

Overview of interim results for the six months to February 2007 plus full year forecasts

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Executive Vice President
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Thank you for joining us today. My name is Masa Matsushita and I am an Executive Vice President at FAST RETAILING.

【Group】 Interim PL – 6 mths to Feb 2007

Net sales: ¥284.1bln (+19.1% y/y)
Operating income: ¥43.1bln (▲5.2% y/y)
Ordinary income: ¥42.6bln (▲9.7% y/y)

Units: billions of yen

	6 months to Feb 06		6 months to Feb 07		
	Actual	Latest est. (1/11 rev.)	Actual	Y/Y	v. Latest est.
Net sales	238.6	282.0	284.1	+19.1%	+0.8%
(to net sales)	100.0%	100.0%	100.0%		
Gross profit	112.4	132.7	131.6	+17.1%	▲0.8%
(to net sales)	47.1%	47.1%	46.3%	(▲0.8p)	
SG&A expenses	66.9	88.5	88.4	+32.2%	▲0.0%
(to net sales)	28.0%	31.4%	31.1%	(+3.1p)	
Operating income	45.5	44.2	43.1	▲5.2%	▲2.4%
(to net sales)	19.1%	15.7%	15.2%	(▲3.9p)	
Ordinary income	47.1	44.7	42.6	▲9.7%	▲4.6%
(to net sales)	19.8%	15.9%	15.0%	(▲4.8p)	
Other loss/gain	▲0.7	▲0.7	0	-	-
(to net sales)	▲0.3%	▲0.2%	0.0%	(+0.3p)	
Net income	26.5	24.0	22.6	▲14.6%	▲5.5%
(to net sales)	11.1%	8.5%	8.0%	(▲3.1p)	

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First of all, I would like to explain our consolidated interim business results for the first six months to February 2007.

Interim net sales rose 19.1% year on year to ¥284.1bln, but operating income fell 5.2% to ¥43.1bln and ordinary income fell 9.7% to ¥42.6bln.

I would like to go into the consolidated profit and loss position in some more detail using the next slide.

Net sales ¥284.1bln (+19.1% y/y, +¥45.5bln)

- Domestic UNIQLO operation: +¥19.6bln sales increase from new and existing stores
- French operation: PETIT VEHICULE +¥5.6bln, COMPTOIR DES COTONNIERS +¥4.0bln
- Increase of consolidated subsidiaries: CABIN +¥11.7bln, G.U. +¥1.3bln

Gross income on sales 46.3% (▲0.8p y/y)

- Fall in gross income on sales of ▲2.0p at domestic UNIQLO operation

SG&A to net sales ratio 31.1% (+3.1p y/y)

- More new consolidated subsidiaries with higher personnel costs / rents (+2.1p)
- Goodwill amortization (+¥1.9bln, or +0.7p)

Operating income ratio 15.2% (▲3.9p y/y)

Ordinary income ratio 15.0% (▲4.8p y/y)

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First our interim revenue went up with net sales rising ¥45.5bln to ¥284.1bln.

The main reasons for this increase in interim revenue was the ¥19.6bln increase in net sales at the domestic UNIQLO operation, a ¥5.6bln new consolidated contribution from PETIT VEHICULE S.A.S. and an increase in net sales of ¥4.0bln at COMPTOIR DES COTONNIERS, both at our French operation. Also we enjoyed new consolidated contributions from CABIN CO., LTD. of ¥11.7bln and ¥1.3bln from G.U. CO., LTD.

Our gross income on sales fell 0.8 points year on year to 46.3%. As I will discuss later, this was due in the main to a slip in gross margin at our domestic UNIQLO operation.

The SG&A to net sales ratio rose 3.1 points year on year. 2.1 points of that increase came from the consolidation of subsidiaries with traditionally high personnel and rent costs proportions. And increased goodwill on the back of last year's M&A activities boosted that ratio by a further 0.7 points.

Goodwill amortization increased ¥1.9bln on the previous year to ¥2.1bln.

Taken overall, these factors generated an ordinary income to net sales ratio of 15.0%

Net sales up 9.1%, operating income down 5.7%

Billions of yen

	6 mths to Feb 06 Actual	Latest est (1/11 rev.)	6 mths to Feb 07		
			Actual	y/y	v.Latest est.
Net sales	214.6	232.6	234.2	+9.1%	+0.7%
(to net sales)	100.0%		100.0%		
Gross profit	99.8	105.5	104.3	+4.5%	▲1.1%
(to net sales)	46.5%	45.3%	44.5%	(▲2.0p)	
SG&A expenses	56.6	63.3	63.5	+12.3%	+0.3%
(to net sales)	26.4%	27.2%	27.1%	(+0.7p)	
Operating income	43.2	42.1	40.7	▲5.7%	▲3.2%
(to net sales)	20.1%	18.1%	17.4%	(▲2.7p)	

Note: From this business year, we can disclose our domestic operation under the name of UNIQLO CO., LTD. For the purpose of comparison, for the year to August 2006, we have added actual results at the former FR parent company for September and October 2005, and actual results from the new operator of the UNIQLO business, UNIQLO CO., LTD. from November 2005 through February 2006. (The internally generated figures for the domestic UNIQLO operation detailed in the interim results announced on April 13, 2006 include SG&A costs for the holding company FAST RETAILING CO., LTD. in order to facilitate a comparison with the year to August 2005.) Please refer to slide number 23 for more detailed figures on UNIQLO CO., LTD. performance in the year to August 2006.

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Next, I would like to take you through performance at our domestic UNIQLO operation.

Our domestic operation is being disclosed under the new operator UNIQLO CO., LTD. from this business year.

Interim net sales at UNIQLO CO., LTD. rose 9.1% year on year to ¥234.2bln, but operating income fell 5.7% to ¥40.7bln.

While net sales exceeded initial projections and SG&A was in line with expectations, the gross profit to sales ratio shrunk, leading to the fall in profit.

Interim net sales ¥234.2bln (+9.1% y/y)

- An increase of 31 direct-run UNIQLO stores y/y (713 stores at end Feb 07)*
- Existing store sales +2.9% y/y (2006 interim result: +0.5% y/y)

Customer Nos. +2.7% y/y ⇒ SKINNY bottoms, November sales drive, winter inventory offload

Average purchase per customer +0.2% y/y ⇒ New high value added products

【UNIQLO Japan existing stores y/y】

Y/y change		6 months to Feb 07						
		Sep	Oct	Nov	Dec	Jan	Feb	Sep-Feb
Existing stores	Net sales	+12.6%	▲4.5%	+8.0%	▲3.3%	+8.9%	+3.3%	+2.9%
	Customer nos.	+9.8%	▲1.1%	+5.7%	▲3.9%	+8.1%	+1.9%	+2.7%
	Average purchase	+2.6%	▲3.4%	+2.2%	+0.5%	+0.7%	+1.4%	+0.2%

※ Excluding the 18 franchise stores

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The main reasons for the rise in revenue at the domestic UNIQLO operation over the six months to February 2007 are as follows: total store numbers increased by 31 stores over the previous year, shop floor area expanded, and existing store sales rose 2.9% year on year.

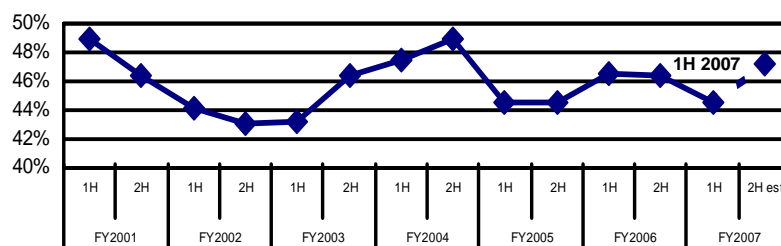
Existing store sales rose on the back on increased customer visits to our stores. More customers were attracted by campaigns such as our SKINNY Bottoms Campaign, our concerted sales drive in November, and further discounting to offload winter inventory from January onwards.

The average purchase per customer also continues to creep upward thanks to our popular SKINNY jeans, and the introduction of value-added products such as heat-tech innerwear.

Gross profit margin 44.5% (▲2.0p y/y)

- Discount sales drive to attract customers in November
- Mild weather from December meant continued discounting
- Increased effort to offload winter inventory in Jan & Feb

UNIQLO Japan Trend in gross margin (half-yearly)



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Moving on next to the gross profit margin at our domestic UNQILO operation. This came in at 44.5% over the first half, down 2.0 points year on year.

In the first quarter to November 2006, the weather continued warm even into the end of October and our winter goods got off to a late start. As a result, we had to cut prices to boost sales with initiatives such as our “bulk buy” sales in November.

Over the second quarter to February 2007, warm weather continued through late December and we had to continue discounting. We also had to work hard to offload winter garment inventory in both January and February. These factors knocked down gross margin in this quarter as well.

SG&A to net sales 27.1% (+0.7p y/y)

- Personnel +0.3p: Increased hiring and store personnel costs, etc.
- Rents +0.2p: Stores in urban commercial building / shopping centers
- Other +0.3p: Royalty payments (2 month increase), etc.

Billions of yen

	6 mths to Feb 06		6 mths to Feb 07			
	Actual	to net sales	Actual	to net sales	change	to net sales
Total SG&A Exp	56.6	26.4%	63.5	27.1%	+6.9	+0.7p
Personnel	19.7	9.2%	22.2	9.5%	+2.5	+0.3p
A & P	10.0	4.7%	10.9	4.7%	+0.9	+0.0p
Rents	14.4	6.7%	16.1	6.9%	+1.6	+0.2p
Depreciation	0.9	0.4%	0.9	0.4%	+0.0	+0.0p
Other	11.4	5.4%	13.2	5.7%	+1.7	+0.3p

Note: From this business year, we can disclose our domestic operation under the name of UNIQLO CO., LTD. For the purpose of comparison, for the year to August 2006, we have added actual results at the former FR parent company for September and October 2005, and actual results from the new operator of the UNIQLO business, UNIQLO CO., LTD. from November 2005 through February 2006. (The internally generated figures for the domestic UNIQLO operation detailed in the interim results announced on April 13, 2006 include SG&A costs for the holding company FAST RETAILING CO., LTD. in order to facilitate a comparison with the year to August 2005.)

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While SG&A costs at our domestic UNIQLO operation rose ¥6.9bln, that was roughly in line with our initial expectations.

Our SG&A to net sales ratio rose 0.7 points year on year due to the following factors:

First of all, personnel costs rose 0.3 points year on year on the back of increased hiring and store personnel costs.

Next, store rents rose 0.2 points as the number of stores in urban commercial buildings and shopping centers increased.

And, other expenses as a percentage to net sales also rose after the payment period for royalties, etc. to the FAST RETAILING's holding company was extended from four to six months.

【Group】 Interim PL at consolidated subsidiaries

Billions of yen

	G.U.		ONEZONE		FR FRANCE ※1	
	To net sales		To net sales		【France】	To net sales
Period	06/9~07/2		06/9~07/2		06/9~07/2	
Net sales	1.3	100.0%	9.5	100.0%	17.8	100.0%
Operating income	▲0.6	-	▲0.8	-	4.4	24.9%

	CABIN		ASPESI JAPAN		LTH	VIEWCOMPANY
	To net sales		To net sales		To net sales	To net sales
Period	06/9~07/2		06/9~07/2		06/9~07/2	06/12~07/2
Net sales	11.7	100.0%	0.3	100.0%	Equity-method non operating gain / loss	Equity-method non operating gain / loss
Operating income	0.1	1.1%	▲0.0	-	▲1.5 ※2	▲0.0 ※3

- ※1 COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM are both included in the figures for FR FRANCE, the holding company for our French operation.
- ※2 We have accounted as investment income a non-operating loss of ¥1.57bln for the period of Sep 06 through Feb 07 generated by our equity-method affiliate LINK THEORY HOLDINGS CO., LTD.
- ※3 We have accounted as investment income a non-operating loss of ¥0.05bln for the three month period from Dec 06 to Feb 07 generated by our equity-method affiliate VIEWCOMPANY CO.,LTD.
(Breakdown: VIEWCOMPANY period PL ▲¥0.03bln, investment balance charge linked to VIEWCOMPANY stock purchase ▲¥0.02bln)

Next, I would like to comment on interim performance over the six months period to February 2007 at our main consolidated subsidiaries.

First of all, net sales at G.U. CO., LTD. reached ¥1.3bln generating an operating loss of ¥0.69bln.

Performance at ONEZONE CORPORATION was significantly worse than expected as tough conditions and ensuing price competition in the footwear retail industry forced increased discounting generating an operating loss of ¥0.86bln.

Performance at our FR FRANCE holding company, which incorporates the COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM brands, exceeded initial projections with net sales reaching ¥17.8bln and operating income ¥4.4bln.

In the COMPTOIR DES COTONNIERS business alone, net sales at existing stores rose roughly 15% year on year, or an increase of around 30% on a total store basis. Net sales rose to ¥12.2bln and operating income rose to ¥3.8bln.

The PRINCESSE TAM.TAM operation also generated favorable results with net sales of ¥5.6bln and operating income of ¥0.8bln.

Results for CABIN CO., LTD. for the year to February 2007, over the six months from September 2006 to February 2007, generated net sales of ¥11.7bln and operating income of ¥0.1bln.

Following the significant downward revision in business performance at our equity-method affiliate LINK THEORY HOLDINGS CO., LTD., we accounted a ¥1.5bln non-operating investment loss.

Furthermore, VIEWCOMPANY CO.,LTD. was added to the consolidated accounts as an equity-method affiliate from the second quarter, and consequently we accounted an investment loss of ¥50mln under the equity method.

Billions of yen

Period	UNIQLO (U.K.)		FRJS		UNIQLO USA		FRL Korea		UNIQLO H.K.	
	[UK]	to net sales	[China]	to net sales	[US]	to net sales	[Korea]	to net sales	[HK]	to net sales
	06/9~07/2		06/7~06/12		06/9~07/2		06/9~07/2		06/9~07/2	
Net sales	2.1	100.0%	1.1	100.0%	1.8	100.0%	2.3	100.0%	1.1	100.0%
Operating income	▲0.0	-	0.1	8.9%	▲0.9	-	0.1	6.8%	0.2	23.4%

Next, I would like to move onto performance at our overseas UNIQLO operations in the six months to February 2007.

At our UK operation, we achieved our target on net sales but figures on the profit front fell slightly below expectations due to higher SG&A costs than the plan.

We were able to achieve our targets in both China and Hong Kong with things moving along favorably on both the sales and profit fronts.

In the US, net sales at our new Soho New York global flagship store continued favorably. But, while we attained our target on net sales, the operating loss at the US UNIQLO operation widened to ¥0.9bln after the opening of the flagship store led to even higher SG&A and personnel costs.

Our Korean UNIQLO operation is continuing as planned with a significant boost to net sales compared to last year.

Other gain +¥1.8bln

- CABIN Gain on sale of fixed assets +¥1.3bln
- ONEZONE Reversal of allowance for doubtful accounts on store deposits/guarantees +¥0.2bln

Other loss ▲¥1.7bln

- Loss on sales of fixed assets, store closures ▲¥0.4bln
(UNIQLO Japan, CABIN, etc.)
- Store assets, depletion losses ▲¥0.9bln
(ONEZONE, CABIN, etc.)

Note: We have accounted a ▲¥2.8bln other loss (appraisal loss on affiliated company stock) at the FAST RETAILING CO., LTD. parent company, but this does not impact the consolidated PL.

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On other income, we accounted other gain during the six months to February 2007 of ¥1.8bln and other loss of ¥1.7bln.

Breaking down the other gain, we gained ¥1.3bln on the sales of fixed assets at CABIN CO., LTD., and we gained ¥0.2bln through the reversal of allowance for bad debt on ONEZONE CORPORATION store deposits and guarantees.

Breaking down the other loss, we lost ¥0.4bln on retirement of fixed assets related to UNIQLO and CABIN store closures and store renewals. And we lost ¥0.9bln on the sales of store assets at ONEZONE and CABIN.

Furthermore, we also accounted stock appraisals losses at the UNIQLO USA, Inc. affiliate as a ¥2.8bln other loss for the FAST RETAILING parent company. However, this does not impact the consolidated PL.

【Group】 Balance sheet at end Feb 2007

Billions of yen

	End Aug 06	End Feb 07	Change
Total assets	379.6	394.5	+14.9
Current assets	250.3	259.6	+9.2
Fixed assets	129.3	134.9	+5.6
Liabilities	139.1	134.8	▲4.3
Net assets	240.4	259.7	+19.2

Next, I would like to explain our consolidated balance sheet at the end of February 2007.

Compared to end August 2006, current assets had risen ¥9.2bln and fixed assets ¥5.6bln, generating an overall increased in total assets of ¥14.9bln to ¥394.5bln.

Cash, cash equivalents, marketable securities +¥16.8bln (¥147.1bln ⇒ ¥164.0bln)

—【UNIQLO Japan, etc.】 Increased operating cash flow

Increase in inventory assets +¥1.3bln (¥42.8bln ⇒ ¥44.2bln)

—【UNIQLO Japan】 +¥0.6bln 【G.U.】 +¥0.5bln

Increase in tangible fixed assets +¥3.1bln (¥29.8bln ⇒ ¥33.0bln)

—【UNIQLO USA, Inc.】 +¥1.4bln 【UNIQLO Japan】 +¥1.0bln 【G.U.】 +¥0.5bln

Increase in deposit and guarantees +¥2.1bln (¥29.6bln ⇒ ¥31.7bln)

—【UNIQLO Japan】 +¥1.5bln

First of all, in the current assets category, total cash, cash equivalents and marketable securities increased ¥16.8bln compared to end August 2006. This was due mainly to an increased operating cash flow at our domestic UNIQLO operation.

Next, inventory assets increased ¥1.3bln by end February 2007 compared to end August 2006.

UNIQLO Japan generated ¥0.6bln and G.U. another ¥0.5bln.

Inventory assets at the domestic UNIQLO operation increased ¥5.3bln year on year.

Tangible fixed assets increased ¥3.1bln compared to end August 2006.

Of this total, ¥1.4bln was generated by the increase in assets linked to the opening of the New York Soho store in the US. In addition, new UNIQLO store openings in Japan boosted tangible fixed assets by ¥1.0bn and new g.u. stores by ¥0.5bln.

In addition, deposits and guarantees increased by ¥2.1bln.

¥1.5bln of that rise can be linked to the increase in UNIQLO store numbers in Japan.



【UNIQLO Japan】 Forecast - 6 mths to Aug 07

UNIQLO CO., LTD. forecasts for 6 months to Aug 2007

Billions of yen

	Aug 06 2H	Aug 07 2H		Aug 07 2H		
	Actual	Latest est. (1/11 rev.)	y/y	Rev. estimate	y/y	v. Latest est.
Net sales (to net sales)	178.9 100.0%	197.6 100.0%	+10.4%	201.2 100.0%	+12.5%	+1.9%
Gross profit (to net sales)	83.0 46.4%	94.1 47.6%	+13.3% (+1.2p)	94.9 47.2%	+14.3% (+0.7p)	+0.8% (▲0.5p)
SG&A expenses (to net sales)	57.4 32.1%	63.6 32.2%	+10.9% (+0.1p)	64.4 32.0%	+12.2% (▲0.1p)	+1.2% (▲0.2p)
Operating income (to net sales)	25.6 14.3%	30.4 15.4%	+18.8% (+1.1p)	30.4 15.1%	+18.8% (+0.8p)	+0.0% (▲0.3p)

Note: From the year to August 2007, we will disclose figures for UNIQLO CO., LTD. to represent the performance of the domestic UNIQLO operation. In order to facilitate comparisons, the actual results for the year to August 2006 are derived by combining two months of actual results from the former FAST RETAILING parent company (Sep – Oct 2005) with actual results from UNIQLO CO., LTD. from November 2005 onwards. Please refer to slide number 23 for more detailed figures on UNIQLO CO., LTD. performance in the year to August 2006.

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From here onwards, I would like to concentrate on our business forecasts for the year to August 2007.

First, taking the second half, or the six months to August, we have revised up our initial forecast for net sales at UNIQLO CO., LTD. by ¥3.6bln to ¥201.2bln. Our forecast for existing store sales has been revised up from a 1.2% to a 3.9% gain year on year.

And we have revised our expectations for gross margin in the second half from 47.6% to 47.2%.

In addition, SG&A expenses are expected to reach ¥64.4bln to reflect an additional ¥0.4bln outlay linked to the change in status of some non-permanent staff to regional regular employees.

Finally, we are forecasting an operating income of ¥30.4bln for the six months to August 2007.



【UNIQLO Japan】 Forecast - Year to Aug 07

UNIQLO CO., LTD. forecasts for year to August 2007

Billions of yen

	Yr to Aug 06	Yr to Aug 07		Yr to Aug 07		
	Actual	Latest est. (1/11 rev.)	y/y	Rev. fcst.	y/y	v. Latest est.
Net sales (to net sales)	393.6 100.0%	430.2 100.0%	+9.3%	435.5 100.0%	+10.7%	+1.2%
Gross profit (to net sales)	182.9 46.5%	199.6 46.4%	+9.1% (▲0.1p)	199.2 45.7%	+8.9% (▲0.7p)	▲0.2% (▲0.6p)
SG&A expenses (to net sales)	114.0 29.0%	127.0 29.5%	+11.4% (+0.5p)	128.0 29.4%	+12.2% (+0.4p)	+0.8% (▲0.1p)
Operating income (to net sales)	68.8 17.5%	72.5 16.9%	+5.4% (▲0.6p)	71.2 16.3%	+3.4% (▲1.1p)	▲1.9% (▲0.5p)

Note: From this business year, we can disclose our domestic operation under the name of UNIQLO CO., LTD. For the purpose of comparison, for the year to August 2006, we have added actual results at the former FR parent company for September and October 2005, and actual results from the new operator of the UNIQLO business, UNIQLO CO., LTD. from November 2005 onwards. (The internally generated figures for the domestic UNIQLO operation detailed in the interim results announced on April 13, 2006 include SG&A costs for the holding company FAST RETAILING CO., LTD. in order to facilitate a comparison with the year to August 2005.) Please refer to slide number 23 for more detailed figures on UNIQLO CO., LTD. performance in the year to August 2006.

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Following on then, we have also revised our full year forecasts for the year to August 2007. We now expect net sales to rise 10.7% to ¥435.5bln, and operating income to rise 3.4% year on year to ¥71.2bln.

	Yr to Aug 06			Yr to Aug 07			y/y		
	Actual			Fcst					
Net sales	393.6 bln			435.5 bln			+10.7%		
Existing store growth	+0.7%			+3.3%			+2.6p		
Gross profit margin									
Full year	46.5%			45.7%			▲0.8p		
1H (Actual)	46.5%			44.5%			▲2.0p		
2H	46.4%			47.2%			+0.8p		
Store nos. (direct-run)	Open	Close	Net	Open	Close	Net	Open	Close	Net
Full year	84	45	+39	75	47	+28	▲9	+2	▲11
(Store type)									
Large-format	4	0	+4	21	0	+21	+17	0	+17
Standard-format	71	45	+26	52	47	+5	▲19	+2	▲21
Specialty stores	9	0	+9	2	0	+2	▲7	+0	▲7
1H (Actual)	44	26	+18	38	28	+10	▲6	+2	▲8
Large-format	4	0	+4	10	0	+10	+6	0	+6
Standard-format	35	26	+9	28	28	0	▲7	+2	▲9
Specialty stores	5	0	+5	0	0	0	▲5	0	▲5
2H	40	19	+21	37	19	+18	▲3	+0	▲3
Large-format	0	0	0	11	0	+11	+11	0	+11
Standard-format	36	19	+17	24	19	+5	▲12	0	▲12
Specialty stores	4	0	+4	2	0	+2	▲2	0	▲2

※The small UNIQLO “ekinaka”, “ekichika” booths in and around stations are included in the standard category of new direct-run stores opened. The specialty store category includes women’s underwear BODY by UNIQLO stores, and uniqlo KIDS.

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Please refer to this slide which gives you an overview of the assumptions upon which we base our full year business forecasts.

On store plans, we are expecting to see a net increase in store numbers of 18 in the second half in addition to an actual net increase of 10 stores in the first six months.

And we are also looking to open 11 large-format stores in the second half in addition to 10 new large-format stores opened in the first half.

Store name	Prefecture	Town/District	Opening date
LoveLa Bandai store	Niigata	Niigata	March 2
Shin-Kamagaya store	Chiba	Kamagaya	March 16
KOBE HARBORLAND store	Hyogo	Kobe	March 30
Nagoya Minato store	Aichi	Nagoya	End April (tentative)
AEON Takamatsu store	Kagawa	Takamatsu	End April (tentative)
LOC CITY Mito-minami store	Ibaraki	Ibaraki	End April (tentative)
Setagaya Chitosedai store	Tokyo	Setagaya	End May (tentative)
you me town Hakata store	Fukuoka	Fukuoka	End May (tentative)
LOC TOWN Suzuka store	Mie	Suzuka	End June (tentative)
Kohnan Nakamozu SC store	Osaka	Sakai	End July (tentative)

This is a table listing the large-format stores that are set to open in the second half through August 2007.

KOBE HARBORLAND store



UNIQLO

All opened on March 30, 2007



FOOTPARK



CABIN

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The left hand side of this slide shows a photograph of the UNIQLO KOBE HARBORLAND store that opened on March 30.

The UNIQLO KOBE HARBORLAND store is the largest in Japan to date with a shop floor of 3260sqm. We have a huge display of garments with 1,000 items to suit each season. Sales at the store have been favorable since the opening.

The stores that you can see in the photograph on the right are a FOOTPARK shoe retail store and a CABIN clothes store (both developed by FR group companies) that opened on the same floor on the same day.



【Group】 Yr to Aug 07 fcst – consolidated subsidiaries

Billions of yen

Period	G.U.		ONEZONE CORP		FR FRANCE ※1	
	To net sales		To net sales		[France]	To net sales
Period	06/9~07/8		06/9~07/8		06/9~07/8	
Net sales	5.3	100.0%	21.5	100.0%	34.5	100.0%
Operating income	▲0.9	—	▲0.9	—	6.5	19.0%

Period	CABIN		ASPESI JAPAN		LINK THEORY HD	VIEWCOMPANY
	To net sales		To net sales		To net sales	To net sales
Period	06/9~07/8		06/9~07/8		06/9~07/8	06/12~07/8
Net sales	22.8	100.0%	0.9	100.0%	Non-operating income on equity-method affiliate	Non-operating income on equity-method affiliate
Operating income	0.3	1.4%	▲0.1	—	▲2.0 ※2	▲0.0 ※3

※1 COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM are both included in the figures for FR FRANCE, the holding company for our French operation.

※2 We have accounted as investment income a non-operating loss of ¥2.00bln for the period of Sep 2006 through Aug 2007 generated by our equity-method affiliate LINK THEORY HOLDINGS CO., LTD.

※3 We have accounted as investment income a non-operating loss of ¥0.09bln for the nine month period from Dec 2006 to Aug 2007 generated by our equity-method affiliate VIEWCOMPANY CO.,LTD.
(Breakdown: VIEWCOMPANY period PL ▲¥0.02bln, investment balance charge linked to VIEWCOMPANY stock purchase ▲¥0.07bln).

※4 We expect to account a total of ¥4.2bln in amortization of goodwill for the full year to end August 2007.

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So next, I would like to comment on our full year business forecasts at each of our main consolidated subsidiaries.

There is no change in our original forecasts at G.U. CO., LTD. announced on January 11. We still expect net sales of ¥5.3bln and an operating loss of ¥0.9bln. At the end of this second half, it will have been a whole year since we set up this new business. Therefore, we will be looking to see how we can use this experience to reactivate product and store development, and increase profitability.

We have changed our full year forecasts for ONEZONE CORPORATION to reflect the expanded loss in the first half. We shall be looking to increase the proportion of original footwear on the racks in the second half and to also improve profit margins.

We have revised up expectations for full year performance at our French operation FR FRANCE to reflect the strong performance of COMPTOIR DES COTONNIERS in Europe in the first half. We are now predicting net sales of ¥34.5bln and operating income of ¥6.5bln. We are working to expand the COMPTOIR DES COTONNIERS operation into a global brand by expanding the store network beyond France into other European countries. We are firming our plans to transform the PRINCESSE TAM.TAM brand from a mainly wholesale into a direct-run store operation.

We have incorporated a few small changes into our forecasts for CABIN CO., LTD. following the company's recent results announcement and estimates. We have revised our numbers to net sales of ¥22.8bln and an operating income of ¥0.3bln. These figures have been compiled to fit in with the FAST RETAILING consolidated business year ending in August.

We have revised estimates to an investment loss of ¥2.0bln from our equity-method affiliate LINK THEORY HOLDINGS. That changes reflects the firm's own revisions to its business forecasts.

And we are predicting an investment loss of ¥90mln for the full business year from our equity-method affiliate VIEWCOMPANY CO.,LTD.



【Group】 Forecast to Aug 2007 – Overseas UNIQLO

Billions of yen

Period	UNIQLO (U.K.)		FRJS+FRCN※		UNIQLO USA		FRL Korea		UNIQLO H.K.	
	[UK]	To net sales	[China]	To net sales	[US]	To net sales	[Korea]	To net sales	[HK]	To net sales
	06/9~07/8		06/7~07/6		06/9~07/8		06/9~07/8		06/9~07/8	
Net sales	4.4	100.0%	2.3	100.0%	3.3	100.0%	4.3	100.0%	2.2	100.0%
Operating income	▲0.4	-	0.1	5.1%	▲1.3	-	0.1	3.6%	0.4	21.6%

※ We are planning to transfer our UNIQLO operation in China during the year to August 2007 from the current FAST RETAILING (JIANGSU) APPAREL CO., LTD. or FRJS to FAST RETAILING(CHINA)TRADING CO., LTD. or FRCN. For the purpose of business forecasts, we display here the sum of business forecasts for both FRJS and FRCN.

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On our overseas UNIQLO operation, we have revised our figures to include an additional ¥0.4bln to cover opening costs of two large-format stores in the UK including one flagship store set to open tentatively in the autumn.

Our full year forecasts for our China, Hong Kong and South Korea operations reflect the favorable performance in the first half.

We have revised our full year forecasts for UNIQLO USA, Inc. to reflect the increased outlays incurred in the first half. We are now predicting a full year operating loss of ¥1.3bln.

Billions of yen

	Yr to Aug 06	Yr to Aug 07		Yr to Aug 07		
	Actual	Latest est. (1/11 rev.)	y/y	Rev. fcst.	y/y	v. Latest est.
Net sales (to net sales)	448.8 100.0%	532.5 100.0%	+18.6%	538.2 100.0%	+19.9%	+1.1%
Gross profit (to net sales)	212.4 47.3%	256.2 48.1%	+20.6% (+0.8p)	255.3 47.4%	+20.2% (+0.1p)	▲0.3% (▲0.7p)
SG&A expenses (to net sales)	142.0 31.7%	180.4 33.9%	+27.0% (+2.2p)	181.9 33.8%	+28.0% (+2.1p)	+0.8% (▲0.1p)
Operating income (to net sales)	70.3 15.7%	75.8 14.2%	+7.7% (▲1.4p)	73.4 13.6%	+4.4% (▲2.0p)	▲3.1% (▲0.6p)
Ordinary income (to net sales)	73.1 16.3%	76.4 14.3%	+4.5% (▲1.9p)	72.1 13.4%	▲1.4% (▲2.9p)	▲5.6% (▲0.9p)
Other gain/loss (to net sales)	▲0.3 ▲0.1%	▲1.2 ▲0.2%	- (▲0.1p)	▲0.5 ▲0.1%	- (▲0.0p)	- (+0.1p)
Net income (to net sales)	40.4 9.0%	41.0 7.7%	+1.4% (▲1.3p)	38.1 7.1%	▲5.6% (▲1.9p)	▲6.9% (▲0.6p)

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Incorporating all of the afore-mentioned changes, we are now predicting full year consolidated net sales to rise 19.9% year on year to ¥538.2bln, operating income to rise 4.4% to ¥73.4bln, ordinary income to fall 1.4% to ¥72.1bln and net income to fall 5.6% to ¥38.1bln.

We have incorporated a 19.9% increase in net sales. However, given the expanded loss at some of our subsidiaries, the increase in goodwill amortization, and the investment loss generated by our equity-method affiliate LINK THEORY HOLDINGS, we are actually expecting to see a fall in ordinary income over the full year.

【Dividend】

Year to Aug 2007 – planned annual dividend 140 yen

	Year to Aug 06 (Actual)		Year to Aug 2007 (Forecast)	
	Interim	Yr end	Interim (Actual)	Yr end (Forecast) ※
Dividend per share	130yen	65yen	140yen	70yen

※ The dividend amount could change in the case of large fluctuations in business performance, access to funds.

We are still forecasting an annual dividend payment for the year to August 2007 of 140 yen per share despite the revisions to our full year business forecasts.

Store numbers by subsidiary

【Units: stores】	2006 End Aug	6 mths to Feb 07 (Actual)				Yr to Aug 07 (Fcst)			
		Open	Close	Net	Term end	Open	Close	Net	Term end
UNIQLO operation	750	50	30	+20	770	90	51	+39	789
Domestic UNIQLO:	720	39	28	+11	731	76	47	+29	749
Direct-run ※1	703	38	28	+10	713	75	47	+28	731
Large-format	7	10	0	+10	17	21	0	+21	28
Standard-format	687	28	28	0	687	52	47	+5	692
Specialty stores	9	0	0	0	9	2	0	+2	11
Franchise	17	1	0	+1	18	1	0	+1	18
UNIQLO international:	30	11	2	+9	39	14	4	+10	40
UK:	8	1	0	+1	9	4	1	+3	11
China: ※2	7	2	0	+2	9	2	0	+2	9
US:	4	3	2	+1	5	3	3	0	4
Korea:	10	4	0	+4	14	4	0	+4	14
Hong Kong:	1	1	0	+1	2	1	0	+1	2
G.U. CO., LTD.	—	25	0	+25	25	50	0	+50	50
ONEZONE CORP	330	14	15	▲1	329	20	20	0	330
COMPTOIR DES COTONNIERS	244	32	2	+30	274	62	4	+58	302
PRINCESSE TAM.TAM ※2	100	9	2	+7	107	28	2	+26	126
CABIN CO., LTD.	201	21	9	+12	213	28	13	+15	216
ASPESI	7	2	0	+2	9	5	0	+5	12
TOTAL	1,632	153	58	95	1,727	283	90	+193	1,825

※1 The small UNIQLO "ekinaka", "ekichika" booths in and around stations are included in the standard category of new stores. And the specialty store category includes women's underwear BODY by UNIQLO stores, and uniqlo KIDS.
 ※2 Due to differing business year ends, the full year to August 2006 data equates to the end June figure for the UNIQLO China operation and PRINCESSE TAM.TAM, and the interim data equates to end December figure for the same two operations.

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Finally, for your reference, we have provided a couple of tables. One gives an overview of our store opening plans for the year to August, and the other is a compilation of performance figures used for UNIQLO CO., LTD. for the year to August 2006.

That completes my presentation. Thank you very much for your attention.

Billions of yen

	Yr to Aug 06 UNIQLO CO., LTD. Actual			
	Q1	Interim	Q3	Full yr
Net Sales (to net sales)	109.4 100.0%	214.6 100.0%	91.9 100.0%	393.6 100.0%
Gross Profit (to net sales)	51.7 47.3%	99.8 46.5%	44.0 47.9%	182.9 46.5%
SG&A Expenses (to net sales)	28.8 26.4%	56.6 26.4%	28.3 30.8%	114.0 29.0%
Operating Income (to net sales)	22.9 21.0%	43.2 20.1%	15.7 17.1%	68.8 17.5%