Wacoal Corp., General Manager of Wacoal brand business
2011, April	Representative Director, President and Corporate Officer, Wacoal Corp.

STRATEGY
FROM THE MANAGEMENT

We will step up the pace of overseas business development in order to advance the Wacoal Group's growth.

TADASHI YAMAMOTO
Director
(General Manager of International Operations)

MAKING OVERSEAS BUSINESSES THE WACOAL GROUP'S GROWTH DRIVER

Strengthening overseas businesses is an important task that we must accomplish in order to realize growth over the medium-to-long term. For our businesses in Japan, facing a mature market that is unlikely to grow any further, we are concentrating on building a more robust earnings base. For overseas businesses, however, our basic strategy is to strengthen and expand our business base rapidly in growth markets.

At present, the Wacoal Group markets products in 40 countries, and its overseas sales*, including those of affiliates, reached approximately ¥52 billion for fiscal 2011. Among our overseas businesses, we boast a particularly strong presence in department stores in the United States, with the U.S. business posting net sales of more than ¥10.2 billion, or US$120 million, for fiscal 2011. In China, local-currency net sales grew in excess of 30% for fiscal 2011, reaching approximately 400 million yuan, or ¥5.1 billion. In addition, in Korea, Thailand, Taiwan, Indonesia, Vietnam, the Philippines, and other countries, Wacoal has become established as a leading brand. In Southeast Asia, fiscal 2011 saw net sales surpass ¥30 billion.

Under the current Medium-Term Management Plan, the Wacoal Group aims to grow net sales in overseas markets to roughly ¥70 billion. To that end, our growth strategy going forward will concentrate on expanding mainstay businesses in the United States and China, as we enter new markets. Specifically, we intend to use our U.S. subsidiary as a base from which to expand our presence in the markets of Canada, Brazil, and Mexico. At the same time, in Europe we will make forays into Germany and Russia. In Southeast Asia, in countries where we have established a presence we will strengthen measures aimed at heightening brand loyalty. In India, we are currently considering marketing through an agency from 2013, because the mid-to-high-end market remains small.

Looking at the consolidated business results of the overseas business, net sales were up 6.1% year on year, to ¥20,052 million, while operating income edged down 0.7%, to ¥1,321 million. Although foreign currency translation affected yen-denominated net sales due to yen appreciation, on a local currency basis net sales were generally solid. As for earnings, while the U.S. business posted growth of 20% thanks to cost reductions, costs arising from new store openings and promotions affected the overall earnings of our business in China.

* This includes sales of affiliates and therefore differs from consolidated overseas net sales.

EXPANDING OVERSEAS BUSINESSES CENTERED ON CHINA AND THE UNITED STATES

Promising continued stable economic growth, China is a market that Wacoal should tackle as the first priority of its overseas strategy. At the moment, we are developing three brands in China in order to cater to a broad base of customers. As well as the mainstay Wacoal brand, we are marketing amphi for young women and the high-value-added brand Salute. In recent years, we have raised the profile of these brands by actively conducting advertising campaigns.

In conjunction with these efforts, we have shifted the focus of store openings from coastal areas to regions further inland. In China, Wacoal sells its products through four sales channels—department stores, specialty stores, sales agencies, and directly managed stores—which together account for roughly 650 sales areas. At the end of March 2011, approximately 444 department stores carried our products, and we plan to increase this to 490 department stores over the coming year. Also, Wacoal's products are currently available at 120 sales agency run stores. Plans call for expanding this network to 160 stores by the end of the current fiscal year. As a whole, we expect the four sales channels to account for approximately 730 sales areas by the end of March next year.

Furthermore, we intend to train sales and other personnel actively in order to strengthen our sales capabilities at stores. The rapid increase in the number of sales areas has brought to light some shortcomings in personnel training. We will rectify these and do our utmost to ensure we are not incurring sales-related opportunity loss due to lack of personnel training.

In product initiatives, the Group will take advantage of the Chinese Human Science Research Center in order to increase development of products better suited to Chinese women. China is huge, and Chinese women's physiques differ from region to region. Painstaking product development that reflects these regional differences is becoming important. Also, we not only want to roll out products in the high-end market, traditionally an area of strength, but also in high-volume markets for low-priced and mid-priced products. Therefore, we plan to introduce new brands in collaboration with subsidiary Lecien Corporation. Currently, we sell products through third-party Internet shopping web sites. However, as a measure to increase points of contact with customers, we plan to establish our own web site for Internet shopping.

Through this raft of measures, we are targeting a 49% year-on-year increase in the net sales of Wacoal China Co., Ltd., to ¥7.8 billion, or 620 million yuan, for the current fiscal year. And, we aim to break even on an operating income basis.

For the U.S. business, our largest overseas business, we aim to secure earnings and seek further growth. Having firmly established its standing in the U.S. market, the mainstay Wacoal brand accounts for more than 90% of the sales of Wacoal America, Inc. We aim to grow sales by continuing to bolster the development of products designed to cultivate further brand loyalty among customers. Also, launched in 2009, our b.tempt'd by Wacoal brand is performing favorably. While the Wacoal brand emphasizes functionality, we have taken a different approach for b.tempt'd by Wacoal by fostering it as a sexy, fashionable brand. Although sales of this new brand are on a small scale at present, we expect it to play a leading role in growing the earnings of the U.S. business going forward. In another initiative, in August 2010 we established a subsidiary, Wacoal Direct, tasked with strengthening our Internet shopping web site.

For Wacoal International Corp. of the United States in the current fiscal year, we project year-on-year increases of 2% in net sales, to ¥10.5 billion, or US$130 million, and 11% in operating income, to ¥1.1 billion, or US$14 million.

A SUSTAINABLE WACOAL

The Wacoal Group's goal is to "contribute to society by helping women to express their beauty." To this end, we aim to be a company empathetic to women in every aspect of our operations, including research and development, production technology, and consultative sales. By earning the endorsement of women, our products and services will win recognition of the valuable role they play in society. The phrase "empathy with women" sums up the conviction and passion that motivate the Company's business development initiatives.

THE BUSINESS PROCESS OF WACOAL AS A COMPANY EMPATHETIC TO WOMEN

Research and Development

The Starting Point of Manufacturing

Production Technology

The Creation of Customer Satisfaction

Worldwide annual brassiere sales

39,000,000

Percentage of female employees

75%

Number of manufacturing bases worldwide

20

Number of beauty advisors worldwide

8,000

Consultative Sales

The Dedication of
Beauty Advisors to Each Customer

Supporting Women

The Development of
Mutual Trust with Society

Size combination of semi-order-made brassieres

2,880

Measurement data on women's physiques (in Japan)

40,000+

40

Countries where we have businesses

Number of sales areas worldwide

15,000

A SUSTAINABLE WACOAL

Research and Development

The Starting Point of Manufacturing

All of our efforts to manufacture products befitting a company empathetic to women begin with research and development. Leading our research and development is Wacoal's Human Science Research Center, an organization that gives the Wacoal Group a unique advantage. The center's task is to fulfill women's wish to be beautiful by conducting scientific research on women's physiques and developing technology based on its findings.

39 MILLION BRASSIERES

The Wacoal Group sells 39 million brassieres in Japan and overseas annually. Women across a very wide range of age groups use our products in a variety of countries, giving us considerable influence among women.

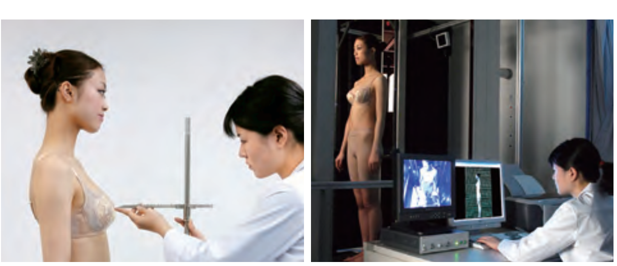
Although brassieres are only one product category, the perfectly fitting brassiere differs depending on the wearer's age and body shape. Even in the same brassiere size, the product facet that contributes to a beautiful appearance varies depending on the age group of the wearer. Wearing the wrong size of brassiere may stop it functioning properly and can even place a burden on the body.

With this in mind and as a company empathetic to women, Wacoal first and foremost sets out to develop brassieres suited to the body shape of each women, thereby helping each women realize their wish to be beautiful. At the heart of this unique approach to manufacturing is Wacoal's Human Science Research Center.

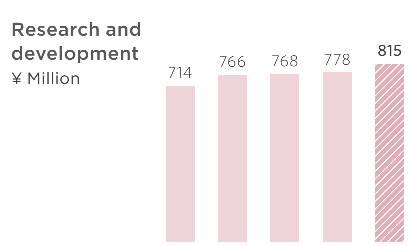
WACOAL'S HUMAN SCIENCE RESEARCH CENTER

CONDUCTING RESEARCH BASED ON DATA FROM 40,000 WOMEN

The Human Science Research Center conducts all of Wacoal's research and development on products as well as issuing information on these products. The most distinctive feature of the Human Science Research Center is that it has measured the physiques of approximately 1,000 women between the ages of 4 and 69 every year since 1964 and as a result has accumulated data on more than 40,000 women. Using the Martin measurement method, we take 158 different measurements of each subject. Also, we conduct research on changes in the measurements of the same individual over time. Women that were aged 20 when we began measuring their body shape are now 65 years old.



Physique measurement at Wacoal's Human Science Research Center



In April 2010, as the culmination of data collected on 40,000 Japanese women over 45 years, the Human Science Research Center announced the results of its research themed on aging. Our announcement focused on changes in women's body shapes with age and the laws of beauty. Our approach to aging aims to support women as they become older. We want to use the results of the Human Science Research Center's research on aging to inform customers about the importance of familiarizing themselves with correct information about how the body's shape changes and wearing innerwear that is appropriate for their physique.

At present, the Human Science Research Center comprises 33 personnel, 22 of whom are female personnel, and sets research targets every three years. Twice a year, the center's personnel hold research and development meetings and provide updates on the progress of research to product development managers. These managers use this information to create products. For example, they may create a sports brassiere in the Wellness Business. Our research and development is very much centered on customers. Through its Companywide SQUASH system, Wacoal reflects feedback received from customers at stores nationwide in product development.

CONDUCTING RESEARCH ON THE PHYSIQUES OF CHINESE WOMEN

CHINESE HUMAN SCIENCE RESEARCH CENTER

In 2002, we established the Chinese Human Science Research Center in Shanghai. Since then, the center has been measuring the physiques of Chinese women in northeast and south China. At present, based on this data, we are marketing products designed to fit Chinese women.

All of the center's seven researchers are Chinese women. We believe that allowing local female researchers to measure the physiques of Chinese women and deem what is beautiful is paramount. Through measurements to date, these local researchers have discovered that there are two types of Chinese women: those for whom innerwear in Japanese sizes fits and those with body shapes particular to Chinese women. This has enabled us to develop products that better fit Chinese women as a whole. Further, our researchers' investigations have revealed that, unlike Japanese women, Chinese women prefer a rounded bust. Accordingly, we are taking steps to provide innerwear that caters to such local preferences.

ENHANCING THE QUALITY OF LIFE OF BREAST CANCER PATIENTS

DEVELOPING A NEW PARADIGM FOR TIE-UPS BETWEEN COMPANIES AND MEDICAL INSTITUTIONS

The Human Science Research Center and the Breast Cancer Treatment and Reconstruction center of Okayama University Hospital began joint research on the usefulness and safety of innerwear following breast reconstruction from January 2010. Treating patients who have lost a breast due to cancer, the hospital's center conducts plastic surgery that restores the breast to its original shape by using the patient's tissue, taken from such areas of the body as the abdomen. Japan has 50,000 breast cancer patients. Undergoing surgery that completely removes a breast is not unusual. Thanks to advances in technology, more women are undergoing breast reconstruction surgery. However, many have problems selecting innerwear. After reconstructive surgery, some cannot use the innerwear used before surgery due to changes in the shape of the breast or the body's left and right side or pain or scars.

This research's story began when a nurse from Okayama University Hospital visited a Dublevé store to discuss innerwear after breast reconstruction. As a business that uses 2,880 different sizes to provide semi-order-made innerwear for different breast shapes, Dublevé has the potential to provide products for reconstructed breasts. At the time, however, we did not have enough breast cancer expertise. Therefore, mindful of our mission as a company promoting Wacoal Breastcare Activities for breast cancer and other breast diseases, we sought to enhance the quality of life of women that have undergone breast reconstruction by establishing a counseling room in the Breast Cancer Treatment and Reconstruction center of Okayama University Hospital and beginning research with the university on the cosmetic characteristics of innerwear used after breast reconstruction.

This research will focus on the importance of innerwear selection after breast reconstruction. The Human Science Research Center is measuring the physiques of 35 patients who have undergone breast reconstruction and consented to participate in the project. Sharing a desire to improve the quality of life of women after reconstructive surgery, Wacoal and Okayama University Hospital are creating a new paradigm for collaboration between companies and medical institutions.

Production Technology

The Creation of Customer Satisfaction

As well as feeling great to wear, Wacoal's products must look appealing. To ensure customers are happy and earn their trust, Wacoal painstakingly manufactures products to exacting standards. This uncompromising approach to quality forms the bedrock of customer satisfaction.

A THING OF BEAUTY COMPRISING MORE THAN 40 PARTS

One brassiere has more than 40 parts. Further, these parts account for approximately 25 different components and materials. Combining all of these parts creates a single brassiere. Manufacturing brassieres involves a variety of processes, from procuring raw materials through to stretching, cutting, sewing, inspecting, and shipping. Each of these processes is the culmination of the unique expertise that Wacoal has garnered, such as well-honed manufacturing skills for adjusting machines in cutting and sewing processes and a range of safety and quality checks. Each process includes various quality inspections. Wacoal only offers customers finished products that have passed all of these inspections and the final inspection. Thus, in addition to production technology accumulated over many years, a rigorous inspection process underpins Wacoal's quality. Our uncompromising approach to manufacturing stems from our desire to support women's beauty and confidence.

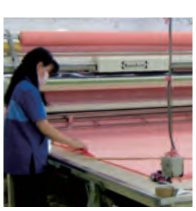
MORE THAN 150 TESTS AND CHECKS

INSPECTIONS BEFORE MASS PRODUCTION SUPPORT WACOAL'S QUALITY

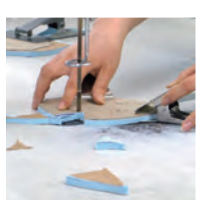
To ensure the quality of our innerwear remains high, for each product we conduct in excess of 150 tests and checks prior to starting up full-scale manufacturing. Between the planning stage and the starting up of production for a product, we examine and assess the functionality of materials through wearing tests, experiments, durability tests, and prototypes. During this period, we test and check member parts, semi-manufactured products, and finished products based on their particular function. Stringent multifaceted testing and checking that takes into account the quality customers seek in relation to safety, durability, ease of use, wearability, and appearance, heightens overall product quality.

Process of manufacturing brassieres

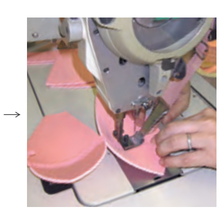
Preparing raw materials



Stretching



Cutting



Sewing

Inspection

Shipping

20 PROCESSES TAKING A 20-PERSON TEAM 25 MINUTES

ADVANCED SEWING TECHNOLOGY IS THE SOURCE OF MANUFACTURING QUALITY

Brassiere manufacturing processes are divided into operations for materials, stretching, assembly, sewing, and inspection. Sewing is done by hand because it requires the assembly of more than 40 small parts of various shapes. Each brassiere goes through roughly 20 processes, which takes a single team of 20 personnel about 25 minutes to complete. Each process calls for meticulous attention to detail. Only technicians with consummate skill are able to sew together parts into an attractive shape without diverging one single millimeter.

A particularly challenging process is creating the roundness of a brassiere. If the number of stitches in a seam is out by even one stitch, the brassiere will be uncomfortable to wear because it will not follow the body's contours. Therefore, Wacoal uses "sewing specifications and standards" written on one single sheet of paper as a manual for sewing processes. This stipulates key sewing requirements in great detail, covering such aspects as thread, needles, seam allowance and overlap thread widths, and stitch size. In addition to sewing specifications and standards that cover every aspect of operations in minute detail, highly skilled technicians who have developed their sewing techniques to the level of craftsmanship use subtle adjustments in pressure in order to sew in conformity with requirements. In this way, a combination of expertise garnered over many years and talented personnel that have acquired outstanding skills form the foundation of Wacoal's production technology.

A FINAL INSPECTION COVERING 25 REQUIREMENTS

INITIATIVES AIMED AT MAINTAINING QUALITY

For brassieres, Wacoal's final inspection of finished products includes 25 different checks. Our inspection personnel exhaustively check such points as whether there are too many stitches and whether the sewing conforms with regulations. Only products that pass these strict inspections are recognized as Wacoal products.

In these efforts, we pay particular attention to the problem of needles that break during the sewing process. In rare cases, needles break when technicians do fine sewing work, especially when they sew together different fabrics or when needles contact metal components. When a needle breaks during sewing, all surrounding operations halt, and personnel carefully search for the needle fragments. To ensure that personnel have not overlooked a single millimeter of needle fragment, we use a broken needle checking device. This device enables us to assemble the fragments together and completely restore the needle to its original form. Further, to prevent such needle fragments from scattering, we have installed sewing machines with plastic "broken needle anti-scattering covers." Moreover, as the final stage of our thoroughgoing quality control, before shipping products we inspect them using a metal detector.

UNIFORM MANUFACTURING WORLDWIDE

MADE BY WACOAL

Currently, we are disseminating the advanced production technology and expertise developed in Japan to our overseas manufacturing plants. Based on stringent uniform quality standards, we rigorously use the same materials, execution, technology, and inspection in the manufacture of Wacoal products around the world. For example, our plants in China manufacture products using the same materials for the fabric, lace, and sewing thread as plants in Japan use. Uniformity efforts do not end there. As in Japan, rules stipulate procedures and handling methods when sewing products, the number of stitches, and even the position of sewing machines. Also, we enforce the Wacoal quality standards used in Japan. This "made by Wacoal" approach seeks manufacturing that adds value by achieving unmatched quality. Wacoal seeks manufacturing based on exacting quality criteria because it wants to create products that satisfy women the world over.

Left—The parts comprising one brassiere
Right—Sewing operations; Photographer: Shigetoshi Ogino

A SUSTAINABLE WACOAL

Consultative sales lie at the heart of selling Wacoal products. The role of consultative sales is to listen carefully to each customer and offer them innerwear matching their particular physique and taste. At Wacoal, female sales personnel, called beauty advisors, perform this critical role.

QUALITY CONSULTATION THROUGH BEAUTY ADVISORS

As women age, their busts change in size, firmness, and shape. Therefore, fitting that takes into consideration not only bust size but also shape and firmness is important in order to maintain an attractive bust profile. Further, even if bust size does not change, considering body shape changes that accompany aging is necessary. By attending sincerely to the customer's requests and doing their utmost based on dedication to each customer, beauty advisors help customers choose innerwear that reflects their particular physique and taste. In direct contact with customers, our beauty advisors and the high-quality consultation services they provide underpin our efforts to be a company empathetic to women.

INNERWEAR SELECTION SPECIALISTS

BEAUTY ADVISORS' LISTENING SKILLS

Wacoal has 3,300* beauty advisors. At the sales areas of business partner department stores and specialty stores, they form teams of several personnel, who sell innerwear by offering customers consultative services. Wacoal's beauty advisors are innerwear professionals who help customers find innerwear that fits well by advising them on measurement and suggesting products for them to try on. Before working at stores, beauty advisors undergo rigorous training. They must pass the Wacoal Bodyfit Examination and the Nihon Body Fashion Association (NBF) standardized exam. As well as acquiring measuring expertise, they must be familiar with the characteristics of product fabrics. A distinctive feature of our beauty advisors is their skill in presenting a customer's bust shape.

A further skill beauty advisors need is the ability to listen to customers. Customers visiting stores do not always fully explain their needs and feelings. In fact customers that do so are in the minority. Therefore, during customer consultation sounding out the customer about their wishes is important. When a beauty advisor shows a willingness to listen, customers have confidence in the advice they receive. As soon as personnel join the Company, Wacoal conducts training aimed at heightening the quality of customer consultation through the development of such skills.

* As of March 31, 2011, accounting for 70% of the employees of Wacoal Corp.

Consultative Sales

The Dedication of Beauty Advisors to Each Customer

A SOURCE OF CUSTOMER FEEDBACK

BEAUTY ADVISORS' COMMUNICATION SKILLS

Feedback from customers is a treasure trove for Wacoal as a company that has set out creating products loved by customers as a basic management policy. Standing on the frontline of our on-site sales efforts, beauty advisors nationwide receive requests and criticisms from customers daily. Beauty advisors perform an important role in communicating this feedback to the Company. More than ten years ago, Wacoal established BA (Beauty Advisors) Study Groups, a forum in which beauty advisors and product development managers discuss customer feedback gathered at stores. Their conclusions are then reflected in product development.

THE ROLE OF BEAUTY ADVISORS

BEAUTY ADVISORS' INCREASED IMPORTANCE

In April 2010, Wacoal's Human Science Research Center announced its findings on how the body ages and the importance for women of wearing brassieres appropriate for their bodies. In April 2011, the center issued a white paper on physiques and innerwear based on 10,000 women, which revealed Japanese women's attitudes and facts in relation to the body and innerwear. This survey showed that while roughly 85% of women felt their brassieres were unsatisfactory, only 13.8% had their bust measured or tried on products before purchasing them.

Given this situation, Wacoal should do whatever it can to ease women's discomfort through its beauty advisors. Because we need to continue impressing upon customers the importance of having products fitted by a professional, beauty advisors will play an increasingly pivotal role as innerwear professional able to offer appropriate advice. As a leading innerwear manufacturer, we want to step up our efforts to provide customers with appropriate information and advice.

A SUSTAINABLE WACOAL

Our efforts by no means end at selling products. We fulfill our responsibility as a company empathetic to women by advancing a range of social contribution activities related to the well-being of women. In each of these initiatives, we build relationships of trust with our customers—women the world over. By promoting women's beauty, health, and comfort, our goal is to build mutual trust with society.

EMPATHY WITH WOMEN

At present, our society faces a variety of social and global problems. As it tries to solve these problems, society expects more from companies than ever before. For example, in the medical field the risking of losing personnel due to cancer is a major problem. Regarding breast cancer, 1 in 16 Japanese women develop the disease. Helping resolve this problem is an important task for Wacoal as a company empathetic to women.

Wacoal's mission is to "contribute to society by helping women to express their beauty." We want to accomplish this in a tangible way by showing our empathy with women through an array of activities for society. Our ambition is to help women around the world play active roles in society with confidence. Wacoal's activities to this end are not limited to in-house efforts. Based on mutual trust, our activities involve various organizations, including business partners, NPOs, and medical institutions.

PRE-TREATMENT TO POST-TREATMENT

WACOAL BREASTCARE ACTIVITIES

Wacoal began the Breast Cancer Examination Support Project in October 2009. Also, our Remamma project supports the restoration of an attractive figure after breast cancer treatment or surgery (Please see page 30 for details.). And, we promote pre-treatment Pink Ribbon Activities focused on detecting breast cancer. Moreover, in order to strengthen collaboration and coordination among these three activities, we advance them as Wacoal Breastcare Activities.

The Remamma project and the Breast Cancer Examination Support Project have established systems to enable collaboration with medical institutions. Also, as part of the Breast Cancer Examination Support Project, Wacoal Corp. has purchased its very own mobile breast cancer examination unit, named Aio, so that as many women as possible can readily undergo breast cancer examination. Wacoal supports the examination efforts of medical institutions by lending them the unit.

With the aim of impressing upon as many people as possible the importance of the early detection, early diagnosis, and early treatment of breast cancer, we began Pink Ribbon Activities in earnest from September 2002. Since then, as well as increasing the percentage of our employees that receive breast cancer examination, we have sponsored various initiatives and donated to public interest incorporated foundations.

Supporting Women

The Development of Mutual Trust with Society

In 2007, we launched a Pink Ribbon Fitting Campaign. Based on the sales areas of department stores and innerwear specialty stores nationwide, the campaign aims to heighten awareness of breast cancer. Specifically, we donate ¥10 to the Japan Cancer Society for every brassiere customers try on at stores. Through this campaign our goal is to raise customers' awareness of their bodies and breast cancer.

In addition to Japan, we are promoting Pink Ribbon Activities in the United States, China, Korea, Taiwan, Thailand, Hong Kong, Singapore, the Philippines, Malaysia, Indonesia, and Vietnam. We have been particularly active in the United States, commencing initiatives there in 1999. In the United States, we donate money to Pink Ribbon related activities not only when customers try on brassieres but also when they purchase them. Over 12 years, we have donated more than US$2.7 million.

PURSUING ENVIRONMENTAL ACTIVITIES WITH CUSTOMERS

WACOAL BRASSIERE RECYCLING CAMPAIGN

As part of its environmental activities, Wacoal conducts a Brassiere Recycling Campaign every year during the period between Brassiere Day, on February 12, and Earth Day, on April 22. In this campaign, customers put brassieres they no longer need in specially designed collection bags and bring them to stores. The collected brassieres are processed into recycle as RPF (Refuse Paper & Plastic Fuel) for industrial use.

A Wacoal survey revealed that 61% of women feel reluctant to discard brassieres. Customers participating in the campaign told us that it enabled them to discard something normally troublesome to throw away while contributing to the environment. By collecting and recycling brassieres with the cooperation of our department store business partners, we want to bring environmental problems to the notice of our customers and work with them toward solutions.

Approximately 800 stores in Japan and 500 newly participating directly managed stores and business partner stores in Taiwan took part in the 2011 campaign. Between 2008 and 2011, we collected 44,000 bra recycle bags, approximately 179,000 brassieres (estimated based on weight), which were processed into approximately 18 tons of RPF.

Left—My Bust Book, which we distributed at Pink Ribbon Fitting Campaign events
Right—Wacoal's very own mobile breast cancer screening unit, Aio

SOCIAL BUSINESS

Wacoal's goal is to "contribute to society by helping women to express their beauty." Therefore, we create products that enable women of all ages and with different proportions and body shapes to be beautiful and comfortable.

Many women, however, cannot find ready-made innerwear that fits. This can be due to body shape or breast cancer surgery. By helping solve the problems of such women, Wacoal's social businesses aim to contribute to society at large.

Social businesses use business methods to tackle social problems. As well as a having social and business facets, they need to be innovative and sustain their activities. In order to ensure our social businesses continue, we think heightening their business facets and establishing tie-ups with various organizations while extending their activities throughout society is important.

HELPING RESTORE ATTRACTIVE BODYLINES

THE REMAMMA PROJECT

To reflect this project's goal of giving women a bust once again, the name Remamma combines "re," meaning again, and "mamma" from the word mammary, which means breast. Aiming to assist women that had undergone breast removal surgery, we established the Social Welfare Section directly under the control of the president in 1974 and began providing specially made Remamma innerwear and pads.

Our Remamma products are for women that have had an entire breast removed as a result of surgery. Of course our greatest wish is to see advances in breast cancer treatment eliminate the need for this type of project. However, the reality at present is that many women have problems with finding innerwear after surgery. We believe giving all such women access to Remamma products benefits society.

Across Japan, Wacoal has established six Remamma Room stores that provide consultation services. And, at 10 locations nationwide we hold annual free consultation events that enable customers to be measured and try products on. Since we began holding them in 1993, more than 18,000 people have visited these events as of March 2010. In addition, we deliver Remamma product catalogs to approximately 1,800 hospitals. Also, we cater to women in remote areas through mail-order catalog sales. Over the past 37 years, in excess of 180,000 women have used Remamma products. In recent years, we have held Remamma consultation events in Korea, Taiwan, Hong Kong, and Shanghai.

Going forward, aiming to increase awareness of Remamma, among other initiatives, we intend to conduct Remamma workshops for the nurses of medical institutions specializing in breast cancer.

EACH INDIVIDUAL'S VERGE'S LINE

DUBLEVÉ BUSINESS

Normally, the brassieres we sell at stores are available in approximately 90 sizes. Sometimes, however, even this range of sizes does not cater to all body shapes. To rectify this problem, we established Wacoal Dublevé as a brand of semi-order-made products in 1999. The Dublevé approach to product design is to offer innerwear that perfectly fits each woman's body shape at prices not much higher than those of ready-made products. The greatest differentiating capability of Wacoal Dublevé is that its specialist consultants are able to provide innerwear that fits each individual exactly by measuring the left and right verge's line, the circumference of the underside of bust, and then selecting appropriate innerwear from among 2,880 sizes.

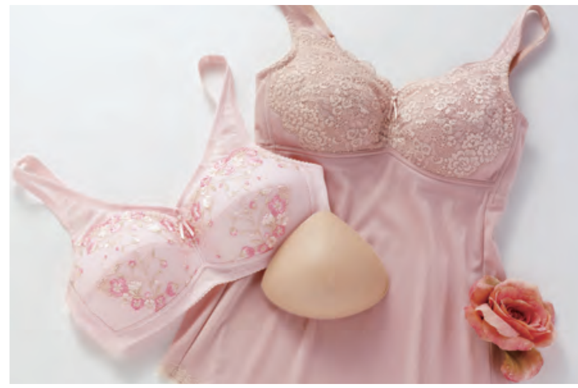
Moreover, Wacoal Dublevé's unique abiltiy to offer semi-order-made products may prove useful for breast cancer patients that have undergone breast reconstruction. With this in mind, we have recently embarked upon joint research on innerwear for women who have had breast reconstruction through an alliance with Okayama University Hospital (Please see page 23 for details.). In this way, Wacoal Dublevé will create new value as a social business while increasing the innerwear options available to each woman.

SEEKING COMFORTABLE PRODUCTS FOR THE BODY SHAPES OF SENIORS

GOOD AGE BUSINESS

In Japan, there are require roughly 29 million senior citizens aged 65 or older. While some nursing care, most senior citizens—although they may feel their bodies weakening as they age—are active individuals leading independent lives. Further, more than half of women aged 65 or above are going out more often. One of the chief complaints of such individuals is the lack of apparel suited to their body shape and the difficulty of buying apparel in the styles they prefer nearby. Aiming to mitigate the wardrobe-related frustration of such women aged 65 or above and cater to their desire to always be beautiful, Wacoal started up the Good Age business in 2002. Emphasizing ergonomic design, this business has developed products with greater functionality and comfort. For example, under the Rakuraku Partner brand, the business has designed products that are easy to put on and take off. Also, based on the Human Science Research Center's body shape data, we have analyzed the body shapes of women aged 60 or older and established propriety "comfort size" standards that differ from the normal Japanese Industrial Standard (JIS) sizes. These initiatives have enabled us to roll out a lineup of products that provide overall support for everyday life. Designed to fit the body shapes of women aged 60 or older and ensure their comfort, this product range includes everything from innerwear and nightwear through to outerwear.

Despite these initiatives, the Good Age business has not yet gained sufficiently widespread name recognition. In order to increase awareness of these products among active senior women, we will further define and heighten the profile of the seniors market, which currently tends to lack differentiation from markets for nursing care and rehabilitation products. Wacoal intends to strengthen this business and develop a brand that improves the quality of life of senior citizens.



Top—A Remamma brassiere, pad, and camisole
Center—A Dublevé sales area
Bottom—A Rakuraku Partner product

CORPORATE GOVERNANCE

The overriding goal of the Wacoal Group's corporate governance is to continuously grow enterprise value by ensuring that management is highly transparent, equitable, and objective with respect to all stakeholders, including shareholders, other investors, and customers.

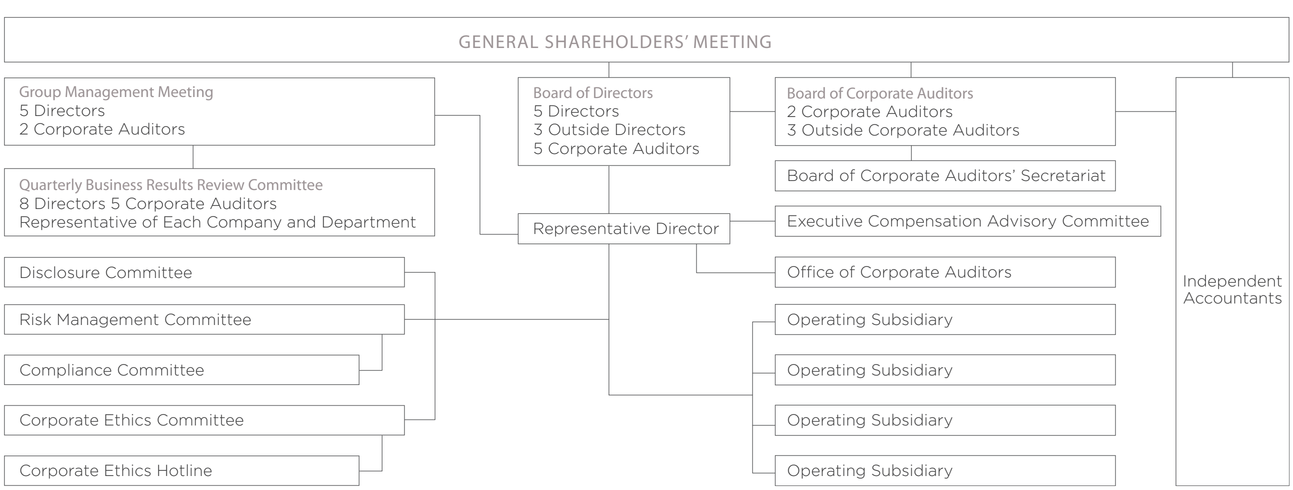
MANAGEMENT PHILOSOPHY AND CORPORATE GOVERNANCE

The Wacoal Group's management philosophy is based on mutual trust. This is a value that the Wacoal Group aims to carefully preserve in its relationships with shareholders, other investors, and all other stakeholders with a vested interest in the Group. To that end, the Group will steadily build and strengthen governance systems pursuant to laws and statutory regulations while working to ensure that every individual in the Group, from the management team through to employees, is aware of the social significance of the Wacoal Group and adheres to good ethical conduct. We believe that properly functioning corporate governance based on mutual trust is indispensable in order to achieve sustained growth and further increase enterprise value.

Regarding our progress in developing corporate governance systems, in 2002 the Company introduced a corporate officer system to clarify responsibility for operational implementation, speed up decision making, and strengthen the monitoring functions of the Board of Directors. In 2003, Wacoal established the Disclosure Committee in order to ensure the accuracy of the financial and other information made available to the public. Further, in 2005 we elected outside directors to ensure management decisions are balanced and not made solely by directors. Meanwhile, in October 2005 we transferred to a holding company system in order to realize a more effective management system that enables strategic decision making and optimal resource deployment for Group companies overall while clarifying responsibility and authority and allowing flexible operations at operating subsidiaries.

CORPORATE GOVERNANCE SYSTEM

The Group employs an auditor system of governance, with operational implementation and oversight undertaken by the Board of Directors and the Board of Corporate Auditors. Comprising 8 directors, 3 of whom are outside directors, and 5 corporate auditors, 3 of whom are outside corporate auditors, the Board of Directors decides such issues as important management policies and strategies and items stipulated by statutory laws and regulations or the Group's articles of incorporation. Furthermore, the Group files notifications with the Tokyo Stock Exchange for all of the abovementioned outside directors and outside corporate auditors as "independent directors or auditors."



Corporate governance structure
As of June 29, 2011

Five corporate auditors, 3 of whom are outside corporate auditors, sit on the Board of Corporate Auditors, which supervises and audits business management. Also, the Group has established the Office of Corporate Auditors, which audits and monitors the appropriateness and efficiency of the operational processes of Group companies.

Also, the Group has established the Group Management Meeting, which comprises directors and corporate auditors. The meeting considers Group management strategy and other important management issues and conducts prior deliberation of matters for consideration by the Board of Directors. Including outside directors, the Executive Compensation Advisory Committee develops proposals for the appointment, promotion, and compensation of executives and contributes to the realization of highly transparent and equitable business management.

DISCLOSURE POLICY

The Group has established the Disclosure Committee in order to ensure the accuracy of financial and other information issued by the Group. This committee checks the propriety of the Group's internal controls and disclosure based on Section 302 of the U.S. Sarbanes-Oxley Act with respect to 20-F annual reports filed with the U.S. Securities and Exchange Commission and other financial reports submitted by the representative director and directors responsible for financial matters. In addition, the committee checks the accuracy of disclosed information. The representative director and the directors responsible for financial matters prepare written oaths based on the reports that the committee has verified.

LIMITED LIABILITY AGREEMENTS CONCLUDED WITH OUTSIDE DIRECTORS AND OUTSIDE CORPORATE AUDITORS

In order to enable the Group to include competent outside directors and outside corporate auditors, the Group's articles of incorporation permit the Group to conclude agreements with outside directors and outside corporate auditors limiting their liability for damages in relation to the Group. Accordingly, the Group concludes limited liability agreements with outside directors and outside corporate auditors.

REQUIREMENTS FOR RESOLUTIONS ELECTING DIRECTORS

The Group's articles of incorporation stipulate that a resolution for the election of a director requires the attendance of shareholders that can exercise voting rights and that own at least one-third of voting rights as well as authorization based on a majority of voting rights. Furthermore, cumulative votes are not permitted.

DETERMINATION OF DIVIDENDS FROM RETAINED EARNINGS

In order to return profits to shareholders flexibly, the Group's articles of incorporation stipulate that resolutions of the Board of Directors determine cash dividends from retained earnings, unless otherwise stipulated by laws and statutory regulations.

COMPENSATION OF EXECUTIVES

For the fiscal year under review, total compensation for directors was ¥219 million, total compensation for corporate auditors was ¥31 million, and total compensation for outside directors and outside corporate auditors was ¥48 million. In addition, the total compensation for directors includes acquisition rights for the subscription of new shares of ¥37 million recognized in expenses. Further, one director, who retired upon conclusion of the ordinary general shareholders' meeting convened on June 29, 2010, is included. Yoshitaka Tsukamoto, the one executive that receives compensation of over ¥100 million on a consolidated basis, serves concurrently as a director of Wacoal Holdings Corp. and Wacoal Corp. and receives total compensation of ¥160 million.

Attendance of Outside Directors at Meetings of the Board of Directors
April 2010–March 2011

Mamoru Ozaki	Attended 14 from a total of 14
Morio Ikeda	Attended 9 from a total of 10
Atsushi Horiba	Attended 9 from a total of 14

Attendance of Outside Corporate Auditors at Meetings of the Board of Directors and the Board of Corporate Auditors
April 2010–March 2011

	Board of Directors	Board of Corporate Auditors
Akira Katayanagi	Attended 9 from a total of 10	Attended 9 from a total of 10
Tomoharu Kuda	Attended 14 from a total of 14	Attended 15 from a total of 15
Yoko Takemura	Attended 12 from a total of 14	Attended 13 from a total of 15

COMPLIANCE SYSTEM

- In order to ensure that directors and employees adhere to laws and statutory regulations and implement operations based on sound societal norms, the Group has established its own conduct and ethics code.
- Directors lead efforts to instill and ensure adherence to good corporate ethics throughout the Wacoal Group.
- Headed by the representative director and with the Legal and Compliance Department as its secretariat, the Corporate Ethics Committee develops compliance systems and examines compliance issues that significantly affect the Wacoal Group.
- The Group has established a system whereby employees discovering potential compliance problems relating to violations of the Group's conduct and ethics code can report these immediately to the Legal and Compliance

Department. This system includes a corporate ethics hotline for whistleblowers. Upon receiving such reports, the Legal and Compliance Department investigates the details of cases, consults with the division in charge, and decides on the measures to prevent recurrence. The Legal and Compliance Department submits serious problems to the Corporate Ethics Committee, which reports the results of investigations to the Board of Directors and the Board of Corporate Auditors.
- The Group's conduct and ethics code, Corporate Ethics—Wacoal's Action Agenda, stipulates resolute refusal of demands from antisocial forces. Further, conduct standards for crisis management set out in the Group's crisis management manual stipulate that the Group will not have any relationship whatsoever with antisocial forces. Also, in order to address gratuitous demands from antisocial forces, the Group coordinates with outside specialist organizations and collects and manages information about antisocial forces and has established an internal system in this regard.

RISK MANAGEMENT SYSTEM

- With the director responsible for risk management as its chairperson, the Risk Management Committee manages overall risks related to the Wacoal Group and develops and strengthens risk management systems.
- Based on the approval of the Board of Directors, the Risk Management Committee establishes risk management regulations that form the basis of the risk management system. Guided by these regulations, the Risk Management Committee clarifies responsibility for respective risk categories and builds systems for comprehensive risk management of the entire Wacoal Group.
- The Risk Management Committee periodically reports to the Board of Directors on the operational status of the risk management system of Wacoal Holdings Corp. and the entire Wacoal Group.

PERFORMANCE OF DUTIES BY DIRECTORS

- In order to heighten the appropriateness of directors' decision making, the Group's directors include independent outside directors.
- Directors establish medium-term management plans, which directors and employees share and that apply laterally to the entire Group. Further, in accordance with these plans, directors issue instructions to each division regarding the establishment of medium-term and short-term policies and business results targets.
- The business results of each Group company are analyzed on a monthly basis and reported to the Board of Directors. Also, directors check the business results and the progress of measures at meetings of the Quarterly Business Results Review Committee held four times a year. If targets have not been met, directors examine improvement measures and revise targets if needed.

GROUP MANAGEMENT SYSTEMS OF THE WACOAL GROUP

- The Group has established regulations and a basic policy for the management of Group companies. The Group also stipulates items that the Board of Directors must decide and items that must be reported to Wacoal Holdings Corp.
- Transactions between Group companies must be equitable and pursuant to laws and regulations, accounting principles, and tax systems.
- The Office of Corporate Auditors conducts internal audits of Group companies, which include audits of the status of the construction and operation compliance systems and risk management systems. Further, the Office of Corporate Auditors reports the results of these audits to the Board of Directors and the divisions with jurisdiction over respective Group companies. At the same time, the Office of Corporate Auditors ensures Group companies conduct operations appropriately by providing them with directions and advice on the construction of systems.

DEFENSIVE MEASURES AGAINST TAKEOVERS THROUGH THE ACQUISITION OF A SUBSTANTIAL SHAREHOLDING OF THE COMPANY

After the Group's June 2006 ordinary general shareholders' meeting passed a resolution authorizing the adoption of a basic policy on measures against the acquisition of a substantial shareholding of the Group, the Board of Directors decided upon specific countermeasures reflecting that basic policy. Further, the June 2009 ordinary general shareholders' meeting renewed this policy. In principle, the Group does not oppose the acquisition of large shareholdings that contribute to the enhancement of the enterprise value and shareholders' common interests. The Group's defensive measures against takeovers, or peacetime takeover defensive measures, include providing advance warning that there are procedures prospective purchasers of the Group's shares must follow and that a gratis allocation of acquisition rights for the subscription of new shares with discriminatory treatment for the exercise of such rights may be implemented. In addition, the Group has established the Independent Committee to ensure that initiations of defensive measures against takeovers are based on substantive, objective decisions and not based on arbitrary decisions by the Board of Directors. For further details, please refer to the Group's web site.
www.wacoalholdings.jp/ir_e/news.html

MESSAGES FROM AN OUTSIDE DIRECTOR AND AN OUTSIDE CORPORATE AUDITOR

MAMORU OZAKI Outside Director

From the standpoint of an outside director, I examine Wacoal's business management mainly with respect to how it functions as a corporate entity and how it engages with society. Also, taking a macroeconomic perspective, I analyze overseas affairs as well as the indicators that underpin Wacoal's business management. I became an outside director of Wacoal Holdings at the time of its establishment. My impression is that the Company has upgraded its corporate governance system considerably since then. Going forward, the Company's efforts should not focus solely on upgrading the corporate governance system. Wacoal should encourage each employee to approach corporate governance with an attitude that seeks and adheres to the spirit of the articles of incorporation and other aspects of the corporate governance system. This may require constant effort, but it is something that Wacoal must not neglect.

When preparing medium-term management plans, the Company needs to be able to respond flexibly to new economic conditions. While the effect of the Great East Japan Earthquake remains unclear, it is extremely difficult to evaluate how well Wacoal is responding to conditions in fiscal 2012. Wacoal has to determine the economic and social implications for Japan of the earthquake and tsunami and the nuclear power plant problem and respond flexibly and agilely. Further, entering into overseas markets is critical to the Company's future growth. However, the uncertainty of the global economic outlook means that being able to gauge the global business climate quickly and take steps accordingly is more important than ever.

The strength of Wacoal is the uniqueness of its brand. Wacoal combines highly responsive, leading-edge research and development with the ability to bring products to market of a quality that never disappoints customers expectations. In other words, Wacoal's strength lies in an abiltiy to consistently meet basic requirements as a matter of course.

YOKO TAKEMURA Outside Corporate Auditor

I have been involved with Wacoal for more than 20 years as a corporation lawyer and an outside corporate auditor. During this period, we have faced many issues. However, I think a distinctive feature of the Company is that its business policies have always reflected an objective appreciation of the other party's standpoint—Wacoal's management team consistently gives first priority to customers and business partners. Aware that it is the leading manufacturer of women's innerwear, Wacoal takes care over its corporate image and culture. While continuing to develop its business, Wacoal has devoted considerable time and effort to building a strong relationship with society.

Since adopting a pure holding company system, Wacoal Holdings and its operating company Wacoal Corp. have promoted younger employees to the position of directors. Therefore, in addition to the stable business management Wacoal has enjoyed in recent years, I am looking forward to seeing the kind of drive and energy that Wacoal had in its early days and during its growth period.

A long-term economic downturn has weakened consumer confidence and popularized inexpensive products. Despite these conditions, customers' trust supports Wacoal's products. For more than 60 years, Wacoal has upheld a commitment to quality, and I think that Wacoal should continue conducting business in a way that is responsive to customer feedback and maintains trusting relationships with business partners.

Meanwhile, even as the world around it changes, I hope that Wacoal stays true to its basic corporate philosophy. At the same time, however, it goes without saying that the Company needs to respond appropriately to changing social conditions. Also, I think Wacoal deserves credit for its social contribution activities. The support Wacoal has provided since the Great East Japan Earthquake is a good example of the importance of continuing to make highly significant social contributions.

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Wacoal Holdings Corp. and Subsidiaries
As of June 29, 2011

Representative Director
YOSHIKATA TSUKAMOTO
Representative Director and Chairman, Wacoal Corp.

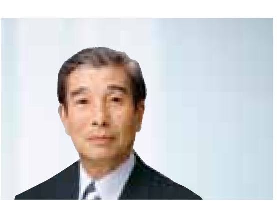
Director and Vice President
HIDEO KAWANAKA
Director and Vice Chairman, Wacoal Corp.
Representative Director, Chairman and President, Peach John Co., Ltd.

Managing Director
IKUO OTANI

Director
HIRONOBU YASUHARA
Representative Director, President and Corporate Officer Wacoal Corp.

Director
TADASHI YAMAMOTO
Director and Senior Corporate Officer, Wacoal Corp., General Manager of International Operations

Outside Director
MAMORU OZAKI
Advisor, Yazaki Sogyo Corporation, Outside Director, Fujikyuko Co., Ltd., Outside Director, Kikkoman Corporation



Outside Director
MORIO IKEDA
Adviser, Shiseido Company, Limited / Chairman of the Board of Trustees and Chancellor of Toyo Eiwa Jogakuin / Chairman of Public Interest Corporation Commission / Outside Director of Asahi Kasei Corporation / Outside Director of Isetan Mitsukoshi Holdings / Outside Director of Tokyo Metropolitan Television Broadcasting Corp.

Outside Director
ATSUSHI HORIBA
Representative Director and Chairman and President, HORIBA, Ltd.

Standing Corporate Auditor
YOSHIO KAWASHIMA

Standing Corporate Auditor
MITSUO YAMAMOTO

Outside Corporate Auditor
AKIRA KATAYANAGI
Special Advisor, Mitsubishi UFJ NICOS Co., Ltd.
Outside Statutory Auditor, Hyakujushi Bank, Ltd.

Outside Corporate Auditor
TOMOHARU KUDA
Certified Public Accountant

Outside Corporate Auditor
YOKO TAKEMURA
Partner at Miyake Imai Ikeda law firm, Lawyer

FINANCIAL SECTION

ELEVEN-YEAR FINANCIAL SUMMARY

Wacoal Holdings Corp. and Subsidiaries

Years ended March 31 (millions of yen, except per share amounts)	**2011**	2010	2009
For the year			
Net sales	**¥165,726**	¥163,297	¥172,276
Cost of sales	**81,895**	79,953	84,686
% of net sales	**49.4%**	49.0%	49.2%
Selling, general and administrative expenses	**77,592**	78,392	77,399
% of net sales	**46.8%**	48.0%	44.9%
Loss (gain) on sale or disposal of property, plant and equipment	**105**	25	33
Impairment charges on property, plant and equipment	**107**	23	29
Government subsidy			
Special retirement related expenses			
Operating income	**4,255**	3,810	10,129
Other income and expenses, net	**(563)**	(733)	(2,701)
Net interest income	**47**	46	199
Income before income taxes, equity in net income of affiliated companies, and net (income) loss attributable to noncontrolling interests	**3,739**	3,123	7,627
Income taxes	**1,992**	1,574	3,213
Net income attributable to Wacoal Holdings Corp.	**2,615**	2,524	5,230
Return on assets	**1.2%**	1.2%	2.3%
Return on equity	**1.5%**	1.5%	3.0%
Net cash provided by operating activities	**10,054**	9,449	8,168
Net cash (used in) provided by investing activities	**(1,546)**	(2,698)	(4,714)
Net cash (used in) provided by financing activities	**(4,899)**	(5,438)	(7,448)
Depreciation and amortization	**4,678**	4,807	4,546
Capital expenditures	**2,662**	3,998	2,362
Per share of common stock (in yen)			
Net income attributable to Wacoal Holdings Corp.	**¥18.53**	¥ 17.86	¥36.75
Cash dividends	**20.00**	20.00	25.00
Shareholders' equity	**1,185**	1,216	1,181
At year-end			
Total current assets	**¥ 90,496**	¥ 89,933	¥ 90,619
Total current liabilities	**34,423**	35,683	31,943
Cash and cash equivalents	**26,981**	24,317	22,939
Net property, plant and equipment	**49,745**	51,820	49,039
Total assets	**215,345**	223,387	213,486
Short-term bank loans and long-term debt, including current portion	**6,401**	8,129	5,302
Total shareholders' equity	**166,967**	171,630	165,873

2008	2007	2006	2005	2004	2003	2002	2001
¥165,761	¥166,410	¥164,122	¥160,968	¥163,155	¥163,709	¥162,829	¥162,023
83,127	84,658	84,322	84,041	84,638	85,306	86,567	87,493
50.1%	50.9%	51.4%	52.2%	51.9%	52.1%	53.2%	54.0%
69,245	68,831	69,720	72,128	72,472	70,440	68,336	64,831
41.8%	41.4%	42.5%	44.8%	44.4%	43.0%	42.0%	40.0%
(184)	25	612	133	455	143	740	75
33		614		2,574	556		
			(7,100)				
		7,521					
13,540	12,896	1,333	11,766	3,016	7,264	7,186	9,624
588	861	1,976	206	1,404	(2,800)	310	10,443
225	163	157	107	112	140	117	62
14,353	13,920	3,466	12,079	4,532	4,604	7,613	20,129
5,853	6,502	1,459	5,800	2,520	2,487	3,785	9,058
4,966	9,029	2,821	6,790	2,902	2,898	4,983	10,889
2.1%	3.7%	1.2%	3.0%	1.3%	1.3%	2.2%	4.6%
2.6%	4.8%	1.6%	3.9%	1.8%	1.8%	2.9%	6.3%
14,225	9,339	719	2,045	5,201	7,858	8,653	11,480
3,590	(1,185)	(2,069)	(5,528)	1,328	(9,839)	(9,412)	(13,686)
(9,400)	(8,404)	(3,428)	296	(6,138)	(6,006)	(5,472)	(6,478)
3,908	3,735	3,433	3,312	3,081	2,971	3,533	3,265
1,211	2,536	6,456	5,418	2,338	2,104	2,484	1,182
¥35.14	¥63.18	¥19.60	¥47.17	¥19.85	¥19.48	¥33.22	¥71.17
25.00	22.00	20.00	20.00	15.00	13.50	13.50	16.50
1,291	1,375	1,296	1,221	1,186	1,097	1,128	1,142
¥ 98,845	¥ 92,915	¥110,773	¥120,300	¥123,045	¥124,486	¥127,390	¥129,508
36,010	34,868	35,525	34,970	33,899	33,576	37,095	41,449
28,043	19,816	19,893	24,195	27,443	27,246	35,381	41,196
51,548	52,782	53,501	51,826	49,932	54,171	57,291	58,644
241,619	250,266	242,296	226,196	224,803	218,105	223,985	232,262
5,701	5,984	6,458	6,911	4,450	6,301	8,079	8,865
185,113	193,278	186,475	175,746	170,758	160,839	168,205	172,558

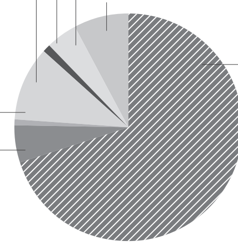
MANAGEMENT'S DISCUSSION AND ANALYSIS

Wacoal Holdings Corp. and Subsidiaries
Years ended March 31, 2011, 2010 and 2009

Financial information contained in this section is based on the consolidated financial statements included in this annual report, which have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The Wacoal Group consists of 1 holding company (the Company), 47 consolidated subsidiaries and 9 equity-method affiliates.

The Wacoal Group is engaged in the manufacturing, wholesaling, and — for certain products — retailing of women's foundation garments and lingerie, nightwear, children's underwear, outerwear and sportswear, hosiery and other textile products. Other operations include restaurant businesses, cultural and service-related operations, and the construction of interiors for commercial premises.

Share of net sales
2011



OVERVIEW

We are the leading designer, manufacturer and marketer of women's intimate apparel in Japan, with the largest share of the Japanese market for foundation garments and lingerie. We also sell our foundation garments and lingerie products in several overseas markets. Sales of foundation garments (primarily brassieres and girdles) and lingerie (primarily slips, bra-slips and women's briefs) accounted for approximately 70.2% of our consolidated net sales for fiscal 2011. Our outerwear and sportswear product category has been the most successful of our product categories over the last three fiscal years, as net sales grew consistently from ¥15,498 million for fiscal 2009, or 9.0% of our total net sales, to ¥17,400 million for fiscal 2011, or 10.5% of our total net sales. We also design, manufacture and sell nightwear, children's underwear, hosiery and other apparel and textile products, and engage in several business lines that are complementary to our core apparel business.

REVENUES

We principally generate revenues from sales of innerwear (consisting of foundation garments and lingerie, nightwear and children's underwear), outerwear and sportswear, hosiery, textile products and other products.

The following table sets forth information with respect to our net sales by category of products for fiscal 2011, 2010 and 2009:

For fiscal 2011, approximately 86% of the net sales of Wacoal Corp. (the net sales of which account for approximately 63% of our consolidated net sales) were apparel sales made on a wholesale basis to department stores, general merchandisers and other general retailers, and approximately 12% were apparel sales made through our own specialty retail stores, catalog sales and the Internet. Sales from our other businesses (which include restaurant businesses, cultural products and other services) comprised the remaining 2% of Wacoal Corp.'s net sales for fiscal 2011.

Over the past five fiscal years, fluctuations in our sales have typically reflected changes in unit volume, as average unit prices have generally remained stable during this period. Because of the demographic trends and downward price pressure in Japan, most of the gains we have made in net sales in recent years have come from our overseas markets. We therefore expect to continue to expand our overseas businesses in the near to medium term.

COST OF SALES

Our cost of sales arises principally from material and manufacturing costs related to the production of our apparel products. In the last couple of fiscal years, we successfully kept our cost of sales below the fiscal 2009 level through our cost reduction efforts involving raw material, manufacturing and inventory management. We plan to continue with such cost reduction efforts for the near to medium term.

Net sales (and percentage) by product category

Millions of Yen

	2011		2010		2009	
Innerwear						
Foundation Garments and Lingerie	**¥116,285**	**70.2%**	¥116,068	71.0%	¥123,368	71.6%
Nightwear	**8,725**	**5.2**	9,438	5.8	11,019	6.4
Children's Underwear	**1,476**	**0.9**	1,608	1.0	1,950	1.1
Total Innerwear	**¥126,486**	**76.3%**	¥127,114	77.8%	¥136,337	79.1%
Outerwear and Sportswear	**17,400**	**10.5**	17,241	10.6	15,498	9.0
Hosiery	**1,666**	**1.0**	1,701	1.0	1,657	1.0
Textile Products	**7,498**	**4.5**	7,462	4.6	6,270	3.6
Other	**12,676**	**7.7**	9,779	6.0	12,514	7.3
Total	**¥165,726**	**100.0%**	¥163,297	100.0%	¥172,276	100.0%

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Our selling, general and administrative expenses principally consist of employee compensation and benefit expenses and promotional expenses, such as advertising costs. Other selling, general and administrative expenses include shipment costs, payment fees (including outsourcing payments) and rental payments for our specialty retail stores. Our selling, general and administrative expenses do not include any impairment charges on long-lived assets or any gains or losses on the sale or disposal of property, plant and equipment. In recent years, our selling, general and administrative expenses have been affected by two countervailing factors: reduction in labor costs and increases in marketing efforts, particularly in our overseas markets. We expect these two factors to continue to offset each other in varying degrees for the near to medium term.

INCOME TAX EXPENSES

Our income tax expenses depend on our taxable income, taxable temporary differences and applicable statutory tax rates. Our effective tax rate depends on a range of factors, including applicable statutory tax rates, permanently non-deductible expenses, unrecognized tax benefits, any valuation allowance with respect to tax loss carryforwards and tax exemptions. Our effective tax rate was 53.3% for 2011, 50.4% for fiscal 2010 and 42.1% for fiscal 2009.

KEY INDUSTRY TRENDS

We believe that the following have been key trends in our industry during the last three fiscal years:

- Consumer spending in Japan has been stagnant in the aftermath of the worldwide financial crisis triggered by the Lehman shock in September 2008 that has led to a rapid deterioration in the global economy. Although there were signs of economic recovery in fiscal 2011, the women's apparel industry in Japan in particular has continued to perform poorly due to the continued presence of cost-conscious consumers, whose spending habits have been further adversely affected by the major earthquake and tsunami that struck Northeast Japan in March 2011.
- The number of department stores, one of our key distribution channels, and retail sales through department stores declined due to the deterioration in consumption caused by the worsening economy. General merchandising stores faced not only decreases in the numbers of new branch openings due to stagnant consumption levels, but also reductions in store sizes and increases in store closings, as well as reductions in retail sales. At the same time however, sales at direct sales outlets and on the Internet have steadily risen.
- Due to adverse changes in consumer behavior and the retail industry coupled with factors such as a decline in the female population (as disclosed by a Japanese Government research organization), the market for women's innerwear garments in Japan shrank, and the prices of innerwear declined in terms of both overall prices and average price per item. The numbers of innerwear items purchased and owned per person also decreased according to a third-party private research organization.
- Specialty apparel, outerwear fashion and other manufacturers entered the innerwear market. These manufacturers offer their products by focusing on new elements, such as fashionability, lifestyle and price, rather than function and quality. Because the economic downturn has led consumers to become more price conscious, these new manufacturers and others have achieved a greater market share.
- These manufacturers and other competitors strengthened their cost reduction efforts by, for example, sourcing fabric and producing garments in China and other lower-cost countries. Sales in Japan of lower-priced women's innerwear garments manufactured in these countries increased, leading to an intensification of price competition in our industry. The recent development and tendency of general merchandisers producing their own low-priced "private brand" merchandise accelerated these trends.
- Although catalog marketing has made little progress, new sales strategies such as e-commerce and television marketing have led to more diversified sales channels and exposure to new customer groups.

We have taken steps to address these key industry trends, in seeking to build on the core strengths of our market position and brand awareness with Japanese consumers. We continue to seek to sell higher-end products to reach consumers seeking high-quality innerwear garments and to mitigate the adverse impact on sales and margins from lower-priced garments. We have taken steps to reduce our cost structure, such as producing more products in lower-cost countries such as China and Vietnam, consolidating and modernizing our product distribution centers and expanding our early retirement program. We are also seeking to expand sales in overseas markets—in particular China, the United States and Europe, as well as in the ASEAN region, where we launched our sorci age brand—and increase sales through our own specialty retail stores, our catalog operations and the Internet. We also are researching expansion into emerging economies such as India and other new markets such as Russia and Canada. Pursuant to our CAP 21 strategic plan, we intend to extend our innerwear product offerings into the mid-price range and include more fashionable offerings in our product mix to help us reach a broader customer base. We believe that Peach John and Lecien will help us to advance these goals. We will continue to implement these steps and evaluate other strategies to address challenges and opportunities in the industry going forward.

RESULTS OF OPERATIONS— FISCAL 2011 COMPARED TO FISCAL 2010

NET SALES

Consolidated net sales increased 1.5% from ¥163,297 million for fiscal 2010 to ¥165,726 million for fiscal 2011, despite the challenging conditions in the women's apparel market and changes in consumer spending habits in Japan.

Wacoal Brand

Innerwear—Overall domestic sales of brassieres, our main product, for fiscal 2011 were above the sales for fiscal 2010. This was mainly due to the impact of campaigns we conducted during fiscal 2011. Our *Ribbon Bra*, a product that we launched in January 2010 as part of our campaign brassiere *LALAN* series and which gained strong support from our consumers for its functionality and design, continued to perform strongly. We also continued our Body Aging promotion based on the findings of our Human Science Research Center, which we believe has led to an improvement in sales of brassieres overall. On the other hand, sales of our seasonal undergarments in general were below the results from fiscal 2010 due to products sold by our competitors. Additionally, we launched new products in our new *Style Science* functional underwear series in each of the four seasons in fiscal 2010, with an emphasis on the *Cross-Walker* brand, but the sales of these new products for fiscal 2011 were below the sales of this series for fiscal 2010 due to the overflow of products with similar functionality.

Domestic net sales of our core Wacoal brand products changed as follows, as compared to net sales for fiscal 2010.

- Core Brassieres: Net sales of most of our core brassieres showed strong performance, with an increase in net sales of 11.5%.
- Seasonal Undergarments: Net sales of these garments decreased by 19.3% as compared to net sales for fiscal 2010.
- Girdles: *Style Science* functional underwear series showed weak performance and net sales of girdles decreased by 27.3% as compared to net sales for fiscal 2010.

As a result of the above, domestic net sales of our core Wacoal brand business were below our results for fiscal 2010.

Outside Japan, our net sales grew compared to fiscal 2010. *b.tempte'd by Wacoal* and our new lower-priced brassiere and functional bottom products marketed in the United States performed strongly. While these sales increased in dollar amounts, they decreased in Japanese yen amounts due to the strength of the Japanese yen against the dollar. Sales of our core Wacoal brand products in China grew.

Outerwear—Sales of our functional undergarment product, *Sugo-I*, were slightly below sales for fiscal 2010 due to a downturn in demand and the influence of other companies' products. Fiscal 2011 sales of *Gra-P*, our value-added brand targeting senior consumers, exceeded the sales for fiscal 2010.

Thus, the overall sales for fiscal 2011 of our Wacoal brand products decreased as compared to sales for fiscal 2010 due to the poor performance of some products.

Wing Brand

In our Wing brand business, although sales of some of our campaign brassieres continued as planned and in-store sales were steady, our other brassiere and *Style Science* products performed poorly. For example, although our *S-Style bra* performed well in stores, it performed poorly overall. Sales of our Wing brand undergarments were lower than fiscal 2010 sales due to increased competition from private-label brands sold by specialty clothing stores and general merchandisers and by our clients' inventory adjustments. The overall sales of our men's innerwear products, which achieved continued growth during fiscal 2011, exceeded fiscal 2010 sales. Among our men's innerwear products, while the sales of products targeted at senior consumers and new products were strong, our core *Style Science* products struggled leading to an overall decrease in net sales. Thus, the overall sales of our Wing brand business fell below fiscal 2010 sales due primarily to the poor performance of our core women's products, which more than offset any increased sales of our men's innerwear products.

Net sales of our core Wing brand products changed as follows, as compared to net sales for fiscal 2010.

- In-store Sales of Brassieres: In-store net sales of brassieres was steady with an increase of 10.0% as compared to net sales for fiscal 2010.
- Undergarments: Net sales of undergarments decreased by 14.0% as compared to net sales for fiscal 2010.
- Girdles: Net sales of girdles showed poor performance with a decrease of 16.0% as compared to net sales for fiscal 2010.
- Men's Innerwear: Net sales of our men's innerwear products decreased by 12.0% as compared to net sales for fiscal 2010.

Due to the above, net sales of our Wing brand business were below the results from fiscal 2010 by 5.9% as compared to net sales for fiscal 2010.

Other Brands

Wellness Products—In our wellness business, sports-related products performed strongly primarily because of an increase in health-conscious consumers. These products include our sports tights in our conditioning wear product, *CW-X* sports, and our functional wear for golf and running, *Jyuryu*. With the aim of furthering the brand recognition of our *CW-X* line, we opened our first retail store in January 2010 and have since opened 2 more new stores. Due to the successful openings of these stores, and the popularity of our products, sales of our *CW-X* line for fiscal 2011 increased as compared to sales for fiscal 2010. Similarly, our leggings and footwear products performed well. Sales of our body styling wear, *Style Cover*, and our highly fashionable and functional business footwear, *Success Walk*, increased as compared to sales for fiscal 2010. As a result of the foregoing, net sales of our wellness products exceeded net sales for fiscal 2010 by 7.0%.

Lecien Products—Net sales of Lecien's innerwear and clothing products for fiscal 2011 were below its sales for fiscal 2010 due to the severe conditions of general merchandisers and increased competition by leading bulk retailers, despite our ongoing efforts to restructure our poorly performing businesses.

Luxury Products—Sales of our luxury products remained substantially the same compared to such sales for fiscal 2010.

Specialty Retail Business

AMPHI—In our specialty retail store business, sales of our reasonably-priced brassiere products from our direct retail store, *AMPHI*, showed a very strong performance and net sales attributable to such products increased 8.3% as compared to net sales for fiscal 2010. As a result, *AMPHI* performed well and sales for fiscal 2011 exceeded sales for fiscal 2010.

Wacoal Factory—Net sales for fiscal 2011 from our Wacoal Factory Store, which is located in outlet malls, exceeded net sales for fiscal 2010 by 1.5%.

Une Nana Cool—Although net sales from our existing stores were below the results from fiscal 2010, new store openings helped net sales to exceed the results from fiscal 2010. Net sales increased by 1.1% as compared to net sales for fiscal 2010.
Peach John—Although we made efforts to improve net sales through Peach John's retail stores by continuing to develop products sold only at those retail stores and by holding advertising campaigns, net sales for fiscal 2011 declined as compared to net sales for fiscal 2010 primarily due to weakening catalogue sales and lower in-store sales. The decrease in the number of Peach John retail stores from 27, as of March 31, 2010, to 23, as of March 31, 2011, also contributed to the decrease in net sales. In 2012, we intend to move or close four stores and open three new branch stores in areas that we believe will be more popular. Although we have changed our business strategy away from relying on catalogue sales, the results of this change have yet to be seen in relation to Peach John.

As a result of the foregoing, overall sales of our specialty retail store business for fiscal 2011 increased as compared to sales for fiscal 2010. We are currently focused on improvement of profitability of our specialty retail business, and as part of these efforts, we have been reorganizing our shop brands to consolidate them into *AMPHI* as the "master shop brand" from fiscal 2010 as well as moving away from catalogue sales and focusing more resources on our more profitable stores.

Catalogue and Online Sales Business

In our Wacoal brand catalog sales business, although the number of purchasers of our core catalog sales remained broadly the same between fiscal 2011 and fiscal 2010, the average amount spent per customer was lower, and as a result, sales for fiscal 2011 fell below fiscal 2010 sales. Peach John mail-order sales from our seasonal catalogs for fiscal 2011 were all below the sales for fiscal 2010 due to a fall in Peach John catalog orders. Because when we issued our summer catalogues in early summer it was still cool and when we issued our fall catalogues it was still warm, our sales were depressed due to the mismatch in the weather and the items in our catalogues. In contrast to our catalog business, the number of purchasers at our Wacoal Web Store and sales increased for fiscal 2011, even though the average amount spent per customer remained largely unchanged as compared to the average amount for fiscal 2010. The growth in our online business was mainly a result of our expanded product categories and an active Internet advertising campaign, which we plan to continue in fiscal 2012. As a result, the overall sales from our catalog and online sales business remained largely the same for fiscal 2011 as compared to sales for fiscal 2010.

Other Businesses

Fiscal 2011 net sales attributable to our mannequin and fixture rental business, as well as interior design and remodeling business, which we conduct through our subsidiary Nanasai, increased due to the opening of new department stores and the remodeling of other stores especially in the Kansai region of Japan, which accounted for an increase in rentals and sales.

COST OF SALES

Our cost of sales increased 2.4% from ¥79,953 million for fiscal 2010 to ¥81,895 million for fiscal 2011, primarily due to the consolidation of Lecien into our accounts for the entire fiscal 2011, as compared to eight months for fiscal 2010. Cost of sales as a percentage of net sales increased 0.4%, from 49.0% for fiscal 2010 to 49.4% for fiscal 2011. The slight increase in the cost of sales as a percentage of net sales is primarily due to increased sales from our consolidated subsidiaries in Japan, which have higher costs as a percentage of net sales, despite Wacoal Corp's efforts to improve inventory management by achieving fewer returned goods and fewer losses from inventory write-downs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Our selling, general and administrative expenses decreased 1.0% from ¥78,392 million for fiscal 2010 to ¥77,592 million for fiscal 2011. The selling, general and administrative expenses as a percentage of net sales decreased 1.2% from 48.0% for fiscal 2010 to 46.8% for fiscal 2011. This decrease was primarily due to a decrease of ¥747 million in net periodic benefit costs in addition to our cost-cutting efforts including labor costs.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

When Peach John became our wholly owned subsidiary in fiscal 2008, we recognized Peach John's trademark, catalog customer relationships and goodwill as intangible fixed assets. At the end of fiscal 2011, however, we evaluated these assets and recognized an impairment loss of ¥936 million in respect of catalog customer relationships and trademark and ¥836 million in respect of goodwill. Our impairment loss therefore increased by ¥749 million from an impairment loss of ¥1,023 million that we recognized with respect to customer relationships in fiscal 2010.

OPERATING MARGIN

Our operating margin (i.e., operating income as a percentage of net sales) increased to 2.6% for fiscal 2011, as compared to 2.3% for fiscal 2010. This increase was largely due to our cost-cutting efforts, despite the decreased sales from our existing businesses and recognition of impairment loss from Peach John.

TOTAL OTHER LOSS, NET

Total other loss, net, decreased ¥171 million from ¥687 million for fiscal 2010 to ¥516 million for fiscal 2011. This decrease was primarily due to an increase of ¥367 million in gain on the sale or exchange of marketable securities and investments as compared to fiscal 2010.

NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.

Net income attributable to Wacoal Holdings Corp. for fiscal 2011 was ¥2,615 million, an increase of ¥91 million compared to ¥2,524 million for fiscal 2010. This increase was primarily due to a decrease in our selling, general and administrative expenses as a result of successful cost-cutting efforts, in addition to a slight increase in our net sales; these factors more than offset an increase in cost of sales. Our current income taxes increased for fiscal 2011 and were only partially offset by our deferred income taxes. The effective tax rate increased from 50.4% in fiscal 2010 to 53.3% in fiscal 2011 primarily due to an increase in our change in valuation allowance, which more than offset the impact of our impairment losses on goodwill and decreases in permanently non-deductible expenses and certain other taxable items.

LIQUIDITY AND CAPITAL RESOURCES

Our current policy is to fund our cash needs from cash flows from operations, which allow us to secure working capital, make capital investments and pay dividends without relying on substantial borrowings or other financing from outside of our group companies. Our borrowing requirements are not affected by seasonality. We believe that our working capital is adequate for our present requirements and for our business operations in the short to medium term. Thus, we do not believe that our business is substantially dependent on these facilities.

As of March 31, 2011 we had credit facilities at financial institutions totaling ¥28,841 million, a large majority of which was for short-term, yen-denominated borrowings with variable interest rates. In general, all of our credit facilities have automatically renewed terms, and we are not aware of any issues with respect to any of our lenders that could cause these facilities to become unavailable.

Of this total credit, ¥13,900 million is available to Wacoal Holdings and our main subsidiary Wacoal Corp., but we have not drawn down from this credit line in recent years and have no current plans to use them in the near future. The remainder of the credit is available for Lecien, Nanasai and our other subsidiaries, which had been drawn down for working capital purposes a total of ¥6,401 million as of March 31, 2011, including borrowings by Wacoal Servicing Co. Ltd. of ¥3,464 million and borrowing by Nanasai of ¥2,200 million. Because our policy is to fund cash needs from our cash flows from operations, we do not expect this balance to increase significantly over the short to medium term. Even if any of our subsidiaries loses access to funds from our credit facilities, we believe that it is possible for other companies in our group to provide any necessary funds. We are not aware of any restrictions on the transfers of funds from a subsidiary to a parent company in the form of a cash dividend, loan or cash advance.

Additionally, we maintain the majority of our cash and cash equivalent assets in Japanese yen, and generally refrain from using financial products for hedging purposes.

CASH FLOWS

Cash Provided by Operating Activities—Net cash provided by operating activities increased by ¥605 million from ¥9,449 million for fiscal 2010 to ¥10,054 million for fiscal 2011. This was primarily due to substantial progress achieved in cost-reduction efforts and to a decrease in inventory combined with an increase in cash flows due to increased sales. Cash inflows from operating activities consisted mainly of cash received from customers and cash outflows are mainly payments for production costs, selling, general and administrative expenses, and income taxes.

Net Cash Used in Investing Activities—Net cash used in investing activities decreased by ¥1,152 million from ¥2,698 million for fiscal 2010 to ¥1,546 million for fiscal 2011. This decrease was primarily due to a decrease in our purchases of marketable securities, tangible and intangible properties and investments, as well as an increase in our sales of investments, which collectively more than offset a significant decrease in gains from disposition of marketable securities.

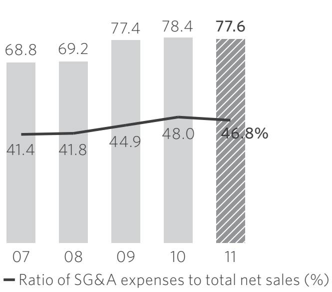
Net Cash Used in Financing Activities—Net cash used in financing activities decreased by ¥539 million from ¥5,438 million for fiscal 2010 to ¥4,899 million for fiscal 2011. This decrease was primarily due to reduced cash distributions, reduction in repurchases, reduced repayment of long-term obligations and a new loan, which collectively more than offset a significant repayment of short-term loans.

CAPITAL EXPENDITURES

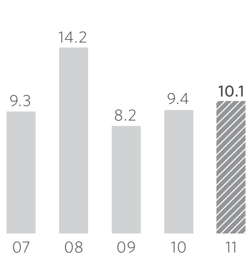
Capital expenditures were ¥2,662 million for fiscal 2011 (including ¥624 million for rebuilding and relocation of some of our properties), ¥3,998 million for fiscal 2010 and ¥2,362 million for fiscal 2009. These expenditures were primarily for the repair of office facilities of our domestic subsidiaries and the expansion of our specialty retail store network. Payments to acquire intangible assets were ¥671 million in 2011, ¥1,755 million for fiscal 2010 and ¥1,846 million for fiscal 2009. These payments primarily comprised of payments for information technology-related investments.

For fiscal 2011 we spent ¥624 million for office maintenance and repair, and we expect to spend ¥517 million in fiscal 2012. Although we currently do not have any concrete plans, we expect to continue to make expenditures for the expansion of our specialty retail store network (including costs for the development of new stores and the closure of underperforming stores) and for maintenance, to meet applicable legal requirements and to facilitate the manufacture of new products with new designs and specifications. Furthermore, we intend to evaluate and pursue opportunities for acquisitions, investments and other strategic transactions that we believe will help us achieve our business objectives, including extending our product offerings in Japan and in overseas markets and strengthening our capabilities in the Internet, catalog and other marketing channels. We expect to fund these capital expenditures and other expenditures through our cash from operations, existing cash reserves and other available sources of liquidity.

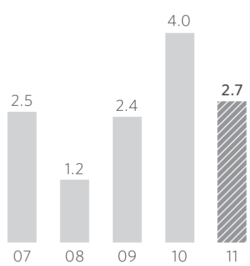
SG&A expenses
¥ Billion



Net cash provided by operating activities
¥ Billion



Capital expenditures
¥ Billion



In fiscal 2009, we sold plants and other property in connection with the liquidation of our subsidiary Tokai Wacoal Sewing Corp with a book value of ¥59 million. In fiscal 2011, we sold our Karasuyama Corporate Housing with a book value of ¥75 million and our Ikuta Corporate Housing with a book value of ¥152 million.

CASH DIVIDENDS

On May 13, 2011, our board of directors approved a fiscal year-end dividend of ¥100 per five shares of common stock to our shareholders on record as of March 31, 2011, and dividends in a total amount of ¥2,816 million were paid on June 6, 2011. Our current policy is to pay cash dividends once a year, and we seek to pay stable cash dividends based on our consideration of numerous factors, including our ability to improve our enterprise value through investments using retained earnings, ability to improve our net income per share and results of operations.

SHARE REPURCHASES

We repurchased 36,084 shares of common stock during fiscal 2011 from shareholders who held shares constituting less than one unit and requested that such shares be repurchased. On November 26, 2010, our board of directors approved resolutions to repurchase up to 550 thousand shares of common stock up to a total purchase amount of ¥614 million. Pursuant to this board of directors resolution, we had repurchased 550 thousand shares of common stock for a total purchase price of ¥614 million as of November 29, 2010.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

For more than 40 years, since the establishment of our Human Science Research Center, we have aimed to achieve harmony between the human body and clothing. In particular, we have conducted research into women's body in order to accurately understand the Japanese woman's physique. In order to accurately understand the Japanese woman's physique, we have developed such things as a silhouette analysis system and a three-dimensional measuring system. However, we are also working on an even more advanced measurement of sensory comfort. Our research and development activities focus on addressing the proportional, physiological and mental aspects of garment design.

One of our most important research results was the *Golden Canon*, which we announced in 1995, and which provides a set of indicators that characterize the beautiful Japanese woman's body. We also began applying new sales methods at that time. From 1995 to 1998 we participated in a project led by the Ministry of International Trade and Industry (presently the Ministry of Economy, Trade and Industry) enriching the basic study of sensory comfort and conducting research based on reactions to three factors: pressure, heat and touch. Based on this research, we are focused on developing new products that are not only comfortable for the wearer but have a positive physiological effect. In 2000, we conducted an analysis on the physiological changes associated with aging throughout a 25 year period from the teenage years to the 40s. We named the principles of these changes *SPIRAL Aging*.

Our research and development activities for fiscal 2011 have been very fruitful as we have been able to succeed in producing new products by improving and building on our existing products. For example, we have announced our long-term aging research results on "body aging (physiological changes associated with aging)," which were well received by consumers. We have also proposed aging-conscious products and new products from our *Style Science* series.

The cost of research and development for fiscal 2011 was approximately ¥815 million, compared to ¥778 million for fiscal 2010 and ¥768 million for fiscal 2009. We expect to maintain a similar level of research and development expenditures for fiscal 2012.

CONSOLIDATED BALANCE SHEETS

Wacoal Holdings Corp. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
March 31, 2011 and 2010	**2011**	2010	**2011**
ASSETS			
Current Assets:			
Cash and cash equivalents	**¥ 26,981**	¥ 24,317	**$ 326,015**
Time deposits	**698**		**8,434**
Total	**27,679**	24,317	**334,449**
Marketable securities (Notes 3, 19 and 20)	**4,819**	6,529	**58,229**
Notes and accounts receivable:			
Trade notes	**500**	469	**6,042**
Trade accounts (Note 17)	**20,371**	21,116	**246,145**
Allowance for returns and doubtful receivables (Note 4)	**(1,549)**	(1,972)	**(18,717)**
Inventories (Note 5)	**30,956**	32,103	**374,045**
Deferred income taxes (Note 16)	**5,134**	4,595	**62,035**
Other current assets (Notes 17, 19 and 20)	**2,586**	2,776	**31,247**
Total current assets	**90,496**	89,933	**1,093,475**
Property, Plant and Equipment:			
Land (Notes 9, 17 and 20)	**21,774**	22,012	**263,097**
Buildings and building improvements (Notes 9, 11, 17 and 20)	**60,322**	61,585	**728,879**
Machinery and equipment	**14,023**	14,773	**169,442**
Construction in progress	**93**	103	**1,124**
Total	**96,212**	98,473	**1,162,542**
Accumulated depreciation	**(46,467)**	(46,653)	**(561,467)**
Net property, plant and equipment	**49,745**	51,820	**601,075**
Other Assets:			
Investments in affiliated companies (Note 6)	**14,702**	14,769	**177,646**
Investments (Notes 3, 9, 19 and 20)	**32,672**	35,828	**394,780**
Goodwill (Notes 7, 8 and 20)	**10,367**	11,203	**125,266**
Other intangible assets (Notes 7, 8 and 20)	**10,325**	12,351	**124,759**
Prepaid pension expense (Note 12)	**158**	263	**1,909**
Deferred income taxes (Note 16)	**879**	935	**10,621**
Other	**6,001**	6,285	**72,511**
Total other assets	**75,104**	81,634	**907,492**
Total	**¥215,345**	¥223,387	**$2,602,042**

See notes to consolidated financial statements.

March 31, 2011 and 2010	Millions of Yen 2011	2010	Thousands of U.S. Dollars (Note 2) 2011
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term bank loans (Note 9)	**¥ 6,117**	¥ 7,941	**$ 73,913**
Notes and accounts payable:			
Trade notes	**1,623**	2,174	**19,611**
Trade accounts (Note 17)	**10,507**	9,161	**126,957**
Other payables	**5,700**	5,975	**68,874**
Accrued payroll and bonuses	**6,201**	5,927	**74,928**
Income taxes payable (Note 16)	**1,870**	2,105	**22,595**
Current portion of long-term debt (Notes 9 and 19)	**70**	108	**846**
Other current liabilities (Notes 12, 16, 19 and 20)	**2,335**	2,292	**28,214**
Total current liabilities	**34,423**	35,683	**415,938**
Long-term Liabilities:			
Long-term debt (Notes 9 and 19)	**214**	80	**2,586**
Liability for termination and retirement benefits (Note 12)	**2,200**	2,269	**26,583**
Deferred income taxes (Note 16)	**7,441**	9,380	**89,910**
Other long-term liabilities (Notes 11, 12 and 16)	**2,200**	2,422	**26,583**
Total long-term liabilities	**12,055**	14,151	**145,662**
Commitments and Contingencies (Notes 9 and 10)			
EQUITY			
Wacoal Holdings Corp. Shareholders' Equity (Notes 13 and 22):			
Common stock, no par value—			
authorized, 500,000,000 shares in 2011 and 2010; issued 143,378,085 shares in 2011 and 2010	**13,260**	13,260	**160,222**
Additional paid-in capital (Note 14)	**29,401**	29,366	**355,256**
Retained earnings	**136,946**	137,155	**1,654,737**
Accumulated other comprehensive loss (Note 15):			
Foreign currency translation adjustments	**(10,344)**	(7,505)	**(124,989)**
Unrealized gain on securities	**2,596**	3,669	**31,368**
Pension liability adjustments (Note 12)	**(2,002)**	(1,783)	**(24,190)**
Total accumulated other comprehensive loss	**(9,750)**	(5,619)	**(117,811)**
Less treasury stock at cost—2,529,607 shares and 2,179,739 shares in 2011 and 2010	**(2,890)**	(2,532)	**(34,920)**
Total Wacoal Holdings Corp. shareholders' equity	**166,967**	171,630	**2,017,484**
Noncontrolling Interests	**1,900**	1,923	**22,958**
Total equity	**168,867**	173,553	**2,040,442**
Total	**¥215,345**	¥223,387	**$2,602,042**

CONSOLIDATED STATEMENTS OF INCOME

Wacoal Holdings Corp. and Subsidiaries

Years Ended March 31, 2011, 2010 and 2009	2011	2010	2009 (Millions of Yen)	2011 (Thousands of U.S. Dollars (Note 2))
Net Sales (Note 17)	**¥165,726**	¥163,297	¥172,276	**$2,002,489**
Operating Costs and Expenses:				
Cost of sales (Notes 12 and 17)	**81,895**	79,953	84,686	**989,548**
Selling, general and administrative (Notes 1, 7, 12, 14 and 17)	**77,592**	78,392	77,399	**937,554**
Impairment charges on property, plant and equipment (Note 20)	**107**	23	29	**1,293**
Impairment charges on goodwill (Notes 8 and 20)	**836**	71		**10,101**
Impairment charges on other intangible assets (Notes 8 and 20)	**936**	1,023		**11,310**
Loss on sale or disposal of property, plant and equipment—net	**105**	25	33	**1,269**
Total operating costs and expenses	**161,471**	159,487	162,147	**1,951,075**
Operating Income	**4,255**	3,810	10,129	**51,414**
Other Income (Expenses):				
Interest income	**135**	144	274	**1,631**
Interest expense	**(88)**	(98)	(75)	**(1,063)**
Dividend income	**643**	619	677	**7,769**
Gain on sale or exchange of marketable securities and investments —net (Note 3)	**374**	7	19	**4,519**
Impairment charges on marketable securities and investments (Note 3)	**(1,585)**	(1,460)	(3,550)	**(19,152)**
Other—net (Notes 1 and 20)	**5**	101	153	**61**
Total other loss—net	**(516)**	(687)	(2,502)	**(6,235)**
Income Before Income Taxes, Equity in Net Income of Affiliated Companies, and Net (Income) Loss Attributable to Noncontrolling Interests (Note 16)	**3,739**	3,123	7,627	**45,179**
Income Taxes (Note 16):				
Current	**3,463**	3,161	2,717	**41,844**
Deferred	**(1,471)**	(1,587)	496	**(17,774)**
Total income taxes	**1,992**	1,574	3,213	**24,070**
Income Before Equity in Net Income of Affiliated Companies, and Net Income Attributable to Noncontrolling Interests	**1,747**	1,549	4,414	**21,109**
Equity in Net Income of Affiliated Companies (Note 6)	**990**	907	893	**11,963**
Net Income	**2,737**	2,456	5,307	**33,072**
Net (Income) Loss Attributable to Noncontrolling Interests	**(122)**	68	(77)	**(1,475)**
Net Income Attributable to Wacoal Holdings Corp.	**¥ 2,615**	¥ 2,524	¥ 5,230	**$ 31,597**

Years Ended March 31, 2011, 2010 and 2009	2011	2010	2009 (Yen)	2011 (U.S. Dollars (Note 2))
Net Income Attributable to Wacoal Holdings Corp. Per Share (Note 18):				
Basic	**¥18.53**	¥17.86	¥36.75	**$0.22**
Diluted	**¥18.51**	¥17.85	¥36.74	**$0.22**
Net Income Attributable to Wacoal Holdings Corp. Per American Depositary Receipt (5 Shares of Common Stock) (Note 18):				
Basic	**¥92.64**	¥89.28	¥183.74	**$1.12**
Diluted	**¥92.56**	¥89.24	¥183.72	**$1.12**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Wacoal Holdings Corp. and Subsidiaries

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
Years Ended March 31, 2011, 2010 and 2009	**2011**	2010	2009	**2011**
Net Income	**¥ 2,737**	¥2,456	¥ 5,307	**$ 33,072**
Other Comprehensive (Loss) Income, Net of Tax (Note 15):				
Foreign currency translation adjustments	**(2,915)**	795	(8,710)	**(35,223)**
Unrealized (losses) gains on securities	**(1,072)**	3,351	(4,978)	**(12,953)**
Pension liability adjustments	**(219)**	1,600	(3,897)	**(2,646)**
Other Comprehensive (Loss) Income	**(4,206)**	5,746	(17,585)	**(50,822)**
Comprehensive (Loss) Income	**(1,469)**	8,202	(12,278)	**(17,750)**
Comprehensive (Loss) Income Attributable to Noncontrolling Interests	**(47)**	49	105	**(568)**
Comprehensive (Loss) Income Attributable to Wacoal Holdings Corp.	**¥(1,516)**	¥8,251	¥(12,173)	**$(18,318)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

Wacoal Holdings Corp. and Subsidiaries

Millions of Yen

Years Ended March 31, 2011, 2010 and 2009	Shares of Outstanding Common Stock (Thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2008	143,342	¥13,260	¥29,262	¥136,589	¥ 6,057	¥ (55)	¥185,113	¥2,351	¥187,464
Net income				5,230			5,230	77	5,307
Other comprehensive loss					(17,403)		(17,403)	(182)	(17,585)
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥125 per 5 shares of common stock				(3,584)			(3,584)		(3,584)
Cash dividends paid to noncontrolling interests								(83)	(83)
Repurchase of treasury stock	(2,891)					(3,537)	(3,537)		(3,537)
Share-based compensation granted (Note 14)			54				54		54
Purchase of common shares of the Company's subsidiary								(69)	(69)
BALANCE, MARCH 31, 2009	140,451	13,260	29,316	138,235	(11,346)	(3,592)	165,873	2,094	167,967
Net income				2,524			2,524	(68)	2,456
Other comprehensive income					5,727		5,727	19	5,746
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥125 per 5 shares of common stock				(3,511)			(3,511)		(3,511)
Cash dividends paid to noncontrolling interests								(76)	(76)
Repurchase of treasury stock	(1,372)					(1,540)	(1,540)		(1,540)
Sale of treasury stock	11					13	13		13
Share-based compensation granted and exercised (Note 14)	4		50			5	55		55
Purchase and sales of common shares of the Company's subsidiaries								(46)	(46)
Distribution of treasury stock to acquire a subsidiary (Note 7)	2,104			(93)		2,582	2,489		2,489
BALANCE, MARCH 31, 2010	141,198	13,260	29,366	137,155	(5,619)	(2,532)	171,630	1,923	173,553
Net income				**2,615**			**2,615**	**122**	**2,737**
Other comprehensive loss					**(4,131)**		**(4,131)**	**(75)**	**(4,206)**
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥100 per 5 shares of common stock				**(2,824)**			**(2,824)**		**(2,824)**
Cash dividends paid to noncontrolling interests								**(70)**	**(70)**
Repurchase of treasury stock	**(586)**					**(655)**	**(655)**		**(655)**
Sale of treasury stock	**236**		**(15)**			**297**	**282**		**282**
Share-based compensation granted (Note 14)			**50**				**50**		**50**
BALANCE, MARCH 31, 2011	**140,848**	**¥13,260**	**¥29,401**	**¥136,946**	**¥ (9,750)**	**¥(2,890)**	**¥166,967**	**¥1,900**	**¥168,867**

Thousands of U.S. Dollars (Note 2)

Years Ended March 31, 2011	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2010	$160,222	$354,833	$1,657,263	$ (67,896)	$(30,594)	$2,073,828	$23,236	$2,097,064
Net income			**31,597**			**31,597**	**1,475**	**33,072**
Other comprehensive loss				**(49,915)**		**(49,915)**	**(907)**	**(50,822)**
Cash dividends paid to Wacoal Holdings Corp. shareholders, $1 per 5 shares of common stock			**(34,123)**			**(34,123)**		**(34,123)**
Cash dividends paid to noncontrolling interests							**(846)**	**(846)**
Repurchase of treasury stock					**(7,915)**	**(7,915)**		**(7,915)**
Sale of treasury stock		**(181)**			**3,589**	**3,408**		**3,408**
Share-based compensation granted (Note 14)		**604**				**604**		**604**
BALANCE, MARCH 31, 2011	**$160,222**	**$355,256**	**$1,654,737**	**$(117,811)**	**$(34,920)**	**$2,017,484**	**$22,958**	**$2,040,442**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Wacoal Holdings Corp. and Subsidiaries

			Millions of Yen	Thousands of U.S. Dollars (Note 2)
Years Ended March 31, 2011, 2010 and 2009	**2011**	2010	2009	**2011**
Operating Activities:				
Net income	**¥ 2,737**	¥ 2,456	¥ 5,307	**$ 33,072**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**4,678**	4,807	4,546	**56,525**
Share-based compensation (Note 14)	**50**	55	54	**604**
Provision for returns and doubtful receivables—net	**(378)**	(360)	(725)	**(4,567)**
Deferred income taxes	**(1,471)**	(1,587)	496	**(17,774)**
Loss on sale or disposal of property, plant and equipment—net	**105**	25	33	**1,269**
Impairment charges on property, plant and equipment (Note 20)	**107**	23	29	**1,293**
Impairment charges on goodwill (Notes 8 and 20)	**836**	71		**10,101**
Impairment charges on other intangible assets (Notes 8 and 20)	**936**	1,023		**11,310**
Gain on sale or exchange of marketable securities and investments—net (Note 3)	**(374)**	(7)	(19)	**(4,519)**
Impairment charges on marketable securities and investments (Note 3)	**1,585**	1,460	3,550	**19,152**
Equity in net income of affiliated companies, less dividends	**(566)**	(492)	(296)	**(6,839)**
Changes in assets and liabilities:				
Decrease in notes and accounts receivable	**421**	1,794	2,109	**5,087**
Decrease (increase) in inventories	**420**	806	(2,494)	**5,075**
Decrease in other current assets	**125**	331	105	**1,510**
Increase (decrease) in notes and accounts payable	**1,007**	(2,525)	841	**12,168**
(Decrease) increase in liability for termination and retirement benefits	**(315)**	439	(1,209)	**(3,806)**
(Decrease) increase in accrued expenses, income taxes payable and other current liabilities	**(166)**	996	(3,550)	**(2,006)**
Other	**317**	134	(609)	**3,829**
Net cash provided by operating activities	**10,054**	9,449	8,168	**121,484**
Investing Activities:				
Increase in time deposits—net	**(730)**			**(8,821)**
Proceeds from sales and redemption of marketable securities	**3,253**	12,131	7,124	**39,306**
Payments to acquire marketable securities	**(1,286)**	(7,846)	(5,439)	**(15,539)**
Proceeds from sales of property, plant and equipment	**550**	468	159	**6,646**
Capital expenditures	**(2,662)**	(3,998)	(2,362)	**(32,165)**
Payments to acquire intangible assets (Note 8)	**(671)**	(1,755)	(1,846)	**(8,108)**
Proceeds from sales of investments	**988**	5	30	**11,938**
Payments to acquire investments	**(975)**	(2,019)	(1,871)	**(11,781)**
Cash balances of subsidiary acquired through share exchanges (Note 7)		362		
Other	**(13)**	(46)	(509)	**(157)**
Net cash used in investing activities	**(1,546)**	(2,698)	(4,714)	**(18,681)**
Financing Activities:				
Decrease in short-term bank loans—net	**(1,798)**	(442)	(279)	**(21,725)**
Proceeds from issuance of long-term debt	**200**			**2,417**
Repayments of long-term debt	**(104)**	(350)	(48)	**(1,257)**
Repurchase of treasury stock	**(655)**	(1,148)	(3,537)	**(7,914)**
Sale of treasury stock	**282**	13		**3,407**
Dividends paid on common stock	**(2,824)**	(3,511)	(3,584)	**(34,123)**
Net cash used in financing activities	**(4,899)**	(5,438)	(7,448)	**(59,195)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(945)**	65	(1,110)	**(11,419)**
Net Increase (Decrease) in Cash and Cash Equivalents	**2,664**	1,378	(5,104)	**32,189**
Cash and Cash Equivalents, Beginning of Year	**24,317**	22,939	28,043	**293,826**
Cash and Cash Equivalents, End of Year	**¥26,981**	¥24,317	¥22,939	**$326,015**

Additional Cash Flow Information:				
Cash paid for:				
Interest	**¥ 91**	¥ 98	¥ 75	**$ 1,100**
Income taxes	**3,627**	2,078	7,268	**43,826**
Noncash investing activities:				
Fair value of certain marketable securities received in exchange for other marketable securities with a carrying value of ¥5 million in 2010		¥ 11	¥ 9	
Acquisition of marketable securities by assuming payment obligation	**¥ 200**			**$ 2,417**
Acquisition of subsidiary through share exchange (Note 7)		2,489		

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Wacoal Holdings Corp. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements—Wacoal Holdings Corp. (the "Company") and subsidiaries are predominantly engaged in one industry, the manufacture and sale of apparel, including foundation garments, lingerie, nightwear and outerwear in Japan, the United States of America, Europe and certain Asian countries.

The accompanying consolidated financial statements, stated in Japanese yen, have been prepared on the basis of accounting principles generally accepted in the United States of America.

Consolidation—The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (collectively, the "Companies"). All intercompany transactions and balances are eliminated.

Foreign subsidiaries of the Company have a fiscal year ending December 31. Two domestic subsidiaries have a fiscal year ending February 28. The accounts of those subsidiaries are included in the Company's consolidated financial statements based on the subsidiaries' fiscal year. There were no material intervening events that occurred with respect to these subsidiaries.

On August 17, 2009, the Company acquired the outstanding common shares of Lecien Corp. ("Lecien") with a fiscal year ended March 31, 2010. Lecien's results of operations were included in the Company's consolidated statements of income for the year ended March 31, 2010 from August 1, 2009.

Investments in affiliated companies where the Company's ownership is 20% to 50% are accounted for using the equity method.

Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee of between 20% to 50%, although other factors are considered in determining whether the equity method of accounting is appropriate.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include all time deposits and certificates of deposit (all of which are interest-bearing) with original maturities of three months or less.

Foreign Currency Translation—Assets and liabilities of foreign subsidiaries have been translated to Japanese yen at period-end exchange rates and income and expenses have been translated using average exchange rates for the period. Translation adjustments resulting from the process of translating financial statements, net of tax, are included in other comprehensive income (loss), a separate component of equity. Exchange gains and losses resulting from foreign currency transactions and the conversion of monetary assets and liabilities denominated in foreign currencies are included in other income (expenses) in the consolidated statements of income.

Foreign currency translation losses for the year ended March 31, 2011 were ¥142 million ($1,716 thousand). Foreign currency translation gains for the years ended March 31, 2010 and 2009 were ¥43 million and ¥35 million, respectively. They have been included in other—net of other income (expenses).

Marketable Securities and Investments—The Companies classify their marketable securities and investments as either trading or available-for-sale. Trading securities are bought and held principally for the purpose of selling them in the near term. Trading securities are recorded at fair value and unrealized holding gains and losses on trading securities are included in earnings. Available-for-sale securities are carried at fair value with a corresponding recognition of unrealized holding gains or losses (net of tax) in other comprehensive (loss) income, a separate component of equity, until realized. Equity securities that do not have readily determinable fair values are recorded at cost. Gains and losses on sales of investments are computed based on cost determined using the average cost method.

If a decline in the fair value of marketable securities and investments is determined to be other-than-temporary, an impairment charge is recorded in the consolidated statements of income. The Companies periodically determine whether a decline in the fair value of marketable securities and investments is deemed to be other than temporary based on criteria that include the duration of the market decline, the extent to which cost exceeds market value, the financial position and business outlook of the issuer and the intent and ability of the Companies to retain the impaired marketable securities and investments for a sufficient period of time for anticipated recovery in market value.

Allowance for Sales Returns—Allowance for sales returns is estimated based on historical products returns experience, sales movements, and the overall retail industry situation.

Allowance for Doubtful Receivables—Allowance for doubtful notes and receivables is estimated based on historical collection experience and additional information including current economic conditions and creditworthiness of each applicable customer.

Inventories—Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method for raw materials and the average cost method for work in process and finished products. Cost includes net prices paid for materials purchased, production labor cost, factory overhead and charges for customs duties.

Property, Plant and Equipment—Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment is computed by the declining-balance method, except for buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method, based upon the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and building improvements:	5 – 50 years (Mainly 38 years)
Machinery and equipment:	2 – 20 years (Mainly 5 years)

Depreciation expenses for the years ended March 31, 2011, 2010 and 2009 are ¥2,828 million ($34,171 thousand), ¥3,016 million and ¥3,050 million, respectively.

Impairment of Long-Lived Assets—The carrying values of long-lived assets, held and used by the Companies, are evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. The impairment loss is measured as the amount by which the carrying amount of a long lived asset exceeds its fair value.

Goodwill and Other Intangible Assets—Goodwill represents the excess of the purchase price over the related underlying tangible and intangible net asset values of business acquired.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if conditions indicate an earlier review is necessary. The goodwill is allocated to the reporting unit in which the business that created the goodwill resides. To test for goodwill impairment, the carrying value of each reporting unit is compared with its fair value. If the carrying value of the goodwill is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset.

To test for other intangible assets with indefinite useful lives, the carrying value of an intangible asset is compared with its fair value. If the carrying value of the other intangible assets with indefinite useful lives is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset.

Other intangible assets with estimable useful lives consist primarily of customer relationship and software and are amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Customer relationship:	7 years
Software:	5 years

Asset Retirement Obligations—The Companies have obligations arising from contractual commitments to remove leasehold improvements from leased facilities and return the property to a specified condition when the lease terminates. The Companies recognize asset retirement obligations at the inception of a lease. The asset retirement obligation is measured with an expected present value technique based on historical experience and recorded in other long-term liabilities in the consolidated balance sheets and is subsequently adjusted for changes in estimated disposal costs. The difference between the gross expected future cash flow and its present value is accreted over the life of the related lease, which is determined using best estimate because the Companies' lease contracts generally have automatic renewal articles. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life.

Termination and Retirement Plans—Termination and retirement benefits are accounted for in accordance with the guidance for retirement benefits. The Companies amortize net actuarial gains and losses and prior service cost over the average employees' remaining service period by a declining-balance method and by a straight-line method, respectively. Provisions for termination and retirement benefits include those for directors and corporate auditors of the Companies.

The Companies do not recognize a gain or loss on settlement of the pension obligation when the cost of all settlements in a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

Leases—Certain non-cancelable leases are classified as capital leases and the leased assets are included as part of property, plant and equipment. Other leases are classified as operating leases and are not capitalized. The payments on such leases are recorded as expense. The rental expense under operating leases is recognized on a straight-line basis.

Treasury Stock—The Companies account for treasury stock under the cost method and include treasury stock as a component of equity.

Acquisitions—The Company accounts for acquisitions using the acquisition method in accordance with the guidance for business combinations. The Company allocates the purchase price to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition, including intangible assets that can be identified and named. The purchase price in excess of the fair value of the net assets and liability is recorded as goodwill.

Revenue Recognition—The Companies recognize revenue on sales to retailers, mail order catalog sales and internet sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred resulting in transfer of title and risk of loss, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured. As for consignment sales, the Companies recognize revenue when the products are sold to the ultimate customer. The Companies recognize revenue on direct retailing sales at the Companies' directly managed retail stores at the point of sale to the customer.

Shipping and Handling Costs—Shipping and handling fees billed to customers are classified in net sales. Shipping and handling costs are expensed as incurred. Shipping and handling costs for the years ended March 31, 2011, 2010 and 2009 were ¥5,698 million ($68,850 thousand), ¥5,324 million and ¥4,895 million, respectively, and have been included in selling, general and administrative expenses.

Advertising Expenses—Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2011, 2010 and 2009 were ¥12,003 million ($145,034 thousand), ¥11,643 million and ¥13,624 million, respectively, and have been included in selling, general and administrative expenses.

Research and Development Costs—Research and development costs are expensed as incurred. Research and development costs for the years ended March 31, 2011, 2010 and 2009 were ¥815 million ($9,848 thousand), ¥778 million and ¥768 million, respectively, and have been included in selling, general and administrative expenses.

Income Taxes—The provision for income taxes is determined under the asset and liability method in accordance with the guidance for income taxes. Under this method, deferred tax assets and liabilities are determined for temporary differences between the financial statement and tax bases of assets and liabilities and tax loss carry forwards at presently enacted tax rates. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized in the future.

The Companies assess their income tax positions and record tax benefits for all years subject to examination based upon their evaluation of the facts, circumstances and information available as of the end of fiscal year. For those tax positions only where there is greater than 50 percent likelihood that the tax position will be sustained, the Companies record the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

Share-Based Compensation—Share-based compensation is accounted for in accordance with the guidance for stock compensation. The Company measures share-based compensation cost at the grant date, based on the fair value of the award and recognizes the cost over the requisite service period, which is the vesting period. The fair value of the award is estimated using the Black-Scholes option-pricing model.

Derivatives—Derivative instruments, including certain derivative instruments embedded in other contracts, are accounted for in accordance with the guidance for derivatives and hedging. Because such derivative instruments are not designated as a hedge, changes in the fair value are recorded in earnings.

Reclassifications—Certain reclassifications have been made to the prior years' financial statements to conform to the current year's presentation.

Recent Accounting Pronouncements:

Fair Value Measurements—In January 2010, the FASB issued additional disclosure requirements for fair value measurements. According to the guidance, the fair value hierarchy disclosures are to be further disaggregated by class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the consolidated balance sheets. The guidance also requires additional disclosure about significant transfers between Levels 1 and 2 of the fair value hierarchy, and separate disclosures about purchase, sales, issuance and settlements relating to Level 3 measurement. This guidance was effective for interim and annual reporting periods beginning after December 15, 2009 except for the requirement regarding the Level 3 activity which is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. These amendments do not have an impact on the consolidated financial position, result of operations or cash flows as this guidance relates only to additional disclosures.

In May 2011, the FASB issued the new guidance for fair value measurements. The guidance changes the wording used to describe requirements for measuring fair value and for disclosing information about fair value measurements in order to improve consistency between U.S. GAAP and International Financial Reporting Standards. Also, some amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements, which leads to an expansion of the disclosure requirements. This guidance is effective during interim and annual periods beginning after December 15, 2011. The Companies are currently evaluating the potential impact, if any, of the adoption of this guidance.

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses—In July 2010, the FASB issued additional disclosure requirements for financing receivables and allowance for credit losses. This guidance requires enhanced disclosures regarding the quality of the credit risk inherent in the entity's financing receivables, how that credit risk is assessed in calculating the allowance for credit losses, changes in such allowance and the reasons for those changes. It also requires disclosures relating to the accounting policies for financing receivables and allowance for credit losses. The Companies adopted this guidance from the interim period ending after December 15, 2010. Since this guidance related only to additional disclosures, it did not have an impact on the Companies' consolidated financial position, result of operations, or cash flows.

Presentation of Comprehensive Income—In June 2011, the FASB issued revised guidance for the presentation of Comprehensive Income. This guidance requires displaying adjustments for items that are reclassified from other comprehensive income to net income in the statement in which the components of net income and the components of other comprehensive income are presented. This guidance does not change the items that must be reported in other comprehensive income, nor does it affect the calculation or reporting of earnings per share. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. This amendment does not have an impact on the consolidated financial position, result of operations or cash flows as this guidance relates only to the presentation of comprehensive income.

2. TRANSLATION INTO U.S. DOLLAR STATEMENTS

The financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for convenience of readers outside of Japan and have been made at the rate of ¥82.76 to $1, the noon buying rate for yen in New York City as of March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. MARKETABLE SECURITIES AND INVESTMENTS

Available-for-Sale Securities—The fair value of debt and marketable equity securities classified as available-for-sale is based on quoted market prices as of March 31, 2011 and 2010. The cost, gross unrealized gain and loss and the fair value of available-for-sale securities by major security type were as follows:

				Millions of Yen
2011	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Current:				
National debt securities	**¥ 510**	**¥ 3**		**¥ 513**
Corporate debt securities	**1,300**	**4**	**¥ 27**	**1,277**
Mutual fund	**2,657**	**117**	**2**	**2,772**
Total	**¥ 4,467**	**¥ 124**	**¥ 29**	**¥ 4,562**
Noncurrent:				
Equity securities	**¥22,165**	**¥7,488**	**¥516**	**¥29,137**

				Millions of Yen
2010	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Current:				
National debt securities	¥ 1,160	¥ 10		¥ 1,170
Corporate debt securities	1,885	12	¥ 42	1,855
Bank debt securities	100	0		100
Mutual fund	3,229	176	1	3,404
Total	¥ 6,374	¥ 198	¥ 43	¥ 6,529
Noncurrent:				
Equity securities	¥23,841	¥9,415	¥604	¥32,652

				Thousands of U.S. Dollars
2011	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Current:				
National debt securities	**$ 6,163**	**$ 36**		**$ 6,199**
Corporate debt securities	**15,708**	**48**	**$ 326**	**15,430**
Mutual fund	**32,105**	**1,413**	**24**	**33,494**
Total	**$ 53,976**	**$ 1,497**	**$ 350**	**$ 55,123**
Noncurrent:				
Equity securities	**$267,823**	**$90,478**	**$6,235**	**$352,066**

There were no available-for-sale securities which have been in a continuous unrealized loss position for more than 12 months as of March 31, 2011 and 2010. Gross unrealized holding losses and fair values of available-for-sale securities, all of which have been in a continuous unrealized loss position for less than 12 months as of March 31, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
2011	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Current:				
Corporate debt securities	**¥ 673**	**¥ 27**	**$ 8,132**	**$ 326**
Mutual fund	**9**	**2**	**109**	**24**
Total	**¥ 682**	**¥ 29**	**$ 8,241**	**$ 350**
Noncurrent:				
Equity securities	**¥6,009**	**¥516**	**$72,608**	**$6,235**

		Millions of Yen
2010	Fair Value	Gross Unrealized Loss
Current:		
Corporate debt securities	¥ 643	¥ 42
Mutual fund	44	1
Total	¥ 687	¥ 43
Noncurrent:		
Equity securities	¥3,867	¥604

The unrealized losses on available-for-sale securities were caused primarily by a general decline in stock prices in Japan as of the end of the fiscal year. The Companies periodically determine whether a decline in the fair value of available-for-sale securities is deemed to be other than temporary based on criteria that includes the duration of market decline, the extent to which cost exceeds market value, the financial position and business outlook of the issuer and the intent and ability of the Companies to retain the impaired available-for-sale securities for sufficient period of time for anticipated recovery in market value as described in Note 1. No available-for-sale securities were identified that meet the Companies' criterion for recognition of an impairment loss on available-for-sale securities in unrealized loss position presented above. Therefore, the Companies do not believe the unrealized losses represent an other-than-temporary impairment as of March 31, 2011 and 2010.

Future maturities of debt securities and mutual fund classified as available-for-sale excluding mutual fund without fixed maturities as of March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Cost	Fair Value	Cost	Fair Value
Due within one year	**¥1,098**	**¥1,105**	**$13,268**	**$13,351**
Due after one year through five years	**1,504**	**1,535**	**18,173**	**18,548**
Due after five years through ten years	**700**	**682**	**8,458**	**8,241**
Total	**¥3,302**	**¥3,322**	**$39,899**	**$40,140**

Proceeds from sales of available-for-sale securities were ¥1,602 million ($19,357 thousand), ¥795 million and ¥304 million for the years ended March 31, 2011, 2010 and 2009, respectively. The gross realized gains on the sales of available-for-sale securities for the years ended March 31, 2011, 2010 and 2009 were ¥354 million ($4,277 thousand), ¥4 million and ¥0 million, respectively. The gross realized losses on the sales of available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥37 million ($447 thousand) and ¥3 million, respectively. No realized losses were recorded for the year ended March 31, 2009.

During the years ended March 31, 2010 and 2009, the Companies exchanged certain equity securities for other marketable securities. The Companies recorded the newly received securities at fair value and recognized a gain of ¥6 million and ¥2 million in the years ended March 31, 2010 and 2009, respectively. There was no such exchange of marketable securities for the year ended March 31, 2011.

The amount of impairment charges the Companies recognized on available-for-sale securities in which declines in fair value are other-than-temporary are ¥1,366 million ($16,506 thousand), ¥1,445 million and ¥3,547 million in the years ended March 31, 2011, 2010 and 2009, respectively.

Trading Securities—The Company's subsidiary in the United States of America has trading securities consisting of mutual funds, which are recorded as marketable securities at the fair value of ¥257 million ($3,105 thousand) as of March 31, 2011. There were no trading securities recorded in marketable securities as of March 31, 2010. The Company recorded a gain of ¥39 million ($471 thousand) which is included in other - net of other income (expense) for the year ended March 31, 2011 that relates to trading securities still held as of March 31, 2011.

The Company's subsidiary in the United States of America adopted a non-qualified deferred compensation plan and trust agreement. Investments consist of several mutual funds, which are recorded as investments at the fair market value of ¥92 million ($1,112 thousand) and ¥91 million as of March 31, 2011 and 2010, respectively. The Company recorded gains of ¥13 million ($157 thousand) and ¥30 million which are included in other-net of as other income for the years ended March 31, 2011 and 2010, respectively that relates to trading securities still held as of March 31, 2011 and 2010, respectively, and ¥23 million of trading loss as other expense for the year ended March 31, 2009 that relates to trading securities still held as of March 31, 2009.

Cost-Method Securities—Investments in non-marketable equity securities for which there are no readily determinable fair values were accounted for using the cost method and aggregated ¥3,443 million ($41,602 thousand) and ¥3,085 million as of March 31, 2011 and 2010, respectively. Investments in non-marketable equity securities are reviewed annually or upon the occurrence of an event for other-than-temporary impairment. The Companies recognized impairment charges on investments in non-marketable equity securities of ¥219 million ($2,646 thousand), ¥15 million and ¥3 million in the years ended March 31, 2011, 2010 and 2009, respectively.

4. VALUATION AND QUALIFYING ACCOUNTS

Information related to the Companies' allowance for doubtful receivables was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Balance at beginning of year	**¥116**	¥ 82	¥77	**$1,401**
Increase due to change in scope of consolidation (Note 7)		28		
Charged to costs and expenses	**13**	38	13	**157**
Balances written-off / reversed	**(30)**	(32)	(8)	**(362)**
Balance at end of year	**¥ 99**	¥116	¥82	**$1,196**

Information related to the Companies' allowance for returns was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Balance at beginning of year	**¥ 1,856**	¥ 2,197	¥ 3,068	**$ 22,426**
Increase due to change in scope of consolidation (Note 7)		15		
Charged to costs and expenses	**1,450**	1,856	2,197	**17,521**
Balances utilized	**(1,856)**	(2,212)	(3,068)	**(22,426)**
Balance at end of year	**¥ 1,450**	¥ 1,856	¥ 2,197	**$ 17,521**

5. INVENTORIES

The components of inventories as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Finished products	**¥26,576**	¥27,752	**$321,121**
Work in process	**3,300**	3,263	**39,874**
Raw materials	**1,080**	1,088	**13,050**
Total	**¥30,956**	¥32,103	**$374,045**

6. INVESTMENTS IN AFFILIATED COMPANIES

Investments are accounted for using the equity method of accounting if the investment provides the Companies the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee of between 20% to 50%, although other factors are considered in determining whether the equity method of accounting is appropriate. The Companies record investments in equity method investees meeting these characteristics as "Investments in affiliated companies." Under the equity method, the Companies record their proportionate share of an affiliated companies' income or loss based on the most recently available financial statements.

The Companies' investments in affiliated companies and percentage of ownership as of March 31, 2011 and 2010 include, among others, the following companies:

	Percentage of Ownership (%)	
Name of Investee	**2011**	2010
Thai Wacoal Public Company Limited	**34**	34
Shinyoung Wacoal Inc.	**25**	25
Indonesia Wacoal Co., Ltd.	**42**	42
Taiwan Wacoal Co., Ltd.	**50**	50
House of Rose Co., Ltd.	**20**	20

Aggregate values of carrying amounts and fair values of investments in affiliated companies which have quoted market price as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Carrying amount	**¥8,766**	¥8,814	**$105,921**
Aggregate value of quoted market price	**7,735**	7,768	**93,463**

The following tables represent the affiliated companies' summarized information from the balance sheets as of March 31, 2011 and 2010, and statements of operations for the years ended March 31, 2011, 2010 and 2009.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current assets	**¥31,148**	¥30,303	**$376,366**
Noncurrent assets	**28,646**	29,221	**346,133**
Total	**¥59,794**	¥59,524	**$722,499**
Current liabilities	**¥ 7,569**	¥ 7,165	**$ 91,457**
Long-term liabilities	**6,373**	6,143	**77,006**
Equity	**45,852**	46,216	**554,036**
Total	**¥59,794**	¥59,524	**$722,499**

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Net sales	**¥50,833**	¥49,130	¥57,488	**$614,222**
Gross profit	**27,196**	25,948	30,388	**328,613**
Income before income taxes	**3,947**	3,730	3,630	**47,692**
Net income	**3,039**	2,777	2,832	**36,721**

Dividends received from the affiliated companies were ¥424 million ($5,123 thousand), ¥415 million and ¥597 million during the years ended March 31, 2011, 2010 and 2009, respectively.

Retained earnings include net undistributed earnings of affiliated companies in the amount of ¥14,910 million ($180,159 thousand) and ¥14,369 million as of March 31, 2011 and 2010, respectively.

7. ACQUISITIONS

Lecien—On August 17, 2009, the Company acquired all the outstanding common shares of Lecien which primarily manufactures and sells innerwear, lace, handicrafts and tapestries, through share exchange. This aimed to expand its business field. This enables the Company to maintain the growth of its innerwear business in the domestic market by making its presence known in the new market and developing new and different products, sales methods and channels, as well as pricing strategies.

This transaction was accounted for as an acquisition. Lecien's results of operations were included in the Company's consolidated statements of income for the year ended March 31, 2010 from August 1, 2009. Lecien's results of operations and change in financial position between August 1, 2009 and August 17, 2009 were not significant.

The purchase cost of the acquisition was ¥2,489 million, which was the fair value of the shares distributed to the shareholders of Lecien. As consideration for the acquisition, the Company distributed 2,104,063 shares of treasury stock to the shareholders of Lecien. Those shares were valued at ¥1,183 per share which was the stock price on the acquisition date of August 17, 2009.

The purchase price of Lecien's shares was allocated based upon the estimated fair value of the identifiable assets acquired and liabilities assumed. As a result of the allocation of basis of investment in Lecien, the Company recognized goodwill of ¥71 million.

Lecien's net sales and net loss included in the Company's consolidated statement of income for the year ended March 31, 2010 were ¥8,751 million and ¥245 million, respectively.

The costs of the business combinations were ¥121 million, which were included in selling, general and administrative.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

	Millions of Yen
	2010
Cash	¥ 362
Trade notes and receivable	3,381
Other current assets	1,841
Property, plant, and equipment	2,164
Investments	1,101
Goodwill	71
Other intangible assets	144
Other assets	798
Total assets acquired	9,862
Current liabilities	5,725
Long-term liabilities	1,602
Total liabilities assumed	7,327
Noncontrolling interests	46
Net assets acquired	¥2,489

Unaudited Pro Forma Results

Unaudited pro forma financial information was presented below as if the acquisition of Lecien occurred at the beginning of the 2009 and fiscal year.

	Millions of Yen	
	2010	2009
Pro forma sales	¥167,621	¥188,374
Pro forma operating income	3,272	10,115
Pro forma net income attributable to Wacoal Holdings Corp.	1,864	4,970

	Millions of Yen	
	2010	2009
Pro forma net income attributable to Wacoal Holdings Corp. per share:		
Basic	¥13.19	¥34.92
Diluted	13.18	34.92

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill—The changes in the carrying amount of goodwill for the years ended March 31, 2011 and 2010 were as follows:

	Peach John Segment	
	2011	
	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year:		
Goodwill	**¥11,203**	**$135,367**
Accumulated impairment losses		
Total	**11,203**	**135,367**
Impairment losses	**(836)**	**(10,101)**
Total	**(836)**	**(10,101)**
Balance at end of year:		
Goodwill	**11,203**	**135,367**
Accumulated impairment losses	**(836)**	**(10,101)**
Total	**¥10,367**	**$125,266**

			Millions of Yen
			2010
	Peach John Segment	Other Segment	Total
Balance at beginning of year:			
Goodwill	¥11,203		¥11,203
Accumulated impairment losses			
Total	11,203		11,203
Goodwill acquired during year		¥71	71
Impairment losses		(71)	(71)
Total			
Balance at end of year:			
Goodwill	11,203		11,203
Accumulated impairment losses			
Total	¥11,203		¥11,203

During the year ended March 31, 2011, the Company recorded an impairment charges on goodwill of ¥836 million ($10,101 thousand) in Peach John Segment. See Note 20 for further information.

During the year ended March 31, 2010, goodwill of Other segment was recorded from acquired business of Lecien as further described in Note 7. Lecien segment was tested for impairment in the fourth quarter, after the annual forecasting process. The Company identified a decline in fair value of Lecien and recognized an impairment loss of ¥71 million, which was included in impairment charges on goodwill in the Other segment. See Note 20 for further information.

Other Intangible Assets—The components of acquired intangible assets excluding goodwill as of March 31, 2011 and 2010 were as follows:

	2011			
	Millions of Yen		Thousands of U.S. Dollars	
Year Ended March 31	Gross Carrying Amount	Accumulated Amortization and Impairment Loss	Gross Carrying Amount	Accumulated Amortization and Impairment Loss
Amortized intangible assets:				
Customer relationship	**¥ 3,361**	**¥2,636**	**$ 40,611**	**$31,851**
Software	**7,517**	**3,655**	**90,829**	**44,164**
Other	**1,294**	**413**	**15,636**	**4,989**
Total	**¥12,172**	**¥6,704**	**$147,076**	**$81,004**
Unamortized intangible assets:				
Trademark	**¥ 5,316**	**¥ 559**	**$ 64,234**	**$ 6,755**
Other	**100**		**1,208**	
Total	**¥ 5,416**	**¥ 559**	**$ 65,442**	**$ 6,755**

	2010	
	Millions of Yen	
Year Ended March 31	Gross Carrying Amount	Accumulated Amortization and Impairment Loss
Amortized intangible assets:		
Customer relationship	¥ 3,361	¥1,983
Software	7,486	2,851
Other	1,326	404
Total	12,173	¥5,238
Unamortized intangible assets:		
Trademark	5,316	
Other	100	
Total	¥ 5,416	

Other intangible assets acquired during the year ended March 31, 2011 totaled ¥671 million ($8,108 thousand) which primarily consist of software of ¥646 million ($7,806 thousand) with estimated useful life of 5 years.

During the year ended March 31, 2011, the Company recorded an impairment charge on other intangible assets of ¥377 million ($4,555 thousand) and ¥559 million ($6,755 thousand), for the customer relationship and trademark, respectively, in Peach John Segment. See Note 20 for further information.

During the year ended March 31, 2010, the Company recorded an impairment charge on other intangible assets of ¥1,023 million for customer relationship in Peach John Segment. See Note 20 for further information.

Aggregate amortization expenses for the years ended March 31, 2011, 2010 and 2009 related to other intangible assets and future estimated amortization expense as of March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	**2011**
Year Ended March 31		
Aggregate amortization expense		
2011	**¥1,850**	**$22,354**
Year Ending March 31		
Estimated amortization expense		
2012	**1,463**	**17,678**
2013	**1,237**	**14,947**
2014	**991**	**11,974**
2015	**597**	**7,214**
2016	**134**	**1,619**
Total	**¥4,422**	**$53,432**

	Millions of Yen
	2010
Year Ended March 31	
Aggregate amortization expense	
2010	¥1,791
Year Ending March 31	
Estimated amortization expense	
2011	1,468
2012	1,413
2013	1,231
2014	999
2015	747
Total	¥5,858

	Millions of Yen
	2009
Year Ended March 31	
Aggregate amortization expense	
2009	¥1,496
Year Ending March 31	
Estimated amortization expense	
2010	1,570
2011	1,541
2012	1,441
2013	1,251
2014	967
Total	¥6,770

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Collateralized bank loans	**¥ 500**	¥3,350	**$ 6,042**
Unsecured bank loans	**5,617**	4,591	**67,871**
Total	**¥6,117**	¥7,941	**$73,913**

The weighted-average annual interest rates on short-term bank loans as of March 31, 2011 and 2010 were 0.8% and 1.3%, respectively.

Unused lines of credit for short-term financing as of March 31, 2011 and 2010, aggregated ¥22,579 million ($272,825 thousand) and ¥21,401 million, respectively. Companies compensate banks for these facilities in the form of commitment fees, which were not material during the years ended March 31, 2011 and 2010.

Long-term debt as of March 31, 2011 and 2010 are summarized below. The interest rates and maturities are for loans as of March 31, 2011.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Collateralized bank loans, with floating interest at 2.0%, maturing through 2013	**¥ 76**	¥ 137	**$ 918**
Unsecured bank loans, with fixed interest at 1.8%, maturing through 2014	**200**		**2,417**
Capital lease obligation	**8**	51	**97**
Total	**284**	188	**3,432**
Less current portion	**(70)**	(108)	**(846)**
Long-term debt, less current portion	**¥214**	¥ 80	**$2,586**

The annual maturities of long-term debt as of March 31, 2011 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 70	$ 846
2013	14	169
2014	200	2,417
Total	¥284	$3,432

A subsidiary has pledged assets as security for loans. As of March 31, 2011 and 2010, assets pledged as collateral for bank loans were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Land	**¥ 803**	¥1,015	**$ 9,703**
Buildings	**460**	412	**5,558**
Investments		977	
Total	**¥1,263**	¥2,404	**$15,261**

As of March 31, 2010, investments pledged includes ¥280 million of shares of the Company which are presented as treasury stock on the consolidated balance sheet.

As is customary in Japan, both short-term and long-term loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank and the bank has the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank.

10. LEASES

The Companies lease most of their store premises, some of their distribution centers, and certain equipment. Most leases have automatic renewal provisions and allow the Companies to extend the lease term beyond the initial base period, subject to the terms agreed at lease inception. Future minimum rental commitments on operating leases having remaining non-cancerable lease term in excess of one year are presented below:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 819	$ 9,896
2013	727	8,784
2014	241	2,912
2015	213	2,574
2016	205	2,477
Thereafter	645	7,794
Total	¥2,850	$34,437

Rental expenses were ¥5,147 million ($62,192 thousand), ¥5,252 million and ¥4,800 million for the years ended March 31, 2011, 2010 and 2009, respectively.

11. ASSET RETIREMENT OBLIGATIONS

The Companies recorded the fair value of asset retirement obligations in order to recognize legal obligations associated with the removal of leasehold improvements from leased facilities and return of the property to a specified condition when the lease terminates.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Balance at beginning of year	**¥ 594**	¥443	**$ 7,177**
Increase due to change in scope of consolidation (Note 7)		97	
Accretion expense	**20**	11	**242**
Liabilities incurred	**231**	66	**2,791**
Liabilities settled	**(177)**	(22)	**(2,139)**
Changes due to translation of foreign currencies	**(5)**	(1)	**(60)**
Balance at end of year	**¥ 663**	¥594	**$ 8,011**

12. TERMINATION AND RETIREMENT PLANS

Employee Retirement Plans—The Companies sponsor termination and retirement benefit plans that cover substantially all employees. Benefits are based on the employee's years of service, position and performance. If the termination is involuntary or caused by death, the employee is usually entitled to greater payments than in the case of voluntary termination.

The Companies have a contributory defined retirement benefit plan, several partially funded plans administered by independent trustees and several unfunded termination plans administered by the Companies. Benefits under the contributory defined retirement benefit plan are usually paid in a lump sum at the earlier of termination or retirement, although periodic payments are available under certain conditions. Benefits under the other termination and retirement benefit plan are paid either as lump-sum payments or periodic payments under certain conditions. The benefits are usually paid as a lump-sum payment, if the employee resigns before the mandatory retirement age.

Contributory Defined Retirement Benefit Plan—The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Change in benefit obligations:			
Benefit obligations at beginning of year	**¥33,454**	¥32,946	**$404,229**
Service cost	**833**	916	**10,065**
Interest cost	**712**	764	**8,603**
Participants' contributions	**71**	73	**858**
Actuarial (gain) loss	**(593)**	181	**(7,165)**
Benefits paid from plan assets	**(708)**	(607)	**(8,555)**
Settlement paid from plan assets	**(926)**	(767)	**(11,189)**
Settlement paid by the Companies	**(118)**	(129)	**(1,426)**
Increase due to change in scope of consolidation (Note 7)		77	
Benefit obligations at end of year	**32,725**	33,454	**395,420**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥31,743**	¥29,069	**$383,555**
Actual return on plan assets	**(768)**	2,461	**(9,280)**
Employer contributions	**1,566**	1,515	**18,922**
Participants' contributions	**71**	72	**858**
Benefit payments	**(708)**	(607)	**(8,555)**
Settlement payments	**(926)**	(767)	**(11,189)**
Fair value of plan assets at end of year	**30,978**	31,743	**374,311**
Funded status at end of year	**¥ (1,747)**	¥ (1,711)	**$ (21,109)**

Amounts recognized in the consolidated balance sheets as of March 31, 2011 and 2010 consist of:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Prepaid pension expense	**¥ 158**	¥ 263	**$ 1,909**
Accrued expenses	**(90)**	(82)	**(1,087)**
Liability for termination and retirement benefits	**(1,815)**	(1,892)	**(21,931)**
	¥(1,747)	¥(1,711)	**$(21,109)**

Amounts recognized in accumulated other comprehensive loss as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Actuarial loss	**¥(6,874)**	¥(7,196)	**$(83,060)**
Prior service benefit	**3,497**	4,189	**42,255**
	¥(3,377)	¥(3,007)	**$(40,805)**

The accumulated benefit obligation for all defined benefit plans as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Accumulated benefit obligation	**¥32,272**	¥32,727	**$389,947**

The projected benefit obligations and the fair value of the plan assets for the Company's pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of the plan assets for the Company's pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Plans with projected benefit obligations in excess of plan assets:			
Projected benefit obligations	**¥2,505**	¥2,505	**$30,268**
Fair value of plan assets	**600**	531	**7,250**
Plans with accumulated benefit obligations in excess of plan assets:			
Accumulated benefit obligations	**2,505**	2,505	**30,268**
Fair value of plan assets	**600**	531	**7,250**

Net periodic benefit costs for the Companies' plans consisted of the following for the years ended March 31, 2011, 2010 and 2009:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Service cost	**¥ 833**	¥ 916	¥ 812	**$10,065**
Interest cost	**712**	764	751	**8,603**
Expected return on plan assets	**(758)**	(705)	(774)	**(9,159)**
Amortization of actuarial loss	**1,255**	1,814	919	**15,165**
Amortization of prior service benefit	**(691)**	(691)	(691)	**(8,349)**
	¥1,351	¥2,098	¥1,017	**$16,325**

The unrecognized net actuarial loss and prior service benefit are being amortized over 12 years (the average remaining service life of active participants) using the declining-balance method and the straight-line method, respectively.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Current year actuarial (loss) gain	**¥ (933)**	¥1,575	¥(6,800)	**$(11,274)**
Amortization of actuarial loss	**1,255**	1,814	919	**15,165**
Amortization of prior service benefit	**(691)**	(691)	(691)	**(8,349)**
	¥ (369)	¥2,698	¥(6,572)	**$ (4,458)**

The estimated amounts that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next year are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	**2011**
Actuarial loss	**¥1,203**	**$14,536**
Prior service benefit	**(691)**	**(8,349)**

The Companies use a March 31 measurement date for their plans. The weighted-average assumptions used as of March 31, in computing the benefit obligations shown above were as follows:

	2011	2010
Discount rate	**2.4%**	2.3%
Rate of increase in future compensation	**0.0%**	0.0%

The weighted-average assumptions used as of March 31, in computing the net periodic benefit cost shown above were as follows:

	2011	2010	2009
Discount rate	**2.3%**	2.5%	2.5%
Rate of increase in future compensation	**0.0%**	0.0%	0.0%
Expected long-term rate of return on plan assets	**2.5%**	2.5%	2.5%

The Company's wholly owned subsidiary, Wacoal Corp.'s approach to establishing the discount rate is based upon long term Japanese government bond rates and corporate bond indices. The discount rate assumption is based upon the effective yields as of March 31, 2011 on the Japanese government bonds whose maturity dates would be the same as timing of the expected future benefit payments, adjusted for an incremental yield of approximately 25 basis points that is achieved by selecting corporate bonds whose credit characteristics satisfy the quality requirements but whose yields are slightly higher than the yields on Japanese government bonds. For other plans, similar indices and methods are used.

The expected long-term rate of return on plan assets is derived proportionally from return assumptions determined for each of the major asset classes. The return expectations for each of the asset classes are based largely on assumptions about economic growth and inflation, which are supported by long-term historical data. The estimated long-term rate of return is based on an asset allocation of equity securities of 33.0%, debt securities of 48.0%, life insurance company general accounts of 17.0% and short-term financing of 2.0%.

The Companies' investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Companies' investments are broadly diversified, typically consisting primarily of equity and debt securities. The Companies believe these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payment.

The asset allocation as of March 31, 2011 and 2010 was as follows:

	2011	2010
Equity securities	**37.1%**	41.0%
Debt securities	**40.9%**	41.9%
Life insurance company general accounts	**16.1%**	13.9%
Short-term financing	**5.9%**	3.2%

The target allocation percentages are reviewed and approved by the Pension Committee. The actual allocations for 2011 and 2010 are different from the target allocation percentages primarily because Wacoal Corp. maintained additional equity securities as the separate plan asset which was contributed to the plan based on an agreement between Wacoal Corp. and employees and are not governed by the Pension Committee. As such, the actual allocation percentage of equity securities to the total plan assets is higher than the target allocation, and similarly, the actual allocation for the other types of assets are lower than the target allocation.

The following table presents the Companies' plan assets using the fair value hierarchy as of March 31, 2011. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and Level 3 includes fair values estimated using significant unobservable inputs.

2011	Level 1	Level 2	Level 3	Millions of Yen Total
Equity securities:				
Japanese companies	**¥5,693**			**¥ 5,693**
Foreign companies	**865**			**865**
Pooled funds (a)		**¥ 3,405**		**3,405**
Debt securities:				
Japanese government bonds	**1,921**			**1,921**
Japanese municipal bonds		**5**		**5**
Japanese corporate bonds		**118**		**118**
Foreign government bonds	**708**			**708**
Pooled funds (b)		**9,924**		**9,924**
Life insurance company general accounts		**4,974**		**4,974**
Other types of investments:				
Equity long / short hedge funds (c)		**1,529**		**1,529**
Short-term financing		**1,836**		**1,836**
Total	**¥9,187**	**¥21,791**		**¥30,978**

2010	Level 1	Level 2	Level 3	Millions of Yen Total
Equity securities:				
Japanese companies	¥6,112			¥ 6,112
Foreign companies	829			829
Pooled funds (a)		¥ 4,476		4,476
Debt securities:				
Japanese government bonds	1,705			1,705
Japanese municipal bonds		17		17
Japanese corporate bonds		177		177
Foreign government bonds	660			660
Pooled funds (b)		10,742		10,742
Life insurance company general accounts		4,406		4,406
Other types of investments:				
Equity long / short hedge funds (c)		1,592		1,592
Short-term financing		1,027		1,027
Total	¥9,306	¥22,437		¥31,743

2011	Level 1	Level 2	Level 3	Thousands of U.S. Dollars Total
Equity securities:				
Japanese companies	**$ 68,789**			**$ 68,789**
Foreign companies	**10,452**			**10,452**
Pooled funds (a)		**$ 41,143**		**41,143**
Debt securities:				
Japanese government bonds	**23,212**			**23,212**
Japanese municipal bonds		**60**		**60**
Japanese corporate bonds		**1,426**		**1,426**
Foreign government bonds	**8,555**			**8,555**
Pooled funds (b)		**119,913**		**119,913**
Life insurance company general accounts		**60,101**		**60,101**
Other types of investments:				
Equity long / short hedge funds (c)		**18,475**		**18,475**
Short-term financing		**22,185**		**22,185**
Total	**$111,008**	**$263,303**		**$374,311**

(a) This class includes common stock of approximately 73% Japanese companies and 27% foreign companies as of March 31, 2011, and those percentages were 75% and 25%, respectively, as of March 31, 2010.
(b) This class includes approximately 46% of Japanese government bonds, 2% of Japanese municipal bonds, 38% of foreign government bonds, and 14% of corporate bonds as of March 31, 2011, and those percentages were 48%, 2%, 37%, and 13%, respectively, as of March 31, 2010.
(c) This class includes hedge funds that invest both long and short in approximately 51% of Japanese common stocks and 49% of foreign common stocks as of March 31, 2011, and those percentages were 51% and 49%, respectively, as of March 31, 2010.

Equity securities and debt securities presented in Level 1 are primarily valued using a market approach on the quoted market prices of identical instruments. Municipal bonds and corporate bonds presented in Level 2 are primarily valued using quoted prices for identical instruments in markets that are not active. Pooled funds in equity securities or debt securities and equity long/short hedge funds which are categorized in Level 2 are valued by the sponsor of the fund primarily based on quoted prices in both active and inactive market for identical instruments which comprise funds. Life insurance company general accounts is the contracts with the insurance companies with guaranteed rate of return and capital, and those value are based on addition of original value and return.

The general funding policy of the funded plans is to contribute amounts computed in accordance with actuarial methods accepted by Japanese tax law. The Companies expect to contribute ¥1,838 million ($22,209 thousand) to their plans in the year ending March 31, 2012.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year Ended March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 1,978	$ 23,900
2013	1,772	21,411
2014	1,852	22,378
2015	1,964	23,731
2016	2,029	24,517
Thereafter	10,935	132,129

Multiemployer Plan—Some subsidiaries participate in multiemployer plans. The aggregated amount of the contribution to the plans were ¥56 million ($677 thousand) and ¥42 million for the years ended March 31, 2011 and 2010, respectively. There was no cost recognized for the year ended March 31, 2009 as the Companies did not have a multiemployer plan during the year ended March 31, 2009. As it is probable that certain subsidiaries will withdraw from the plan, the Companies assessed the probability and recognized the estimated withdrawal liability of ¥774 million ($9,352 thousand) as of March 31, 2011.

Defined Contribution Plan—A subsidiary has a defined contribution plan. The amounts of cost recognized for its contribution to the plan were ¥28 million ($338 thousand) and ¥20 million for the years ended March 31, 2011 and 2010, respectively. There was no cost recognized for the year ended March 31, 2009 as the Companies did not have a defined contribution plan during the year ended March 31, 2009.

Employee Early Retirement Program—The Companies provide additional benefits to employees that elect to participate in the Companies' early retirement program. Retirement benefits of ¥348 million ($4,205 thousand), ¥361 million and ¥157 million were paid in addition to normal benefits and charged to selling, general and administrative for the years ended March 31, 2011, 2010 and 2009, respectively.

Termination Plan for Directors and Corporate Auditors—The Company had and certain subsidiaries have termination plans for directors and corporate auditors. Payment of termination benefits to directors and corporate auditors is made in a lump-sum upon termination and requires the approval of the shareholders before payment. In June 2005, the Company rescinded its termination plan for directors and corporate auditors upon the approval of its shareholders. The amount of benefit for each individual was fixed as of June 29, 2005 and will remain frozen until the retirement of each respective director and corporate auditor. The outstanding liabilities were ¥317 million ($3,830 thousand) as of March 31, 2011, ¥339 million as of March 31, 2010 and 2009, and were recorded in other long-term liabilities. Subsidiaries still maintain plans for their directors and corporate auditors. In accordance with the guidance for determination of vested benefit obligation for a defined benefit pension plan, the subsidiaries recorded a liability for termination benefits for directors and corporate auditors at the amount that would be needed if all directors and corporate auditors were to resign at each balance sheet date. The liabilities for termination benefits for directors and corporate auditors as of March 31, 2011 and 2010 were ¥385 million ($4,652 thousand) and ¥377 million, respectively, and were included in liability for termination and retirement benefits.

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria. The Board of Directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also do so because such companies with board committees already, by nature, meet the criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

14. SHARE-BASED COMPENSATION

The Company adopted an annual stock option plan in the year ended March 31, 2009. Under the stock option plan, the Company granted shares of its common stock to directors of the Company excluding outside directors and directors of the Company's wholly owned subsidiary, Wacoal Corp., in the years ended March 31, 2011, 2010 and 2009. The Company believes that such awards better align the interests of its directors with those of its shareholders, by sharing both risk and return from fluctuations in stock prices and giving motivation to enhance its corporate value. The compensation cost is measured at fair value on the grant date. Options vest over one year in proportion to the service months of directors, and are exercisable from the day after the date of retirement up to (i) twenty years from the grant date or (ii) five years from the day after the date of retirement, whichever is earlier.

The fair value of the options is estimated by using the Black-Scholes option-pricing model with following assumptions.

Expected dividend yield is based on the actual payout of dividend in the last fiscal year and the closing price of the Company's common stock on the grant date. Expected volatility is based on the historical volatility of the Company's share over the most recent period commensurate with the expected term of the Company's stock options. Risk-free interest rate is based on the Japanese government bonds yield curve in effect at the time of grant for a period commensurate with the expected term of the Company's share options. Expected term of options granted is based on the average remaining service period of directors, assuming that those who are granted options will render service until the stated retirement date and they will exercise options immediately after their retirement.

	2011	2010	2009
Expected dividends	**1.7%**	2.1%	2.0%
Expected volatility	**31.5%**	30.6%	24.7%
Risk-free interest rate	**0.2%**	0.5%	1.0%
Expected term	**3.6 years**	4.0 years	4.8 years

A summary of option activity under the Plan as of March 31, 2011, and changes for the year ended March 31, 2011, were as follows:

		Yen	U.S. Dollars	Years	Millions of Yen	Thousands of U.S. Dollars
	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding as of April 1, 2010	102,000	¥1	$0.01			
Granted	46,000	1	0.01			
Exercised						
Forfeited or expired						
Outstanding as of March 31, 2011	148,000	1	0.01	17.0 years	¥155	$1,873
Exercisable as of March 31, 2011	15,000	1	0.01	4.0	16	193

The total intrinsic value of options exercised was ¥5 million for the year ended March 31, 2010. There were no options exercised for the years ended March 31, 2011 and 2009.

Total compensation costs recognized for the years ended March 31, 2011, 2010 and 2009 were ¥50 million ($604 thousand), ¥55 million and ¥54 million, respectively. The total recognized tax benefits related thereto for the years ended March 31, 2011, 2010 and 2009 were ¥20 million ($242 thousand), ¥22 million and ¥22 million, respectively.

The weighted-average grant date fair values of options granted for the years ended March 31, 2011, 2010 and 2009 were ¥1,081 ($13), ¥1,084 and ¥1,137, respectively.

As of March 31, 2011, there were ¥9 million ($109 thousand) of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over three months.

15. OTHER COMPREHENSIVE (LOSS) INCOME

The changes in the components of accumulated other comprehensive income (loss) including amounts attributable to noncontrolling interests were as follows:

Millions of Yen

	2011			2010			2009		
	Pre-Tax Amount	Tax (Expense) Credit	Net Amount	Pre-Tax Amount	Tax Expense	Net Amount	Pre-Tax Amount	Tax (Expense) Credit	Net Amount
Foreign currency translation adjustments	**¥(3,003)**	**¥ 88**	**¥(2,915)**	¥ 870	¥ (75)	¥ 795	¥ (9,402)	¥ 692	¥ (8,710)
Unrealized (loss) gain on securities:									
Amount arising during the year	**(2,843)**	**1,170**	**(1,673)**	4,319	(1,735)	2,584	(10,092)	4,030	(6,062)
Reclassification adjustments	**1,014**	**(413)**	**601**	1,293	(526)	767	1,828	(744)	1,084
Net unrealized (loss) gain	**(1,829)**	**757**	**(1,072)**	5,612	(2,261)	3,351	(8,264)	3,286	(4,978)
Pension liability adjustment:									
Amount arising during the year	**(933)**	**380**	**(553)**	1,575	(641)	934	(6,800)	2,768	(4,032)
Reclassification adjustment	**564**	**(230)**	**334**	1,123	(457)	666	228	(93)	135
Net unrealized (loss) gain	**(369)**	**150**	**(219)**	2,698	(1,098)	1,600	(6,572)	2,675	(3,897)
Other comprehensive (loss) income	**¥(5,201)**	**¥ 995**	**¥(4,206)**	¥9,180	¥(3,434)	¥5,746	¥(24,238)	¥6,653	¥(17,585)

Thousands of U.S. Dollars

	2011		
	Pre-Tax Amount	Tax (Expense) Credit	Net Amount
Foreign currency translation adjustments	**$(36,286)**	**$ 1,063**	**$(35,223)**
Unrealized loss on securities:			
Amount arising during the year	**(34,352)**	**14,137**	**(20,215)**
Reclassification adjustments	**12,252**	**(4,990)**	**7,262**
Net unrealized loss	**(22,100)**	**9,147**	**(12,953)**
Pension liability adjustment:			
Amount arising during the year	**(11,274)**	**4,592**	**(6,682)**
Reclassification adjustment	**6,816**	**(2,780)**	**4,036**
Net unrealized (loss) gain	**(4,458)**	**1,812**	**(2,646)**
Other comprehensive loss	**$(62,844)**	**$12,022**	**$(50,822)**

16. INCOME TAXES

Domestic and foreign components of income before income taxes, equity in net income of affiliated companies, and net (income) loss attributable to noncontrolling interests were summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Japan	**¥ 9,097**	¥ 9,445	¥12,553	**$109,920**
Foreign	**(5,358)**	(6,322)	(4,926)	**(64,741)**
Total	**¥ 3,739**	¥ 3,123	¥ 7,627	**$ 45,179**

Domestic and foreign components of income taxes expense consist of:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Current:				
Japan	**¥ 2,882**	¥ 2,851	¥2,214	**$ 34,824**
Foreign	**581**	310	503	**7,020**
	3,463	3,161	2,717	**41,844**
Deferred:				
Japan	**(1,398)**	(1,726)	522	**(16,892)**
Foreign	**(73)**	139	(26)	**(882)**
	(1,471)	(1,587)	496	**(17,774)**
Total income taxes	**¥ 1,992**	¥ 1,574	¥3,213	**$ 24,070**

Income taxes in Japan applicable to the Companies, imposed by the national, prefectural and municipal governments, in the aggregate resulted in normal effective statutory tax rates of approximately 40.7% for the years ended March 31, 2011, 2010 and 2009. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The Companies are subject to a number of different taxes based on income. The effective income tax rates differed from the normal statutory rates for the following reasons for the years ended March 31, 2011, 2010 and 2009:

	2011	2010	2009
Normal Japanese statutory rates	**40.7%**	40.7%	40.7%
Increase (decrease) in taxes resulting from:			
Permanently non-deductible expenses	**10.3**	13.0	5.8
Change in valuation allowance	**18.2**	(7.9)	4.1
Undistributed earnings of associated companies	**3.1**	2.6	(2.1)
Differences in foreign subsidiaries' tax rate	**(4.4)**	(5.4)	(3.4)
Tax exemption	**(0.8)**	(1.1)	(0.3)
Unrecognized tax benefits	**3.1**	6.5	(1.0)
Impairment losses on goodwill	**(12.9)**		
Other—net	**(4.0)**	2.0	(1.7)
Effective tax rates	**53.3%**	50.4%	42.1%

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances as of March 31, 2011 and 2010 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		2011	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Sales returns	¥ 550		¥ 783		$ 6,646	
Allowance for doubtful receivables	50		333		604	
Accruals not currently deductible	333		298		4,024	
Inventory valuation	1,816		1,583		21,943	
Accrued bonuses	1,342		1,166		16,216	
Impairment charges on marketable securities and investments	1,541		1,571		18,620	
Advanced depreciation on property, plant and equipment		¥ 1,679		¥ 1,712		$ 20,288
Undistributed earnings of associated companies		1,846		1,852		22,305
Net unrealized gain on marketable securities and investments		2,904		3,762		35,089
Net realized gain on exchange of investments		1,920		2,187		23,200
Capitalized supplies	232		205		2,803	
Enterprise taxes	190		173		2,296	
Accrued vacation	763		832		9,219	
Asset retirement obligation	268		238		3,238	
Pension expense	1,484		1,351		17,931	
Tangible fixed assets	1,624		1,442		19,623	
Tax loss carryforwards	4,053		3,185		48,973	
Intangible assets		2,233		2,726		26,982
Investment in subsidiaries	540	1,042	540	1,878	6,525	12,591
Other temporary differences	478	160	138	119	5,776	1,933
Total	15,264	11,784	13,838	14,236	184,437	142,388
Valuation allowance	(4,910)		(3,452)		(59,328)	
Total	¥10,354	¥11,784	¥10,386	¥14,236	$125,109	$142,388

The valuation allowance increased by ¥1,458 million ($17,617 thousand) and ¥1,809 million for the years ended March 31, 2011 and 2010, respectively.

As a result of changing the Companies' legal structure, the Companies reversed certain of valuation allowance for the year ended March 31, 2010. Accordingly, the Companies utilized ¥721 million of tax loss carryforwards, and recognized the tax benefits of ¥293 million for the year ended March 31, 2010.

As of March 31, 2011, certain subsidiaries had loss carryforwards which are available to offset future taxable income of such subsidiaries expiring as follows:

Year Carryforward Expires	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 181	$ 2,187
2013	730	8,821
2014	989	11,950
2015	564	6,815
2016	1,097	13,255
2017	2,736	33,059
2018	3,015	36,431
Thereafter	941	11,370
Total	¥10,253	$123,888

There was no portion of undistributed earnings of foreign subsidiaries and foreign corporate joint ventures which were deemed to be permanently invested as of March 31, 2011 and 2010.

A reconciliation of beginning and ending amount of unrecognized tax benefits was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	2011
Balance at beginning of year	¥ 321	¥106	¥ 420	$ 3,879
Additions based on tax positions related to the current year	58	232	20	701
Additions for tax positions of prior years		50		
Reductions for tax positions of prior years	(191)	(41)		(2,308)
Settlements with tax authorities		(26)	(334)	
Balance at end of year	¥ 188	¥321	¥ 106	$ 2,272

Total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is ¥188 million ($2,272 thousand) and ¥321 million as of March 31, 2011 and 2010, respectively.

Based on each of the items of which the Company is aware as of March 31, 2011, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Companies recognize interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Total amounts of interest and penalties recognized in the consolidated statements of income for the years ended March 31, 2011, 2010 and 2009 were not material.

The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2009 with few exceptions. For other countries, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2006 with few exceptions. In the year ended March 31, 2009, the transfer pricing examination of certain domestic subsidiaries' 2002 to 2007 fiscal year and certain the U.S. subsidiaries' 2003 and 2004 fiscal year was completed.

17. RELATED PARTY TRANSACTIONS

The Companies purchase merchandise from numerous suppliers throughout the world, including certain affiliated companies of the Companies. The Companies purchased merchandise from affiliated companies in the amount of ¥1,131 million ($13,666 thousand), ¥1,209 million and ¥1,674 million in the fiscal years ended March 31, 2011, 2010 and 2009, respectively. The accounts payable to affiliated companies were ¥0 million ($4 thousand) and ¥15 million as of March 31, 2011 and 2010, respectively.

The Companies also sell supplies, materials and products to certain affiliated companies. Aggregate sales to affiliated companies were ¥537 million ($6,489 thousand), ¥354 million and ¥958 million in fiscal years ended March 31, 2011, 2010 and 2009. The accounts receivable from affiliated companies were ¥91 million ($1,100 thousand) and ¥60 million as of March 31, 2011 and 2010, respectively.

The Companies earn royalties from the use of the Wacoal Brand by certain affiliated companies. The amount of royalty revenue earned was ¥201 million ($2,429 thousand), ¥199 million and ¥206 million in the fiscal years ended March 31, 2011, 2010 and 2009, respectively. Other accounts receivables from affiliated companies, which are categorized in other current assets in the consolidated balance sheets, were ¥158 million ($1,909 thousand) and ¥163 million as of March 31, 2011 and 2010, respectively.

Transaction between the Company and President's Immediate Family—During the year ended March 31, 2010, the Company purchased the building and land which were owned by the president's immediate family to use as a Company's memorial house for the price based on a certification of real estate appraisal. The building and land included in the consolidated balance sheet as of March 31, 2010 were ¥35 million and ¥539 million, respectively. There were no such transactions during the year ended March 31, 2011.

18. EARNINGS PER SHARE AND AMERICAN DEPOSITARY RECEIPT

Basic net income attributable to Wacoal Holdings Corp. per share has been computed by dividing net income attributable to Wacoal Holdings Corp. by the weighted-average number of common stock outstanding during each year. Diluted net income attributable to Wacoal Holdings Corp. per share assumes the dilution that could occur if share-based option to issue common stock were exercised.

The computation of earnings per American Depositary Receipt ("ADR"), each ADR representing 5 shares of common stock, is based on the weighted-average number of common shares outstanding. The weighted-average number of common stock outstanding used in the computations of basic net income attributable to Wacoal Holdings Corp. per share was 141,145,190 shares for 2011, 141,353,141 shares for 2010 and 142,316,921 shares for 2009. The weighted-average number of diluted common stock outstanding used in the computations of diluted net income attributable to Wacoal Holdings Corp. per share was 141,260,186 shares, 141,423,315 shares and 142,336,296 shares for 2011, 2010 and 2009, respectively.

19. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments

The carrying amounts and fair values of financial instruments as of March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
2011	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Marketable securities (Notes 3 and 20)	**¥ 4,819**	**¥ 4,819**	**$ 58,229**	**$ 58,229**
Investments (Notes 3 and 20)	**29,229**	**29,229**	**353,178**	**353,178**
Foreign exchange contracts (Note 20)	**24**	**24**	**290**	**290**
Total assets	**¥34,072**	**¥34,072**	**$411,697**	**$411,697**
Liabilities:				
Foreign exchange contracts (Note 20)	**¥ (49)**	**¥ (49)**	**$ (592)**	**$ (592)**
Long-term debt including current portion	**(276)**	**(276)**	**(3,335)**	**(3,335)**
Total liabilities	**¥(325)**	**¥(325)**	**$(3,927)**	**$(3,927)**

2010	Carrying Amount	Millions of Yen Fair Value
Assets:		
Marketable securities (Notes 3 and 20)	¥ 6,529	¥ 6,529
Investments (Notes 3 and 20)	32,743	32,743
Foreign exchange contracts (Note 20)	61	61
Total assets	¥39,333	¥39,333
Liabilities:		
Foreign exchange contracts (Note 20)	¥ (78)	¥ (78)
Long-term debt including current portion	(137)	(137)
Total liabilities	¥(215)	¥(215)

The carrying amounts of all other financial instruments approximate their estimated fair values.

Foreign Exchange Contracts—The Companies are exposed to foreign currency exchange risks on the transactions denominated in foreign currencies relating to its ongoing business operations. Such risks are primarily managed by using foreign currency exchange contracts. The Companies measure forward currency exchange contracts at the fair value since they are not designated as a hedge.

Long-Term Debt—The fair values for long-term debt are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities.

Limitations—Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Concentration of Credit Risk—The Companies' business consists primarily of sales of women's intimate apparel to a large number of diverse customers in the Japanese retail industry, which include well established department stores, general merchandise stores and other general retailers and specialty stores. No single customer constitutes 10.0% or more of the total sales, although the general retail customers that are consolidated companies in the Aeon Group collectively accounted for approximately 10.0%, 10.4% and 9.8% of the total sales in fiscal years ended March 31, 2011, 2010 and 2009, respectively.

20. FAIR VALUE MEASUREMENTS

The guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1—Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3—Inputs are unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and 2010 were as follows:

2011	Level 1	Level 2	Level 3	Millions of Yen Total
Assets:				
Marketable securities:				
Government bonds	**¥ 503**			**¥ 503**
Municipal bonds		**¥ 10**		**10**
Corporate bonds		**1,277**		**1,277**
Mutual funds	**257**	**2,772**		**3,029**
Total marketable securities	**760**	**4,059**		**4,819**
Investments:				
Listed shares	**29,137**			**29,137**
Mutual funds	**92**			**92**
Total investments	**29,229**			**29,229**
Derivative instruments:				
Foreign exchange contracts		**24**		**24**
Total assets	**¥29,989**	**¥4,083**		**¥34,072**
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		**¥(49)**		**¥(49)**

2010	Level 1	Level 2	Level 3	Millions of Yen Total
Assets:				
Marketable securities:				
Government bonds	¥ 1,160			¥ 1,160
Municipal bonds		¥ 10		10
Corporate bonds		1,855		1,855
Bank debt securities		100		100
Mutual funds		3,404		3,404
Total marketable securities	1,160	5,369		6,529
Investments:				
Listed shares	32,743			32,743
Derivative instruments:				
Foreign exchange contracts		61		61
Total assets	¥33,903	¥5,430		¥39,333
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		¥(78)		¥(78)

2011	Level 1	Level 2	Level 3	Thousands of U.S. Dollars Total
Assets:				
Marketable securities:				
Government bonds	**$ 6,078**			**$ 6,078**
Municipal bonds		**$ 121**		**121**
Corporate bonds		**15,430**		**15,430**
Mutual funds	**3,106**	**33,494**		**36,600**
Total marketable securities	**9,184**	**49,045**		**58,229**
Investments:				
Listed shares	**352,066**			**352,066**
Mutual funds	**1,112**			**1,112**
Total investments	**353,178**			**353,178**
Derivative instruments:				
Foreign exchange contracts		**290**		**290**
Total assets	**$362,362**	**$49,335**		**$411,697**
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		**$(592)**		**$(592)**

Marketable securities and investments presented in Level 1 are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Bonds presented in Level 2 are valued by the financial institution using quoted market price for identical instruments in markets that are not active, and mutual funds presented in Level 2 are valued by the financial institution based on quoted prices in both active and inactive market for identical instruments which comprise funds.

As presented in Note 3, the Companies recorded impairment charges on marketable securities and investments if a decline in fair value of marketable securities and investments is determined to be other than temporary.

Derivative instruments are comprised of foreign currency exchange contracts. Financial instruments presented in Level 2 are valued using quotes obtained from third parties.

The changes in the fair value of the foreign currency exchange contracts are recorded in earnings, since the foreign currency exchange contracts are not designate as a hedge. The Companies recognized a loss of ¥8 million ($97 thousand), gains of ¥103 million and ¥62 million in other - net of other income (expenses) in the years ended March 31, 2011, 2010 and 2009, respectively.

The Companies recorded the derivative instruments as other current assets and other current liabilities in the consolidated balance sheets at fair value of ¥24 million ($290 thousand) and ¥49 million ($592 thousand), respectively as of March 31, 2011. The derivative instruments are presented as other current assets and other current liabilities in the consolidated balance sheets at fair value of ¥61 million and ¥78 million as of March 31, 2010.

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis as of March 31, 2011 and 2010 were as follows:

					Millions of Yen
2011	Level 1	Level 2	Level 3	Total	Total Losses
Buildings and building improvements					**¥ (107)**
Investments:					
Unlisted shares			**¥ 17**	**¥ 17**	**(219)**
Goodwill (Note 8)			**10,367**	**10,367**	**(836)**
Trademark (Note 8)			**4,757**	**4,757**	**(559)**
Customer relationship (Note 8)			**725**	**725**	**(377)**
					¥(2,098)

					Millions of Yen
2010	Level 1	Level 2	Level 3	Total	Total Losses
Land			¥ 6	¥ 6	¥ (4)
Buildings and building improvements			16	16	(19)
Goodwill (Note 8)					(71)
Customer relationship (Note 8)			1,378	1,378	(1,023)
					¥(1,117)

					Thousands of U.S. Dollars
2011	Level 1	Level 2	Level 3	Total	Total Losses
Buildings and building improvements					**$ (1,293)**
Investments:					
Unlisted shares			**$ 205**	**$ 205**	**(2,646)**
Goodwill (Note 8)			**125,266**	**125,266**	**(10,101)**
Trademark (Note 8)			**57,480**	**57,480**	**(6,755)**
Customer relationship (Note 8)			**8,760**	**8,760**	**(4,555)**
					$(25,350)

Buildings and building improvements held and used with a carrying amount of ¥107 million ($1,293 thousand) were written down to their fair value of zero, because the Company decided to abandon an office building. An impairment charge of ¥107 million ($1,293 thousand) was included in earrings for the year ended March 31, 2011 in Wacoal Business (Domestic) Segment.

Certain unlisted securities with a carrying amount of ¥236 million ($2,852 thousand) were written down to their fair value of ¥17 million ($205 thousand) in connection with the decline in fair value, which was mainly caused by a downturn of investees' business operations. Impairment charges of ¥219 million ($2,646 thousand) were included in earrings for the year ended March 31, 2011. These unlisted securities presented in Level 3 are valued based on the net assets value of the investees adjusted using cash flows and other factors that would impact the fair value.

As of the end of March 31, 2011, goodwill with a carrying amount of ¥11,203 million ($135,367 thousand) is written down to its implied fair value of ¥10,367 million ($125,266 thousand), resulting in an impairment charge of ¥836 million ($10,101 thousand), which is included in earnings for the year ended March 31, 2011. As of the end of March 31, 2010, goodwill with a carrying amount of ¥71 million was written down to its implied fair value of zero, resulting in an impairment charge of ¥71 million, which was included in earnings for the year ended March 31, 2010. To measure the fair values of the reporting units, the Company used the expected present value of future cash flows and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in a current transaction as of the measurement date.

Trademark with a carrying amount of ¥5,316 million ($64,234 thousand) as of March 31, 2011, was written down to its fair of ¥4,757 million ($57,479 thousand), resulting in recognition of an impairment charge of ¥559 million ($6,755 thousand) for the year ended March 31, 2011. The impairment arose due to the decline in its fair value, which was mainly caused by a downturn in consumption because of the general market condition. To measure the fair value of the trademark, the Company utilizes the relief-from-royalty-method and incorporates relevant unobservable inputs, such as management's internal assumptions about future cash flows, the rate of royalty, and appropriately risk-adjusted discount rate, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in a current transaction as of the measurement date. Future cash flows are based on the management's cash flow projections for the future five years, and after five these years, future cash flows was estimated using the perpetuity growth rate of zero %. The management's cash flow projections were developed using estimates for expected future revenue growth rates, profit margins and working capital levels of the reporting units. The rate of royalty used for the valuation was based on the actual royalty ratio used in transactions. The risk-adjusted discount rate represents a weighted average cost of capital (WACC) adjusted for inherent risk spread.

There was no impairment loss recognized related to the trademark for the years ended March 31, 2010 and 2009.

Customer relationship with a carrying amount of ¥1,102 million ($13,316 thousand) as of March 31, 2011 and ¥2,401 million as of

March 31, 2010 were written down to its fair of ¥725 million ($8,760 thousand), resulting in recognition of impairment charges of ¥377 million ($4,555 thousand) for the year ended March 31, 2011, and ¥1,378 million, resulting in recognition of impairment charges of ¥1,023 million for the year ended March 31, 2010. The impairments recorded for these years arose due to the decline in its fair value, which was mainly caused by a downturn in consumption because of the general market condition. To measure the fair value of the customer relationship, the Company uses the excess earnings method and incorporates relevant unobservable inputs, such as management's internal assumptions about future cash flows, the percentage of orders that the Company expects to receive from the customers existed at the point of acquisition and appropriately risk-adjusted discount rate, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in a current transaction as of the measurement date. The future cash flows are projected in the same way as described in the trademark. The percentage of orders that the Company expects to receive from the customers existed at the point of acquisition was estimated based on the historical trend of the percentage of sales to the pre-acquisition customers. Risk-adjusted discount rate representing a WACC was determined using the Capital Asset Pricing Model.

There was no impairment loss recognized for the customer relationship for the year ended March 31, 2009.

21. SEGMENT INFORMATION

Operating Segment Information

The Companies have three reportable segments: "Wacoal business (domestic)," "Wacoal business (overseas)," and "Peach John," which are based on their location and brands. These segments represent components of the Companies for which separate financial information is available and for which operating profit (loss) is reviewed regularly by the management in deciding how to allocate the Companies' resources and in assessing their performance. The accounting policies used for these reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

"Wacoal business (domestic)" segment primarily produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and hosiery. "Wacoal business (overseas)" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and hosiery. "Peach John" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, and other textile-related products, which are sold with "Peach John" brand.

Information about operating results and assets for each segment as of and for the years ended March 31, 2011, 2010 and 2009 was as follows:

Millions of Yen

2011	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	**¥110,856**	**¥20,052**	**¥11,711**	**¥23,107**		**¥165,726**
Intersegment	**2,134**	**6,121**	**76**	**4,588**	**¥(12,919)**	
Total	**112,990**	**26,173**	**11,787**	**27,695**	**(12,919)**	**165,726**
Operating cost and expenses:						
Operating cost and expenses	**107,370**	**24,852**	**12,763**	**27,357**	**(12,919)**	**159,423**
Amortization on other intangible assets (Note 8)			**276**			**276**
Impairment charges on goodwill (Note 20)			**836**			**836**
Impairment charges on other intangible assets (Note 20)			**936**			**936**
Total	**107,370**	**24,852**	**14,811**	**27,357**	**(12,919)**	**161,471**
Operating profit (loss)	**5,620**	**1,321**	**(3,024)**	**338**		**4,255**
Total assets	**202,054**	**26,788**	**21,453**	**20,910**	**(55,860)**	**215,345**

2010	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
						Millions of Yen
Net sales:						
External customers	¥113,929	¥18,899	¥13,224	¥17,245		¥163,297
Intersegment	1,793	6,226	7	3,204	¥(11,230)	
Total	115,722	25,125	13,231	20,449	(11,230)	163,297
Operating cost and expenses:						
Operating cost and expenses	111,180	23,795	13,053	21,115	(11,230)	157,913
Amortization on other intangible assets (Note 8)			480			480
Impairment charges on goodwill (Note 20)				71		71
Impairment charges on other intangible assets (Note 20)			1,023			1,023
Total	111,180	23,795	14,556	21,186	(11,230)	159,487
Operating profit (loss)	4,542	1,330	(1,325)	(737)		3,810
Total assets	205,136	26,632	24,803	20,535	(53,719)	223,387

2009	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
						Millions of Yen
Net sales:						
External customers	¥124,228	¥22,323	¥14,893	¥10,832		¥172,276
Intersegment	1,765	6,148	5	2,943	¥(10,861)	
Total	125,993	28,471	14,898	13,775	(10,861)	172,276
Operating cost and expenses:						
Operating cost and expenses	118,523	26,903	13,515	13,587	(10,861)	161,667
Amortization on other intangible assets (Note 8)			480			480
Total	118,523	26,903	13,995	13,587	(10,861)	162,147
Operating profit (loss)	7,470	1,568	903	188		10,129
Total assets	198,590	25,406	27,030	13,751	(51,291)	213,486

2011	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
						Thousands of U.S. Dollars
Net sales:						
External customers	**$1,339,487**	**$242,291**	**$141,506**	**$279,205**		**$2,002,489**
Intersegment	**25,786**	**73,961**	**918**	**55,437**	**$(156,102)**	
Total	**1,365,273**	**316,252**	**142,424**	**334,642**	**(156,102)**	**2,002,489**
Operating cost and expenses:						
Operating cost and expenses	**1,297,366**	**300,290**	**154,217**	**330,558**	**(156,102)**	**1,926,329**
Amortization on other intangible assets (Note 8)			**3,335**			**3,335**
Impairment charges on goodwill (Note 20)			**10,101**			**10,101**
Impairment charges on other intangible assets (Note 20)			**11,310**			**11,310**
Total	**1,297,366**	**300,290**	**178,963**	**330,558**	**(156,102)**	**1,951,075**
Operating profit (loss)	**67,907**	**15,962**	**(36,539)**	**4,084**		**51,414**
Total assets	**2,441,445**	**323,683**	**259,219**	**252,658**	**(674,963)**	**2,602,042**

The Companies account for intersegment sales and transfers at cost plus a markup. Operating profit (loss) represents net sales less operating costs and expenses. Amortization and impairment charges on other intangible assets only represent amortization and impairment charges on customer relationships or trademark related to the acquisition of Peach John, and do not include any other intangibles such as software.

Products and Service Information

Information by products and services for the years ended March 31, 2011, 2010 and 2009 was as follows:

			Millions of Yen	Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Innerwear:				
Foundation and lingerie	**¥116,285**	¥116,068	¥123,368	**$1,405,087**
Nightwear	**8,725**	9,438	11,019	**105,425**
Children's underwear	**1,476**	1,608	1,950	**17,835**
Sub total	**126,486**	127,114	136,337	**1,528,347**
Outerwear / Sportswear	**¥ 17,400**	¥ 17,241	¥ 15,498	**$ 210,247**
Hosiery	**1,666**	1,701	1,657	**20,130**
Other textile goods and related products	**7,498**	7,462	6,270	**90,599**
Others	**12,676**	9,779	12,514	**153,166**
Total	**¥165,726**	¥163,297	¥172,276	**$2,002,489**

Geographic Information

Information by major geographic area as of and for the years ended March 31, 2011, 2010 and 2009 was as follows:

			Millions of Yen	Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Net sales:				
Japan	**¥145,136**	¥144,048	¥149,927	**$1,753,697**
Asia	**9,155**	7,885	7,573	**110,621**
Americas and Europe	**11,435**	11,364	14,776	**138,171**
Consolidated	**165,726**	163,297	172,276	**2,002,489**
Long-lived assets:				
Japan	**¥ 45,820**	¥ 47,392	¥ 45,221	**$ 553,649**
Asia	**2,344**	2,527	1,827	**28,323**
Americas and Europe	**1,581**	1,901	1,991	**19,103**
Consolidated	**¥ 49,745**	¥ 51,820	¥ 49,039	**$ 601,075**

Net sales are attributed to countries or areas based on the location of sellers.

Countries or areas are classified according to geographical proximity. Long-lived assets represent property, plant and equipment.

22. SUBSEQUENT EVENTS

On May 13, 2011, the Board of Directors resolved to pay a cash dividend of ¥100 ($1) per 5 shares of common stock to holders of record as of March 31, 2011 (aggregate amount of ¥2,817 million ($34,038 thousand)).

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Wacoal Holdings Corp. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The company's internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Wacoal Holdings Corp's management assessed the effectiveness of internal control over financial reporting as of March 31, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework* (the COSO criteria).

Based on its assessment, management concluded that, as of March 31, 2011, Wacoal Holdings Corp's internal control over financial reporting was effective based on the COSO criteria.

Wacoal Holdings Corp's independent registered public accounting firm, Deloitte Touche Tohmatsu LLC, has issued an attestation report on the effectiveness of our internal control over financial reporting as of March 31, 2011.

Yoshikata Tsukamoto
President and Representative Director

Ikuo Otani

Ikuo Otani
Director and General Manager of Corporate Planning

June 29, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Board of Directors and Stockholders of Wacoal Holdings Corp.
Kyoto, Japan

We have audited the accompanying consolidated balance sheets of Wacoal Holdings Corp. and subsidiaries (the "Companies") as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive (loss) income, equity, and cash flows for each of the three years in the period ended March 31, 2011, which are all expressed in Japanese yen. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Wacoal Holdings Corp. and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits also comprehended the translation of the Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the financial statement amounts into U.S. dollars has been made solely for convenience of readers outside of Japan.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Companies' internal control over financial reporting as of March 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 29, 2011 expressed an unqualified opinion on the Companies' internal control over financial reporting.

Deloitte Touche Tohmatsu LLC

June 29, 2011

Member of
Deloitte Touche Tohmatsu Limited

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte.

Deloitte Touche Tohmatsu LLC
Shijokarasuma FT Square
20, Naginataboko-cho
Karasuma-higashiiru, Shijo-dori
Shimogyo-ku, Kyoto 600-8008
Japan
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Fax: +81 (75) 231 2703
www.deloitte.com/jp

To the Board of Directors and Stockholders of Wacoal Holdings Corp.
Kyoto, Japan

We have audited the internal control over financial reporting of Wacoal Holdings Corp. and subsidiaries (the "Companies") as of March 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Companies' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Companies' internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Companies maintained, in all material respects, effective internal control over financial reporting as of March 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 31, 2011 of the Companies and our report dated June 29, 2011 expressed an unqualified opinion on those financial statements.

Deloitte Touche Tohmatsu LLC

June 29, 2011

Member of
Deloitte Touche Tohmatsu Limited

CORPORATE DATA

As of March 31, 2011

Head office
29, Nakajima-cho, Kisshoin,
Minami-ku, Kyoto 601-8530, Japan
Tel: (075) 682-5111 Fax: (075) 661-5603

Website
www.wacoalholdings.jp/index_e.html

Date of foundation
June 15, 1946

Date of establishment
November 1, 1949

Shareholders' equity
¥166,967 million

Number of employees (consolidated)
15,983

Domestic principal subsidiaries

Wacoal Holdings Equity Owned	%
Wacoal Corp.	100
Peach John Co., Ltd.	100
LECIEN Corporation	100
Une nana cool Corp.	100
Kyushu Wacoal Manufacturing Corp.	100
Niigata Wacoal Sewing Corp.	100
Fukuoka Wacoal Sewing Corp.	100
Miyazaki Wacoal Sewing Corp.	100
Hokuriku Wacoal Sewing Corp.	100
Torica Inc.	57
Nanasai Co., Ltd.	82
Wacoal Distribution Corp.	100

Domestic principal joint ventures

Wacoal Holdings Equity Owned	%
House of Rose Co., Ltd.	20

Overseas principal subsidiaries

Wacoal Holdings Equity Owned	%
Wacoal International Corp. (U.S.A.)	100
Wacoal America, Inc.	100
Wacoal France S.A.	100
Wacoal (UK) Limited	100
Wacoal Singapore Pte. Ltd.	100
Wacoal Hong Kong Co., Ltd.	80
Wacoal International Hong Kong Co., Ltd.	100
Wacoal China Co., Ltd.	100
Guangdong Wacoal Inc.	100
Dalian Wacoal Co., Ltd.	100
Vietnam Wacoal Corp.	100
Wacoal Dominicana Corp.	100
Philippine Wacoal Corp.	67
Wacoal Sports Science Corp.	100
Wacoal (Shanghai) Human Science R&D Co., Ltd.	100

Overseas joint ventures

Wacoal Holdings Equity Owned	%
Shinyoung Wacoal Inc. (South Korea)	25
Thai Wacoal Public Co., Ltd.	34
Taiwan Wacoal Co., Ltd.	50
Indonesia Wacoal Co., Ltd.	42
Wacoal Malaysia Sdn. Bhd.	50
Shanghai Yadie Fashion Co., Ltd.	20

International network

Wacoal America, Inc.
136 Madison Avenue,
New York, NY 10016, U.S.A.
Tel: 1-212-532-6100

Wacoal France S.A.
7/11 Rue des Gazometres,
93218 Saint-Denis La Plaine Cedex,
France
Tel: 33-1-5593-0310

Wacoal (UK) Limited
4th Floor, Hardy House,
16-18 Beak Street,
London WIF 9RD,
United Kingdom
Tel: 44-207-439-6190

Wacoal Singapore Pte. Ltd.
215 Henderson Road,
#01-08 Henderson Industrial Park,
Singapore 159554
Tel: 65-6270-2887

Wacoal Hong Kong Co., Ltd.
8th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong
Tel: 852-2811-3202

Wacoal International Hong Kong Co., Ltd.
8th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong
Tel: 852-2561-9191

Wacoal China Co., Ltd.
Jia 16 Tongji North Road,
Beijing Economic & Technological
Development Area,
Beijing 100176, P. R. C.
Tel: 86-10-6787-2185

Guangdong Wacoal Inc.
Huahai Industrial District,
Xinhua Town, Huadu Qu,
Guangzhou City,
Guangdong, P. R. C.
Tel: 86-20-8686-1170

Dalian Wacoal Co., Ltd.
No.6 Fu An Street, Economic &
Technical Development Zone, Dalian,
Liaoning 116600, P. R. C.
Tel: 86-411-8733-7722

Vietnam Wacoal Corp.
110 Amata Road,
Amata Modern Industrial Park,
Long Binh Ward, Bien Hoa City,
Dong Nai Province,
Socialist Republic of Vietnam
Tel: 84-61-3936770

Wacoal Dominicana Corp.
Las Americas Industrial Free Zone,
KM22, Autopista Las Americas,
Santo Domingo, Dominican Republic
Tel: 1-809-549-1090

Philippine Wacoal Corp.
3rd Floor, 6788 Ayala Avenue,
Oleden Square, Makati City 1226,
Philippines
Tel: 63-2-893-7432

Shinyoung Wacoal Inc.
345-54, Gasan-Dong Geumcheon Gu,
Seoul 153-023, Korea
Tel: 82-2-818-5120

Thai Wacoal Public Co., Ltd.
930/1 Soi Pradoo 1,
Sathupradith Bangkholaem,
Bangkok, Thailand
Tel: 66-2-289-3100

Taiwan Wacoal Co., Ltd.
15, Jingkwo Road, Taoyuan,
Taiwan, R.O.C.
Tel: 886-3-326-9369

Indonesia Wacoal Co., Ltd.
Jl. Tarikolot Rt.01/Rk.001 No. 59,
Citeureup-Bogor 16810, Indonesia
Tel: 62-21-560-0715

Wacoal Malaysia Sdn. Bhd.
5th Floor, Plaza Hamodal,
Lot 15, Jalan 13/2 (Section 13),
46200 Petaling Jaya,
Selangor, Malaysia
Tel: 60-3-7960-8308

Wacoal Sports Science Corp.
136 Madison Avenue,
New York, NY 10016, U.S.A.
Tel: 1-212-743-9849

Wacoal (Shanghai) Human Science R&D Co., Ltd.
5th Floor, Jiangnan Zaochuan Bldg.,
No.600 Lu Ban Road, Lu Wan District,
Shanghai 200023, P. R. C.
Tel: 86-21-6390-7448

INVESTOR INFORMATION

As of March 31, 2011

Stock listings
Tokyo, Osaka, NASDAQ

Fiscal year-end
March 31

Securities code
3591

Common stock
Issued: 143,378,085 shares
Outstanding: 141,198,346 shares

Trading unit
1,000 shares

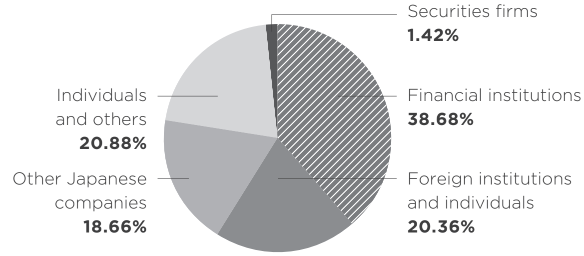
Shareholder register agent for common stock
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

American depositary receipts
Cusip No.: 930004205
Ratio (ADR:ORD): 1:5
Exchange: NASDAQ
Symbol: WACLY

Depositary
The Bank of New York Mellon
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel: 1-212-815-8161
U.S. toll free: 888-269-2377
(888-BNY-ADRS)
URL: http://www.adrbny.com

Number of shareholders
10,301

Ownership and distribution of shares

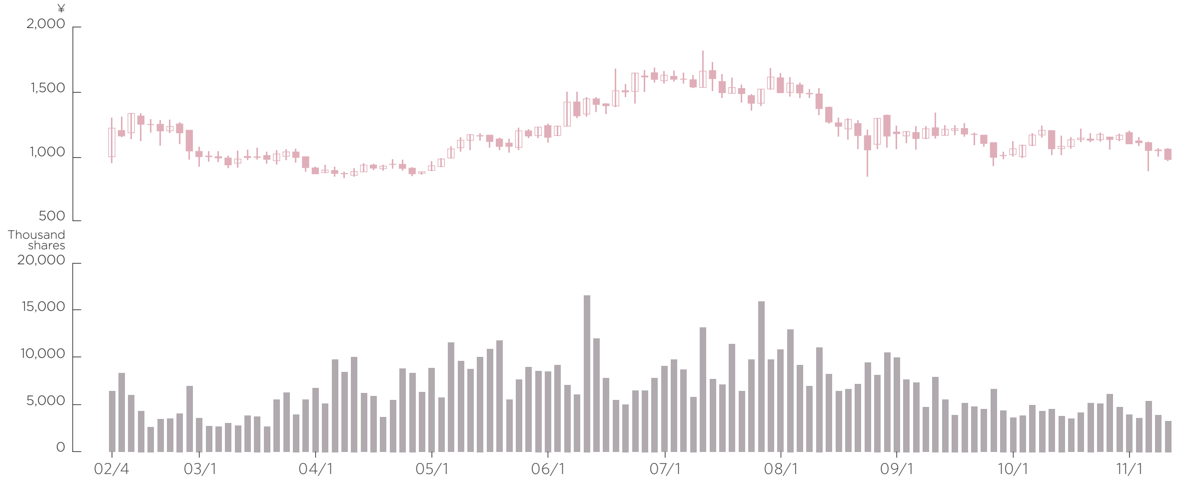


Major shareholders

Major shareholders	%
The Bank of New York Mellon as depositary bank for depositary receipt holders*	11.27
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.88
Meiji Yasuda Life Insurance Company	4.73
Mika Noguchi	4.67
Nippon Life Insurance Company, Limited.	3.73
The Bank of Kyoto, Ltd.	3.28
The Dai-ichi Mutual Life Insurance Company	2.72
The Shiga Bank, Ltd.	2.54
Japan Trustee Services Bank, Ltd. (Trust Account)	2.30
Mitsubishi UFJ Trust and Banking Corporation	2.12

* Shares deposited to issue American Depositary Shares traded on the NASDAQ stock market.

Stock price / Trading volume



Forward-Looking Statements: Statements contained in this annual report that are not historical facts are forward-looking statements, which reflect the Company's plans and expectations. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those anticipated in these statements.

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