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Business results for the six months to February 2006 plus full year forecasts.

Masa Matsushita

Executive Vice President

FAST RETAILING CO., LTD.

My name is Masa Matsushita and I am Executive Vice President at FAST RETAILING.

I would like to take this opportunity to explain our interim results for the six months to February 2006 and our forecasts for the full business year to August 2006.

[Group] PL – 6 mths to Feb 2006

Revenue & profit rise Net sales: ¥238.6bln (+18.2**%** y/y) Ordinary income: ¥47.1bln (+30.2**%** y/y)

Units: billions of yen

	6 mths to Feb 05 Actual	6 mths to Feb 06 Initial est.	6 mths to Feb 06 Actual	Y/Y	v. Initial est.
Net sales (to net sales)	201.8 100.0%	232.7 100.0%	**238.6** **100.0%**	+18.2%	+2.6%
Gross profit (to net sales)	89.8 44.5%	107.7 46.3%	**112.4** **47.1%**	+25.1% (+2.6p)	+4.3%
SG&A expenses (to net sales)	54.5 27.0%	66.3 28.5%	**66.9** **28.0%**	+22.7% (+1.0p)	+0.8%
Operating income (to net sales)	35.3 17.5%	41.4 17.8%	**45.5** **19.1%**	+28.7% (+1.6p)	+10.0%
Ordinary income (to net sales)	36.2 18.0%	42.0 18.0%	**47.1** **19.8%**	+30.2% (+1.8p)	+12.3%
Net income (to net sales)	21.3 10.6%	23.2 10.0%	**26.5** **11.1%**	+24.3% (+0.5p)	+14.4%

First of all, on our consolidated interim results, we enjoyed an increase in both revenue and profit. Net sales rose 18.2% year on year to ¥238.6bln and ordinary income rose 30.2% year on year to ¥47.1bln.

Net sales exceeded our initial forecasts for the first half by 2.6% and ordinary profit by 12.3%.

【Group】 Operating profit margin19.1% (+1.6p)

Net sales ¥238.6bln (+18.2% y/y)

- ○ **Increase in consolidated subsidiaries** ONEZONE CORP +¥10.0bln, NELSON FINANCES +¥8.1bln
- ○ **UNIQLO Japan operation** Net sales up thanks to increase at newly opened stores & better y/y performance at existing stores +¥14.8bln

Gross income on sales 47.1% (+2.6p y/y)

- ○ **Improvement in UNIQLO Japan's gross margin on sales**
- ○ **Incorporation of NELSON FINANCES into consolidated accounts**

SG&A to net sales ratio 28.0% (+1.0p y/y)

- ○ **More new consolidated subsidiaries**+¥9.0bln, domestic UNIQLO +¥2.5bln

Operating income ratio19.1% (+1.6p y/y)

Looking at net sales for the first half, income increased 18.2% year on year thanks to some successful new store openings at our domestic UNIQLO operation, and the inclusion of ONEZONE CORPORATION and COMPTOIR DES COTONNIERS developer NELSON FINANCES S.A.S. as consolidated subsidiaries.

Our gross income on sales improved by 2.6 points year on year to 47.1%. This was due in the main to an improvement in gross margin at our UNIQLO Japan operation, and the addition of the highly profitable NELSON FINANCES to the consolidated accounts.

Our SG&A expenses rose ¥12.4bln year on year. Of that total, ¥9.0bln can be put down to the increased number of consolidated subsidiaries, and ¥2.5bln to increased costs at UNIQLO Japan in line with an increase in total store numbers.

Our operating income to net sales improved 1.6 points year on year to 19.1%.

【UNIQLO Japan】 6 mths to Feb 06

Boosted Revenue & profit

Billions of yen

	6 mths to Feb 05 Actual (former FR parent)	6 mths to Feb 06 Actual ※ (Internal figures)	
			y/y
Net sales (to net sales)	199.8 100.0%	**214.6** **100.0%**	+7.4%
Gross profit (to net sales)	88.9 44.5%	**99.8** **46.5%**	+12.3% (+2.0p)
SG&A expenses (to net sales)	53.4 26.8%	**55.9** **26.1%**	+4.7% (▲0.7p)
Operating income (to net sales)	35.4 17.7%	**43.8** **20.4%**	+23.9% (+2.7p)

※ The internal figures are the sum of two months of actual results at the former FR parent company (from Sept 1 – Oct 31, 2005) plus 4 months of actual results from the new FAST RETAILING holding company and the new operator of the UNIQLO business, UNIQLO CO., LTD. (Nov 1, 2005 – Feb 28, 2006). These figures exclude income and expenses related to FAST RETAILING CO., LTD.'s commercial facilities. The figures have been calculated to facilitate a reference comparison with the former FAST RETAILING operation.

Next, I'd like to move on to talking about our UNIQLO Japan operation.

Given FAST RETAILING's shift to a holding company structure from November 1, 2005, the figures for the domestic UNIQLO operation have been compiled from internal data for your reference.

As you can see in the accompanying slide, UNIQLO Japan achieved an increase in revenue and profit. Interim net sales increased 7.4% year on year to ¥214.6bln and operating income increased 23.9% to ¥43.8bln.

[UNIQLO Japan] 1H revenue increase

○ Total no. of direct-run UNIQLO stores rose by 24 to 677 stores at end Feb 06. ※

○ Net sales at existing stores +0.5% (v. initial estimate of 0.0% y/y)

Customer numbers ▲1.4% y/y

- Compared to large rise in customer numbers last year (+3.4%)
- Poor performance of October autumn goods, shortage of winter stock in January

Average purchase price per customer +2.0% y/y

- Impact of sales-tax inclusive price displays ran its course.
- Relatively expensive goods did well such as warm, protective winter clothing

Existing stores y/y change	Yr to Aug 05			Yr to Aug 06
		1H	2H	1H
Net sales	+0.6%	+1.9%	▲0.8%	+0.5%
Customer nos.	+1.2%	+3.4%	▲1.0%	▲1.4%
Average purchase	▲0.6%	▲1.5%	+0.2%	+2.0%

※ Excluding the 19 franchise stores and all small-format retail outlets (3 BODY by UNIQLO, 2 uniqlo KIDS stores).

There were several factors behind this increased income at UNIQLO Japan, 1) the increase in total store numbers of 24 stores, 2) a year-on-year increase in existing store sales, and 3) newly opened stores, mainly large-format stores, enjoyed favorable sales.

Store development proceeded as planned during the first six months with a total of 677 direct-run stores at the end of February. That represents a net increase of 13 stores following the opening of 39 new stores and the closure of 26 stores.

Existing store sales rose 0.5% year on year. That was slightly better than our initial prediction of flat existing store sales.

This breaks down further into a fall in customer numbers of 1.4%, but an increase of 2.0% in the average purchase price per customer.

Various factors impacted on customer numbers during the first half, 1) a comparison with strong customer numbers in the previous year, 2) higher than average temperatures in October hit sales of autumn goods, and 3) a shortage of winter garments in January, etc.

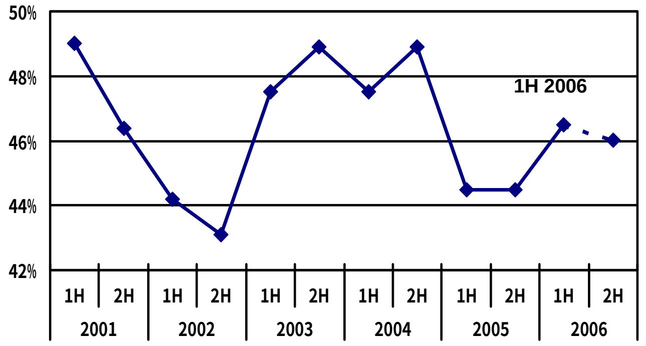
The average purchase per customer rose 2.0% as, 1) the year on year comparisons between sales tax exclusive and sales tax inclusive price displays had run their course, 2) the harsh winter meant good sales of protective winter clothing, and 3) relatively expensive goods such as cashmere, heat tech inner wear, our stylish new men's jeans, etc. sold well.

【UNIQLO Japan】 Gross profit margin

Gross profit margin 46.5% +2.0 points y/y

- ○ **Appropriate product orders based on sharp reading of demand trends**
- ○ **Reduced loss from discounting thanks to favorable year end bargain sales**

UNIQLO Japan Trend in gross margin (half-yearly)



Next, I would like to mention that our gross profit margin rose 2.0 points year on year to 46.5%, outstripping our initial interim forecast of 46.0%.

Our strong ability to adjust product orders based on a sharp reading of demand trends helped boost the gross margin.

A favorable year-end bargain sale season also helped reduce any discount-related losses.

【UNIQLO Japan】 SG&A

SG&A to net sales improves 0.7 points

- Improvement factors: Advertising & promotion costs: efficient sales promotion
  Personnel: good control over in-store personnel costs
- Cost drivers: Store rents: higher rents for new stores in shopping centers

Billions of yen

	6 mths to Feb 05		6 mths to Feb 06			
	Former FR	to net sales	Internal figures	to net sales	change	to net sales
Total SG&A Exp	53.4	26.8%	55.9	26.1%	+25	▲0.7p
Personnel	18.9	9.5%	20.0	9.4%	+11	▲0.1p
A & P	11.1	5.6%	10.0	4.7%	▲11	▲0.9p
Store rents	12.7	6.4%	13.9	6.5%	+12	+0.1p
Depreciation	0.8	0.4%	1.0	0.5%	+1	+0.1p
Other	9.7	4.9%	10.8	5.1%	+10	+0.2p

While our SG&A expenses actually rose ¥2.5bln year on year, SG&A costs to net sales actually improved 0.7 points year on year.

Underlying this improvement were efficient sales promotion and good control over in-store personnel costs.

On the other hand, store rents as a proportion of net sales rose as we increased the number of built-in urban stores and department store outlets.

【Group】1H PL at major subsidiaries

Billions of yen

	Group	To net sales	ONEZONE CORP	To net sales	NELSON FINANCES [France]	To net sales
Period	05/9～06/2		05/9～06/2		05/9～06/2	
Net sales	238.6	100.0%	10.0	100.0%	8.1	100.0%
Ordinary income	47.1	19.8%	▲0.3	▲3.7%	2.4	29.8%
Other loss	▲0.7	▲0.3%	0.1	1.4%	0.0	0.2%
Net income	26.5	11.1%	▲0.2	▲2.7%	1.4	17.4%

	National Standard	To net sales	ASPESI Japan	To net sales	Link Theory Holdings	To net sales
Period	05/6～05/11		05/9～06/2		05/9～06/2	
Net sales	0.4	100.0%	0.4	100.0%	Equity-method affiliate	
Ordinary income	▲0.0	▲7.7%	▲0.0	▲13.0%	0.3	※2
Other loss	▲0.0	▲7.2%	▲0.0	▲4.0%		
Net income	▲0.0	▲15.4%	▲0.0	▲17.0%		

※1 Following the shift to a holding company structure from November 1, 2005, each group subsidiary is obliged to pay royalties to the FR holding company. Given the timing of the shift, only royalties from the month of November are reflected in these interim results.

※2 We have accounted as investment income a non-operating profit of ¥0.3bln for the period of Sep 05 through Feb 06 generated by our equity method affiliate LINK THEORY HOLDINGS CO., LTD.

※3 We expect results from COMPTOIR DES COTONNIERS JAPAN CO., LTD. to be reflected in the consolidated accounts from the second half of the year to August 2006.

Next, I would like to run through the interim results at each of our major consolidated subsidiaries.

●ONEZONE CORPORATION actually generated a ¥0.3bln ordinary loss as the shedding of unwanted inventory knocked net sales below target.

●NELSON FINANCES S.A.S., the developer of the COMPTOIR DES COTONNIERS brand, enjoyed a 40 percent increase in revenue and an improved profit margin. That followed a successful autumn/winter collection and improvements made to delivery systems to help minimize any opportunity loss on sales.

●ASPESI JAPAN CO., LTD., which was included in the consolidated accounts from this business year, produced interim results in line with expectations.

●National Standard Inc. produced a small loss. However, we decided in March 2006 to dissolve the company, and we expect liquidation proceedings to be completed by June of this year.

●Investment income generated from our equity-method linked affiliate LINK THEORY HOLDINGS CO., LTD. was expected to be around ¥0.4bln, but actually totaled ¥0.3bln for the six months to February.

The reason why this investment income from LINK came in below target was that our equity ratio in the company fell from 35.2% to 34.0%, and, in addition, LINK revised down its expectations on net income.

【Group】 1H overseas UNIQLO operation

Net sales ¥4.5bln, ordinary loss ¥0.2bln

- ○ Favorable performance at South Korea & Hong Kong operation launched Autumn 2005
- ○ UK, China operation in line with expectations
- ○ US operation fails to achieve targets

Billions of yen

	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
Period	05/9～06/2		05/7～05/12		05/9～06/2		05/9～06/2		05/9～06/2	
Net sales	1.3	100.0%	0.8	100.0%	0.4	100.0%	1.2	100.0%	0.6	100.0%
Operating income	0.0	0.5%	0.0	1.4%	▲0.3	▲82.7%	0.0	2.2%	0.1	20.5%
Ordinary income	▲0.0	▲0.5%	0.0	1.3%	▲0.3	▲83.6%	0.0	1.9%	0.1	21.0%
Other profit/loss	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net income	▲0.0	▲0.5%	0.0	1.3%	▲0.3	▲83.6%	0.0	1.9%	0.1	17.9%

※1 Following the shift to a holding company structure from November 1, 2005, each group subsidiary is obliged to pay royalties to the FR holding company. Given the timing of the shift,only royalties from the month of November are reflected in these interim results.

Next, I would like to take you through results at our overseas UNIQLO operations.

Our two operations launched last autumn in South Korea and Hong Kong exceeded expectations on both sales and profit during the first half.

Our UK and Chinese operation performed as expected.

However, our UNIQLO operation in the US, also launched last autumn, under performed on both sales and profit.
We will hear a little later from our Senior Vice President, Stephen Dacus, about what we are doing to improve this situation.

[Group] Balance sheet at end Feb 06

Billions of yen

	End Aug 05	End Feb 06	Change
Total assets	272.8	**335.4**	+62.6
Liquid assets	180.0	**231.8**	+51.7
Fixed assets	92.7	**103.6**	+10.8
Liabilities	85.3	**124.5**	+39.2
Minority interest	5.1	**6.9**	+1.8
Shareholder's equity	182.3	**203.9**	+21.5

Next, I would like to move onto the condition of FAST RETAILING's balance sheet at the end of the first half.

Compared to the end of August 2005, liquid assets at the end of February 2006 had increased ¥51.7bln, and fixed assets ¥10.8bln. That resulted in an increase in total assets of ¥62.6bln to ¥335.4bln.

The next slide will show us some more details about the balance sheet.

【Group】 Balance sheet – main issues (compared to end August 2005)

Cash, cash equivalents & marketable securities ＋¥35.2bln （¥ 121.0bln ⇒ ¥156.2bln ）
－【UNIQLO Japan】 Operating cash flow

Increase in inventory assets ＋¥1.3bln （¥33.5bln ⇒ ¥34.9bln ）
－【UNIQLO Japan】 ▲¥2.4bln 【New overseas UNIQLO】 ＋¥0.5bln 【ONEZONE】 ＋¥1.2bln
－【PETIT VEHICULE】 Newly consolidated on balance sheet ＋¥2.2bln

Increase in intangible fixed assets ＋¥6.8bln （¥17.1bln ⇒ ¥24.0bln ）
－ Goodwill related to the PETIT VEHICULE acquisition ¥5.2bln

Interest bearing debt ＋¥7.0bln （¥6.1bln⇒¥13.1bln）
－ Long-term euro borrowing at the time of PETIT VEHICULE acquisition ¥ 6.1bln

Increase in deferred asset hedge item (FX contracts) ＋¥12.0bln （¥11.7bln⇒¥23.8bln）
－ 【UNIQLO Japan】 On back of weaker yen trend. No impact on PL.
※Accounted on both the asset a/c (exchange rate forward contracts) & liabilities a/c (net deferred unrealized gain on exchange rate forward contract)

Let me explain the main points of comparison on the balance sheet between end February 2006 and end August 2005.

First of all, cash, cash equivalents and marketable securities increased ¥35.2bln compared to end August. That was due to an increased operating cash flow.

Next, our inventory assets increased ¥1.3bln compared to end August 2005. Sales of winter garments at UNIQLO Japan were strong leading to a decrease in inventory of ¥2.4bln. However, consolidated inventory levels rose due to the addition of consolidated subsidiaries in the US, South Korea and Hong Kong, along with French lingerie developer PETIT VEHICULE S.A. Actual inventory levels at ONEZONE CORP also rose during the period. At the end of August ONEZONE inventory was running at a low level following sales to offload unwanted inventory. However, by the end of February 2006, inventory at ONEZONE had reached an appropriate level.

Intangible fixed assets rose ¥6.8bln compared to end August. ¥5.2bln of this relates to an increase in goodwill following the purchase of PETIT VEHICULE.

Interest bearing debt rose ¥7.0bln. That relates to an increase in euro-denominated long-term loans at the time of the PETIT VEHICULE purchase.

Finally, our deferred asset hedge account rose ¥12.0bln. That was however on the back of the weakening yen trend which boosts the hidden gains on our forward exchange contracts but has no direct impact on the profit and loss account.

【Notes】
Consolidated inventory assets actually fell by ¥0.6blkn when compared to February 2005 (¥35.6bln →¥34.9bln).
Breaking down this figure further, :
UNIQLO Japan inventory assets fell ¥8.7bln
New consolidated subsidiaries (ONEZONE +¥3.3bln, PETIT VEHICULE +¥2.2bln, NELSON FINANCES +¥1.9bln, US/Korea/Hong Kong UNIQLO +¥0.5bln.

【Group】 Forecasts for year to August 2006

Billions of yen

	Yr to Aug 05 Actual	Yr to Aug 06 Initial est.	Yr to Aug 06 Revised estimate	Y/y	v. Initial est
Net sales	383.9	435.0	**444.9**	+15.9%	+2.3%
(to net sales)	100.0%	100.0%	100.0%		
Gross profit	170.2	202.0	**208.7**	+22.6%	+3.3%
(to net sales)	44.3%	46.4%	46.9%	(+2.6p)	
SG&A expenses	113.5	134.0	**138.3**	+21.8%	+3.2%
(to net sales)	29.6%	30.8%	31.1%	(+1.5p)	
Operating income	56.6	68.0	**70.2**	+24.0%	+3.4%
(to net sales)	14.7%	15.6%	15.8%	(+1.0p)	
Ordinary income	58.6	69.0	**72.3**	+23.4%	+4.8%
(to net sales)	15.2%	15.9%	16.3%	(+1.0p)	
Other loss	**▲0.5**	▲ 0.9	**▲1.2**	(-)	(-)
(to net sales)	▲0.2%	▲0.2%	▲0.3%	(-)	
Net income	33.8	37.9	**40.0**	+18.0%	+5.5%
(to net sales)	8.8%	8.7%	9.0%	(+0.2p)	

Next, I would like to run through our forecast for the full year to August 2006.

We are predicting a year-on-year rise in net sales of 15.9% to ¥444.9bln, an increase of 23.4% in ordinary income to ¥72.3bl, and a rise of 18.0% in net income to ¥40.0bln.

【UNIQLO Japan】 Forecasts for yr to Aug 06

Billions of yen

	Yr to Aug 05 Actual (former FR parent)	Yr to Aug 06 (internal figures) Initial est.	Revised estimate	y/y	v. Initial est.
Net sales	365.3	388.0	**392.2**	(+7.4%)	+1.1%
(to net sales)	100.0%	100.0%	**100.0%**		
Gross profit	162.5	178.6	**181.5**	(+11.7%)	+1.7%
(to net sales)	44.5%	46.0%	**46.3%**	(+1.8p)	
SG&A	105.4	113.9	**113.2**	(+7.5%)	▲0.5%
(to net sales)	28.9%	29.4%	**28.9%**	(+0.0p)	
Operating income	57.1	64.6	**68.2**	(+19.5%)	+5.7%
(to net sales)	15.6%	16.6%	**17.4%**	(+1.8p)	

※ The internal figures are the sum of two months of actual results at the former FR parent company (from Sept 1 – Oct 31, 2005) plus 4 months of actual results from the new FAST RETAILING holding company and the new operator of the UNIQLO business, UNIQLO CO., LTD. (Nov 1, 2005 – Feb 28, 2006). These figures exclude income and expenses related to FAST RETAILING CO., LTD.'s commercial facilities. The figures have been calculated to facilitate a reference comparison with the former FAST RETAILING operation.

Full year forecasts for UNIQLO Japan put net sales up 7.4% at ¥392.2bln, and operating income up 19.5% at ¥68.2bln.

【UNIQLO Japan】
Forecasts for yr to Aug 06 - assumptions

	Yr to Aug 05 Actual			Yr to Aug 06 Forecast			Y/y		
Net sales	365.3 ¥bln			**392.2 ¥bln**			+7.4%		
Existing store	+0.6%			**+0.3%**			▲0.3p		
Gross profit margin Full year	44.5%			**46.3%**			+1.8p		
1H (Actual)	44.5%			**46.5%**			+2.0p		
2H (Estimate)	44.5%			**46.0%**			+1.5p		
Store nos (direct-run)	Open	Close	Net	**Open**	**Close**	**Net**	Open	Close	Net
Full year	69	31	+38	**74**	**41**	**+33**	+5	+10	▲5
1H (Actual)	41	14	+27	**39**	**26**	**+13**	▲2	+12	▲14
(stores) 2H (Estimate)	28	17	+11	**35**	**15**	**+20**	+7	▲2	+9

※1 Small specialty stores (women's underwear BODY by UNIQLO stores、uniqlo KIDS stores, etc.) are not included in the above forecasts for direct-run store numbers.

Assumptions for the UNIQLO Japan second-half forecasts are, 1) flat existing store sales, 2) a 1.5 point improvement in gross margin to 46.0%, and 3) the opening of 35 new stores and closure of 15 stores. We have made no changes to our initial forecast for the second half through August 2006.

【Group】 Forecasts for yr to Aug 06 for consolidated subsidiaries

Billions of yen

	Group		ONEZONE CORP		FR FRANCE ※2 [France]	
		To net sales		To net sales		To net sales
Period	05/9〜06/8		05/9〜06/8		05/9〜06/8	
Net sales	444.9	100.0%	24.0	100.0%	18.4	100.0%
Gross profit	208.7	46.9%	9.8	40.9%	-	-
SG&A	138.3	31.1%	9.7	40.8%	-	-
Operating income	70.2	15.8%	0.0	0.1%	4.1	22.2%
Ordinary income	72.3	16.3%	0.0	0.1%	3.6	20.0%
Net income	40.0	9.0%	0.0	0.3%	2.3	12.7%

	CDC Japan		ASPESI JAPAN		LINK THEORY HOLDINGS	
		To net sales		To net sales		To net sales
Period	05/9〜06/8		05/9〜06/8		05/9〜06/8	
Net sales	0.3	100.0%	0.8	100.0%	Equity-method affiliate	
Gross profit	-	-	0.5	59.5%		
SG&A	-	-	0.6	76.2%		
Operating income	▲0.1	▲56.3%	▲0.1	▲16.7%		
Ordinary income	▲0.1	▲56.3%	▲0.1	▲16.7%	0.6	※3
Net income	▲0.1	▲56.3%	▲0.1	▲20.2%		

※1 Following the shift to a holding company structure from November 1, 2005, each group subsidiary is obliged to pay royalties to the FR holding company. Only royalties from the month of November will be reflected in the results for the year to August 2006.

※2 NELSON FINANCES and PETIT VEHICULE, the developer of the Princesse tam.tam brand, are both included in the figures for FR FRANCE, the holding company for our French operation.

※3 Includes forecast for a non-operating profit of ¥0.6bln generated by LINK THEORY HOLDINGS CO., LTD. between Sep 05 and Aug 06 and accounted as investment income under the equity method.

Next, I would like to explain the changes we have made to our forecasts for full-year performance at our major consolidated subsidiaries.

● We have revised down our forecasts for ONEZONE CORP reducing expectations for net sales from ¥25.0bln to ¥24.0bln, and ordinary income from ¥0.43bln to ¥0.03bln. In the first half of the year, ONEZONE refurbished 200 FOOTPARK shoe shops. We opened three new stores in March and are now expecting to see a pickup in income from the second half.

● Figures for our French holding company, FR FRANCE, include figures for NELSON FINANCES, and PETIT VEHICULE (developer of the French lingerie brand PRINCESSE tam.tam) which we completed acquisition in February of this year. The second-half figures reflect half-year net sales at PETIT VEHICULE of ¥4.3bln and an ordinary income of ¥0.4bln.

● We have revised down our forecasts for net sales at COMPTOIR DES COTONNIERS JAPAN CO., LTD. which opened its first stores in Japan in February 2006. The reason for this downward revision was that we only opened 5 stores in the spring as opposed to the 10 that we had initially planned, and that we did not achieve the per store sales that we were initially looking for.

【Group】 Forecasts for yr to Aug 2006 Overseas UNIQLO operations

Net sales ¥8.2bln, ordinary income ▲¥0.7bln

Billions of yen

	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
Period	05/9～06/8		05/7～06/6		05/9～06/8		05/9～06/8		05/9～06/8	
Net sales	2.3	100.0%	1.5	100.0%	0.9	100.0%	2.5	100.0%	0.9	100.0%
Ordinary income	0.0	0.4%	0.0	1.9%	▲1.0	-	0.0	1.5%	0.1	14.9%
Net income	0.0	0.4%	0.0	1.9%	▲1.0	-	0.0	1.3%	0.1	12.3%

※ Following the shift to a holding company structure from November 1, 2005, each group subsidiary is obliged to pay royalties to the FR holding company. Only royalties from the month of November are reflected in the first half results from September 2005 to February 2006.

Next, I would like to explain the changes we have made to forecasts for full-year performance at our overseas UNIQLO operations.

First, we are revising profit estimates for our Chinese operation due to sluggish sales in Beijing where we opened new stores last autumn.

We have revised the net sales target at our US operation. With the additional cost of opening a flagship store in New York in autumn 2006, we are now forecasting a loss of ¥1.0bln.

However, we do expect to post a profit for the full year at our South Korea and Hong Kong operation on the back of favorable sales there.

【Dividend】

Yr to Aug 06 interim dividend 65 yen
(plan full-year dividend of 130 yen)

Annual payout ratio (consolidated) 33.1%

	Yr to Aug 05 (Actual)			Yr to Aug 06 (planned)		
		Interim	Term end		Interim	Term end (planned)
Dividend per share	130 yen	65 yen	65 yen	130 yen	65 yen	65 yen
Payout ratio (cons.)	39.0%			33.1%		

The interim dividend for February 2006 will be 65 yen as initially planned.

We are planning a full-year dividend of 130 yen per share. That would translate into an annual payout ratio of 33.1%.

<Ref> Store numbers by subsidiary in 1H and full year estimates to Aug 06

	2005 End Aug	6 mths to Feb 06 Open	Close	Net	Term end	Yr to Aug 06 (fcst) Open	Close	Net	Term end
Total UNIQLO stores	693	62	27	+35	**728**	97	46	+51	**744**
UNIQLO domestic:	679	48	26	+22	**701**	78	41	+37	**716**
Direct run※1	664	44	26	+18	**682**	74	41	+33	**697**
excl. specialty stores	664	39	26	+13	**677**	74	41	+33	**697**
specialty stores	−	5	0	+5	**5**	−	−	−	**−**
Franchise	15	4	0	+4	**19**	4	0	+4	**19**
UNIQLO overseas:	14	14	1	+13	**27**	19	5	+14	**28**
UK:	6	2	0	+2	**8**	2	2	0	**6**
China: ※2	8	2	1	+1	**9**	2	2	0	**8**
US:	-	4	0	+4	**4**	4	1	+3	**3**
Korea:	-	5	0	+5	**5**	10	0	+10	**10**
Hong Kong:	-	1	0	+1	**1**	1	0	+1	**1**
ONEZONE CORPORATION	329	0	3	▲3	**326**	4	3	+1	**330**
NELSON FINANCE S.A.S. [France]	200	18	1	+17	**217**	38	0	+38	**238**
National Standard Inc ※2	10	1	1	0	**10**	1	11	▲10	**0**
CDC JAPAN	-	1	0	+1	**1**	5	0	+5	**5**
ASPESI JAPAN CO., LTD.	13	0	5	▲5	**8**	0	6	▲6	**7**
PETIT VEHICULE France	−	-	-	-	**91**	10	1	+9	**100**
Total	1,245	82	37	+45	**1,381**	155	67	+88	**1,424**

※1 Small specialty stores (women's underwear BODY by UNIQLO、uniqlo KIDS, etc.) are not included in the above forecasts for direct-run store numbers.

※2 Due to differing business years, we took the total number of stores at end December for the UNIQLO China 1H figure, and end November for National Standard.

And finally, for your reference, we have prepared this compilation of store numbers at our different operations at the end of February 2006, and our intentions for the full year to August 2006.

That completes this explanation of FAST RETAILING's first half results.

Thank you.