July 13, 2006

Business results for the three months to May 2006 and full year business forecasts

Masa Matsushita

Executive Vice President

FAST RETAILING CO., LTD.

My name is Masa Matsushita and I would like to take you through our results for the third quarter, or three months to May 2006 and our forecasts for the full business year to August 2006.

[Group] Q3 PL – income & profit up

1Q～3Q (9 mths to May)

Net sales： ¥346.1bln (+17.4% y/y)
Ordinary income：¥64.1bln (+25.4% y/y)

Billions of yen

	1Q～3Q (05/9～06/5) Actual	Prev.yr	y/y	3Q (06/3～06/5) Actual	Prev.yr	y/y
Net sales	**346.1**	294.8	+17.4%	**107.4**	92.9	+15.6%
(to net sales)	**100.0%**	100.0%		**100.0%**	100.0%	
Gross profit	**165.1**	132.8	+24.3%	**52.6**	42.9	+22.7%
(to net sales)	**47.7%**	45.1%	(+2.7p)	**49.0%**	46.2%	(+2.8p)
SG&A expenses	**102.7**	83.2	+23.4%	**35.7**	28.7	+24.6%
(to net sales)	**29.7%**	28.2%	(+1.4p)	**33.3%**	30.9%	(+2.4p)
Operating incom	**62.4**	49.5	+25.9%	**16.8**	14.2	+19.0%
(to net sales)	**18.0%**	16.9%	(+1.1p)	**15.7%**	15.3%	(+0.4p)
Ordinary income	**64.1**	51.1	+25.4%	**16.9**	14.9	+13.7%
(to net sales)	**18.5%**	17.4%	(+1.2p)	**15.8%**	16.1%	(▲0.3p)
Net income	**35.7**	27.1	+31.8%	**9.1**	5.7	+59.5%
(to net sales)	**10.3%**	9.2%	(+1.1p)	**8.5%**	6.2%	(+2.4p)

First of all, let me take you through the consolidated results for the third quarter.

Net sales for the nine months to May 2006 totaled ¥346.1bln, up 17.4% year on year. Operating income totaled ¥62.4bln, up 25.9% year on year and ordinary income totaled ¥64.1bln up 25.4% year on year. As you can see, we achieved an increase in both income and profit for the period.

Net sales for just the three months to May totaled ¥107.4bln, up 15.6% year on year. Operating income totaled ¥16.8bln, up 19.0% year on year and ordinary income totaled ¥16.9bln, up 13.7% year on year. Here again, we achieved a significant increase in both income and profit.

The purchase of PETIT VEHICULE S.A., the developer of the lingerie brand PRINCESSE tam.tam, was completed in February 2006. PETIT VEHICULE, along with CDC JAPAN CO., LTD., the developer of the COMPTOIR DES COTONNIERS brand in Japan, have been incorporated into the consolidated accounts from the third quarter.

1Q～3Q
(9 mths to May)

【Group】

Why profit & income up?

Net sales ¥346.1bln（＋17.4% y/y）

- ○ **UNIQLO Japan** Net sales boost mainly from newly opened stores ＋¥20.3bln
- ○ **Increase in consolidated subsidiaries** ONEZONE CORP ＋¥10.3bln, NELSON FINANCES＋¥12.2bln, PETIT VEHICULE +¥2.9bln

Gross income on sales 47.7%（＋2.7p y/y）

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

SG&A to net sales ratio 29.7%（＋1.4p y/y）

- ○ **More new consolidated subsidiaries ＋¥8.6bln**
- ○ **UNIQLO Japan＋¥4.5bln**

Ordinary income ratio 18.5%（＋1.2p y/y）

First, on net sales, the increase in income at UNIQLO Japan totaled ¥20.3bln.

Furthermore, consolidated net sales rose 17.4% year on year thanks to the increased income at the group's major consolidated subsidiaries. That includes footwear retailer ONEZONE CORPORATION and the developer of the COMPTOIR DES COTONNIERS brand NELSON FINANCES S.A.S. which have both been fully incorporated for the first time from this business year. The figure also includes PETIT VEHICULE S.A. which was included on the consolidated accounts from this third quarter.

Gross income on sales improved 2.7 points year on year to 47.7% in the 9 months to May. This was due mainly to an improvement in gross margin at the domestic UNIQLO operation and also to the incorporation of highly profitable NELSON FINANCES into the consolidated accounts.

SG&A expenses increased ¥19.4bln year on year. ¥8.6bln of that increase was generated by more new consolidated subsidiaries and ¥4.5bln was due to business costs at the domestic UNIQLO operation on the back of increased store numbers.

As a result, the ordinary income ratio improved 1.2 points year on year to 18.5%.

【UNIQLO Japan】 March – May 2006

Achieved rise in income & profit

Billions of yen

	1Q〜3Q (05/9〜06/5)			3Q (06/3〜06/5)		
	Actual ※(internal figures)	Prev.yr (former FR parent)	Y/Y	Actual ※(internal figures)	Prev.yr (former FR parent)	Y/Y
Net Sales	**306.7**	286.2	+7.2%	**91.9**	86.4	+6.4%
(to net sales)	100.0%	100.0%		100.0%	100.0%	
Gross Profit	**143.9**	128.9	+11.6%	**44.0**	40.0	+10.1%
(to net sales)	46.9%	45.0%	(+1.9p)	47.9%	46.3%	(+1.6p)
SG&A expenses	**84.1**	79.5	+5.8%	**28.1**	26.0	+8.0%
(to net sales)	27.4%	27.8%	(▲0.4p)	30.6%	30.1%	(+0.5p)
Operating income	**59.8**	49.4	+21.1%	**15.9**	13.9	+14.1%
(to net sales)	19.5%	17.3%	(+2.2p)	17.3%	16.2%	(+1.1p)

※ 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 7 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 – May 31, 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 explain performance at our domestic UNIQLO operation.

Since the operation shifted to a holding company structure from November 1, 2005, the figures for the domestic UNIQLO operation displayed here are internally generated data.

As you can see in this slide, we achieved an increase in both income and profit in the three months to May 2006 with net sales at the domestic UNIQLO operation totaling ¥91.9bln, up 6.4% year on year, and operating income totaling ¥15.9bln, up 14.1% year on year.

3Q 【UNIQLO Japan】 Net sales

Net sales： ¥91.9bln +6.4% y/y

○ **Total no. of direct-run UNIQLO stores rose 22 to 690 stores at end May 06 y/y. ※**

○ **Net sales at existing stores ▲0.6% y/y (1Q-3Q ＋ 0.2% y/y)**

Customer numbers ▲3.3% y/y

- Unusual weather saw numbers under perform previous year's levels from April

Average purchase price per customer ＋2.7% y/y

- Rising trend in average price per article continues
- Reduced discount on spring goods

Existing stores Y/Y change	Yr to August 2006					
	1H	March	April	May	3Q	June
Net sales	＋0.5%	+9.2%	▲9.3%	+1.3%	▲0.6%	▲2.2%
Customer Nos	▲1.4%	+7.3%	▲10.0%	▲3.9%	▲3.3%	▲5.4%
Average purchase	＋2.0%	+1.8%	+0.8%	+5.4%	＋2.7%	＋3.4%

※ Excluding the 17 franchise stores and the 8 small-format retail outlets （5 BODY by UNIQLO, 3 uniqlo KIDS stores).

The major factor at play at the domestic UNIQLO operation during the third quarter was the increase in store numbers by 22 year on year.

Store data for the three months to May show 30 new stores opened, 17 closed and a net increase of 13 stores bringing the total to 690 as end May 2006.

Existing store sales under performed in the third quarter falling 0.6% year on year.

Breaking this figure down further, customer numbers actually fell 3.3% during the period while the average purchase price per customer rose 2.7%. The reduction in customer numbers was probably a direct result of the cool temperatures in April and the unusual weather patterns experienced after the Golden Week holiday in early May.

The average purchase price per customer rose 2.7% year on year thanks to the continuing rising trend in the average price of individual articles sold. The rising trend continues there thanks to two main factors. First, firm sales of relatively high priced garments such as jackets and fashion garments where extra attention has been paid to design and quality. Second, the need to discount on spring goods was less than in the previous year.

3Q 【UNIQLO Japan】 Profit indicators

Gross income on sales 47.9% （＋1.6p y/y）

- ○ Reduced need to discount on spring garment stock this year

SG&A to net sales ratio 30.6% （＋0.5p y/y）

- ○ Rents ＋0.5p：higher rents for new stores in urban buildings & shopping centers
- ○ Personnel＋0.2p：Expansion of hiring meant increased recruitment & personnel costs
- ○ Advertising & promotion ▲0.1p： good control of ratio to net sales

Operating income ratio 17.3% （+1.1p y/y）

Net sales in the three months to May 2006 came in slightly below our internal forecasts, but the improvement in gross income on sales actually exceeded expectations by as much as 1 point, with the indicator improving 1.6 points year on year.

The main factor here was the reduced need to discount on price to offload spring inventory.

Next, let me move onto SG&A costs at the domestic UNIQLO operation. SG&A expenses rose around ¥2.0bln year on year resulting in a worsening of 0.5 points in the SG&A to net sales ratio.

The main reasons for the worsening in the SG&A ratio are increased rents on the back of an increase in stores within urban buildings and shopping center style stores, and increased recruitment and personnel costs on the back of increased hiring.

However, we were able to actually reduce the advertising and promotion cost to net sales ratio. By strengthening our cost management, expenses in the quarter came in several hundred million yen below budget.

As a result, the operating income ratio outperformed our internal targets.

1Q～3Q 【Group】 Q3 PL at major subsidiaries

(9 mths to May)

Billions of yen

	Yr to Aug 05 1～3Q Group	Yr to Aug 06 1～3Q Group	ONEZONE 05/9～06/5	FR FRANCE ※2 05/9～06/5	CDC JAPAN 05/9～06/5	ASPESI JAPAN 05/9～06/5	LINK THEORY HD 05/9～06/5
Net sales	294.8	346.1	16.0	15.3	0.1	0.6	[equity method]
Operating income	49.5	62.4	▲ 0.5	4.3	▲ 0.2	▲ 0.1	
Ordinary income	51.1	64.1	▲ 0.4	3.9	▲ 0.2	▲ 0.1	0.5 ※3
Other profit/loss	▲ 3.1	▲ 0.9	0.1	▲ 0.0	0.0	▲ 0.0	
Net income	27.1	35.7	▲ 0.4	2.5	▲ 0.2	▲ 0.1	

※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, royalties from the month of November only are reflected in the Q3 results.

※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 a non-operating profit of ¥0.50bln generated by LINK THEORY HOLDINGS CO., LTD. between Sep 05 and May 06 and accounted as investment income under the equity method.

※4 An amortization of consolidation goodwill of ¥0.18bln linked to the purchase of PETIT VEHICULE stock is included on the consolidated adjustment account.

Next, let me comment on performance at our major consolidated subsidiaries.

●First on ONEZONE, net sales came in below forecast with a cumulative operating loss of ¥0.46bln. This was due to sales coming in below forecast with customer numbers at existing stores and average purchase price failing to rise significantly. Although we have reformed the product lines and shop floors, we still haven't been able to fully reap the benefit of these efforts.

●Next, in our French operation at FR France, we include results from NELSON FINANCES S.A.S., the developer of the COMPTOIR DES COTONNIERS brand, and the French PETIT VEHICULE S.A. which became a consolidated subsidiary in February 2006.

During the third quarter, NELSON FINANCES mounted a very successful spring/summer collection. Results from that firm continue strong with third quarter cumulative sales and profit increasing significantly.

The newly consolidated PETIT VEHICULE also provided a favorable performance generating net sales of ¥2.9bln and operating income of ¥0.47bln in the third quarter.

●CDC JAPAN has been developing the COMPTOIR DES COTONNIERS brand in Japan. However, despite having opened 5 stores so far with the first store opening in Ginza in February, brand recognition is still low in the Japanese market and the firm generated a cumulative operating loss of ¥0.23bln in the third quarter.

●Our equity method affiliate LINK THEORY HOLDINGS CO., LTD. generated a non-operating profit of 0.5bln.

1Q～3Q
(9 mths to May)

【Group】
Q3 overseas UNIQLO operations

Billions of yen

	UNIQLO (U.K.) 【UK】	To net sales	FRJS 【China】	To net sales	UNIQLO USA 【US】	To net sales	FRL Korea 【Kore】	To net sales	UNIQLO H.K. 【HK】	To net sales
Period	05/9～06/5		05/7～06/3		05/9～06/5		05/9～06/5		05/9～06/5	
Net Sales	2.0	100.0%	1.2	100.0%	0.6	100.0%	1.8	100.0%	0.9	100.0%
Operating income	▲0.1	-	▲0.0	-	▲0.6	-	▲0.0	-	0.2	20.2%
Ordinary income	▲0.1	-	▲0.0	-	▲0.6	-	▲0.0	-	0.2	21.3%
Other profit/loss	▲0.0	-	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net income	▲0.1	-	▲0.0	-	▲0.6	-	▲0.0	-	0.2	18.0%

※ 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, royalties from the month of November 2005 only are reflected in Q3 results.

Let let me take you through the performance of our overseas UNIQLO operations.

●The pace of net sales at our UK operation have continued to outperform with income rising around 30% year on year. However, overall, the operation posted a cumulative loss in the third quarter due to refurbishment of the Kingston and Richmond stores in April and increased costs such as new hires in anticipation of future expansion.

●Our China operation continues favorable thanks to sales centered on the Shanghai region. However sales at the two stores opened in Beijing in September failed to meet expectations. That left the overall operation with a small cumulative loss in the third quarter. A failure to improve the situation at the two Beijing stores led to their closure in May this year.

●On our US operation, while the 3 stores established in shopping malls in New Jersey continue to under perform our expectations, sales at our pilot store in SOHO, New York have proved favorable. We continue to prepare for the opening of our flagship store of over 3300 square meters in SOHO in autumn this year.

●Our operation in South Korea began in Autumn 2005. Sales at stores in central Seoul continue favorable but sales at the 5 stores opened between March and May in provincial cities of South Korea have not met expectations, generating a small cumulative loss for the operation overall in the third quarter.

●Our operation in Hong Kong, also launched in Autumn 2005, continues favorably with cumulative net sales and profit continuing to outperform expectations in the third quarter.

【Group】 BS at end May 2006

Billions of yen

	End Aug 05	End May 06	Change
Total assets	272.8	**324.2**	51.4
Liquid assets	180.0	**215.2**	35.1
Fixed assets	92.7	**109.0**	16.2
Liabilities	85.3	**110.2**	24.9
Minority interests	5.1	**7.5**	2.4
Shareholder's equity	182.3	**206.3**	24.0

Next, I would like to explain our consolidated balance sheet.

Compared to end August 2005, liquid assets rose ¥35.1bln and fixed assets increased ¥16.2bln generating an overall increase in total assets of ¥51.4bln to ¥324.2bln.

Please see the next slide for a detailed breakdown.

10

【Group】 BS main points v. end Aug 05

Cash, cash equivalents & marketable securities ＋¥20.4bln (¥121.0bln⇒ ¥141.4bln)
- 【UNIQLO Japan】 Increase in operating cash flow, etc.

Increase in notes and trade accounts receivable ＋¥8.3bln (¥4.4bln ⇒ ¥12.7bln)
- 【UNIQLO Japan】 ①Seasonal factors,②Introduction of deposit machines

Increase in inventory assets ＋¥5.6bln (¥33.5bln ⇒ ¥39.1bln)
- 【UNIQLO Japan】 ＋¥6.億bln 【New UNIQLO overseas】＋¥0.8bln 【ONEZONE】＋¥1.8bln
- 【PETIT VEHICULE S.A.】 Newly consolidated ＋¥2.1bln

Increase in intangible fixed assets＋¥7.3bln (¥17.1bln⇒ ¥24.4bln)
- Goodwill on purchase of PETIT VEHICULE S.A. ＋¥5.0bln

Increase in interest bearing debt ＋¥7.6bln (¥6.1bln⇒¥13.8bln)
- Long-term euro borrowing at the time of PETIT VEHICULE acquisition ¥ 6.3bln

First of all, cash, cash equivalents and marketable securities rose ¥20.4bln compared to the end of August 2005. This was due mainly to an increased operating cash flow at UNIQLO Japan.

Next, notes and trade accounts receivable increased ¥8.3bln compared to end August 2005 and ¥5.3bln year on year.
This was due to seasonal factors at the domestic UNIQLO operation and an increase in trade accounts receivable following the introduction of "deposit machines" in our stores. Following this introduction of deposit machines in our stores, the proceeds from sale sent from stores to security companies for safekeeping is now accounted as trade accounts receivable.

Inventory assets increased ¥5.6bln compared to end August 2005. The domestic UNIQLO inventory assets increased ¥0.6bln compared to end August but actually fell ¥1.9bln year on year. Our consolidated inventory has gone up on the back of increased stocks at ONEZONE, and due to increase in consolidated subsidiaries including PETIT VEHICULE, and our UNIQLO operations in the US, South Korea and Hong Kong.

Intangible fixed assets rose ¥7.3bln compared to end August 2005. ¥5.0bln of this was increased goodwill related to the purchase of PETIT VEHICULE.

Finally, interest bearing debt increased ¥7.6bln. This was due to the incurrence of long-term borrowing of euros in order to purchase PETIT VEHICULE.

[UNIQLO Japan] Forecasts for yr to Aug 06 (unchanged)

Billions of yen

	Yr to Aug 05 Actual (former FR parent)	Yr to Aug 06 (internal figures) Fcst (Announced with interim results on 4/13)	Y/Y
Net sales	365.3	**392.2**	+7.4%
(to net sales)	100.0%	**100.0%**	
Gross profit	162.5	**181.5**	+11.7%
(to net sales)	44.5%	**46.3%**	(+1.8p)
SG&A expense	105.4	**113.2**	+7.5%
(to net sales)	28.9%	**28.9%**	(+0.0p)
Operating income	57.1	**68.2**	+19.5%
(to net sales)	15.6%	**17.4%**	(+1.8p)

※ The internally generated figures are the sum of two months of actual results at the former FR parent company (from Sept 1 – Oct 31, 2005) plus 10 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 – Aug 31, 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 would like to move on to explain our business forecasts for the year to August 2006.

Our full year business forecasts remain unchanged for the domestic UNIQLO operation. Net sales are predicted to total ¥392.2bln, up 7.4% year on year, and operating income is expected to total ¥68.2bln, up 19.5% year on year.

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

	Yr to Aug 05 Actual			Yr to Aug 06 Estimate			Y/Y		
Net sales	365.3 \bln			**392.2 \bln**			+7.4%		
Existing store growth	+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 (est.)	44.5%			**46.0%**			+1.5p		
Change in direct-run stores	Open	Close	Net	**Open**	**Close**	**Net**	Open	Close	Net
Full year	69	31	+38	**76**	**45**	**+31**	+7	+14	▲7
1H (actual)	41	14	+27	**39**	**26**	**+13**	▲2	+12	▲14
(stores) 2H (est.)	28	17	+11	**37**	**19**	**+18**	+9	+2	+7

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

Existing store sales in the third quarter fell 0.6% year on year. This was 2 - 3 points below our plan. However the gross profit margin actually came in about 1 point above our plan in the third quarter.

We predict that this trend will continue into the fourth quarter to August 2006. And we also expect to be able to keep up the level of control on SG&A costs in the fourth quarter.

Store numbers in the six months to August 2006 include a shift of some stores from franchise to direct-run stores. Therefore, we will have 2 more new stores over and above plan. On the other hand, we now expect to have 4 more store closures than originally planned.

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

Billions of yen

	Group		ONEZONE		FR France ※2 【France】		CDC JAPAN	
		to net sales		to net sales		to net sales		to net sales
Period	05/9〜06/8		05/9〜06/8		05/9〜06/8		05/9〜06/8	
Net sales	444.9	100.0%	21.6	100.0%	20.5	100.0%	0.2	100.0%
Operating income	70.2	15.8%	▲0.6	-	4.9	23.9%	▲0.3	-
Ordinary income	72.3	16.3%	▲0.6	-	4.5	21.9%	▲0.3	-
Other profit/loss	▲1.2	-	0.2	1.0%	0.0	0.1%	0.0	0.0%
Net income	40.0	9.0%	▲0.4	-	2.8	13.8%	▲0.3	-

	ASPESI JAPAN		LIN THEORY HD		CABIN	
		to net sales		to net sales		to net sales
Period	05/9〜06/8		05/9〜06/8		06/6〜06/8	
Net sales	0.8	100.0%	Equity method affiliate		Equity method affiliate	
Operating income	▲0.1	-				
Ordinary income	▲0.1	-	0.4	※3	▲0.2	※4
Other profit/loss	▲0.0	-				
Net income	▲0.1	-				

※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, royalties from the month of November only are reflected in the Q3 results.
※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 a non-operating profit of ¥0.39bln generated by LINK THEORY HOLDINGS CO., LTD. between Sep 05 and Aup 06 and accounted as investment income under the equity method.
※4 As a non-operating expense, we expect to account a ¥0.18bln investment loss through the equity method (06/6〜06/8) for CABIN Co., Ltd. (breakdown) Equivalent periodic profit/loss ▲¥0.12bln, differential investment on purchase of CABIN stock ▲¥0.06bln.
※5 On the consolidated adjustment account, we expect to account an amortization of consolidation goodwill of ▲¥0.54bln in relation to the additional purchase of NELSON FINANCES stock, and ▲¥0.37bln linked to the purchase of PETIT VEHICULE stock.

Next, I would like to explain about the changes to forecasts for some of our main consolidated subsidiaries.

● At ONEZONE, our forecasts for net sales have been revised down from ¥24.0bln to ¥21.5bln, and operating income has been revised from a profit of ¥0.02bln to a loss of ¥0.63bln. I will explain our efforts to improve the ONEZONE operation later in this presentation.

● To reflect the favorable sales achieved at our French operation, forecasts for the FR France holding company have been revised up. We now expect full year net sales of ¥20.4bln, up from ¥18.4bln, and operating profit of ¥4.8bln, up from ¥4.1bln. Within this total, our forecast for full year net sales at NELSON FINANCES has been revised up from ¥14.0bln to ¥15.4bln, and operating income from ¥3.7bln to ¥4.4bln. Also at PETIT VEHICULE, we have revised up net sales forecasts from ¥4.3bln to ¥5.0bln and operating income from ¥0.3bln to ¥0.8bln.

● Given the most recent performance and CDC Japan, we revised down our previous estimates for net sales and income.

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

Billions of yen

	UNIQLO (U.K.) [UK]	to net sales	FRJS [China]	to net sales	UNIQLO USA [US]	to net sales	FRL Korea [Korea]	to net sales	UNIQLO H.K. [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	2.5	100.0%	1.5	100.0%	0.9	100.0%	2.6	100.0%	1.1	100.0%
Operating income	▲0.1	-	▲0.0	-	▲1.0	-	▲0.1	-	0.2	18.2%
Ordinary income	▲0.1	-	▲0.0	-	▲1.0	-	▲0.1	-	0.2	14.9%
Other profit/loss	0.0	0.0%	▲0.1	-	0.0	-	0.0	0.0%	0.0	14.9%
Net income	▲0.1	-	▲0.1	-	▲1.0	-	▲0.1	-	0.2	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. Royalties from the month of November only are reflected in the results for the full year to August 2006.

On our overseas UNIQLO operations, we plan to continue our brand strategy of developing flagship stores in urban areas.

We are all putting in the utmost effort to ensure that the flagship store to be opened in SOHO in the US in October will be a success. We are also considering opening flagship stores in London and/or Shanghai.

We are revising down our forecasts for the UK, China and South Korean operating income based on recent business results.

Conversely, we are revising up our full year forecasts for net sales and profit at our Hong Kong operation.

【Group】 Forecasts for year to August 2006 (unchanged)

Billions of yen

	Yr to Aug 05 Actual	Yr to Aug 06 Fcst (Announced with interim results 4/13)	Y/Y
Net sales	383.9	**444.9**	+15.9%
(to net sales)	100.0%	100.0%	
Gross profit	170.2	**208.7**	+22.6%
(to net sales)	44.3%	46.9%	(+2.6p)
SG&A expenses	113.5	**138.3**	+21.8%
(to net sales)	29.6%	31.1%	(+1.5p)
Operating income	56.6	**70.2**	+24.0%
(to net sales)	14.7%	15.8%	(+1.0p)
Ordinary income	58.6	**72.3**	+23.4%
(to net sales)	15.2%	16.3%	(+1.0p)
Other profit/loss	▲0.5	**▲1.2**	(-)
(to net sales)	▲0.2%	▲0.3%	(-)
Net income	33.8	**40.0**	+18.0%
(to net sales)	8.8%	9.0%	(+0.2p)

In terms of consolidated full year forecasts, we are predicting net sales of ¥444.9bln, up 15.9% year on year, ordinary income of ¥72.3bln, up 23.4% year on year, and net income of ¥40.0bln, up 18.0% year on year.

We have made some minor adjustments to some group companies other than UNIQLO Japan, but, given the favorable performance of the UNIQLO Japan operation, we do not expect these to greatly impact the overall consolidated results and therefore our overall forecasts remain unchanged.

Topic ①

ONEZONE

○ **Actions taken over the past 12 months**

- Shift to central buying
- Wholesaler relations: stopped returning dead stock
- Give stores new exterior look (unify store network under FOOT PARK name)
- Refresh advertising flyers

○ **The challenge ahead**

Strengthen product range

- Review product make up, private brands

Strengthen store development

- Close unprofitable stores
- Speed up opening of new stores

I would now like to explain simply the efforts we have made so far and have still to make on the ONEZONE footwear retail chain.

We have implemented various efforts over the past 12 months since first acquiring ONEZONE in March last year. We have injected expertise acquired at UNIQLO, switched to a central buying system, and stopped returning dead stock to wholesalers, a common practice in the shoe retail business in Japan. We have also recreated the store network under the name of FOOT PARK, and given the advertising flyers a facelift.

However, we were not able to reap the full benefit of these efforts in the third quarter or generate a large improvement in ONEZONE's ability to attract customers. As I explained earlier therefore, we have decided to revise down our forecasts for net sales and profit for the six months to August 2006.

Going forward, we will be looking to strengthen the range of products on offer by reviewing the product makeup and our strategy on private brands. We will also be looking to make the shop floors more attractive. On store development, we are planning to close stores in disadvantageous areas and speed up the opening of new stores with greater potential.

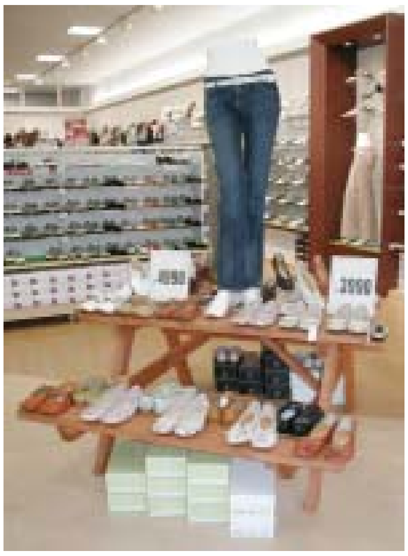
On store numbers, we have opened 5 new stores – 3 in March, and one each in April and June.

Topic ①

ONEZONE: FOOT PARK store

Opened March 10, 2006 in Isehara, Kanagawa prefecture

FOOT PARK



This slide is a photo of the new FOOT PARK Isehara store that we opened in March in Isehara, Kanagawa Prefecture.

Up until now, most FOOT PARK stores have been roadside stores but this store in Isehara is the first store to be opened in a neighborhood shopping center.

Inside the store, we have employed a variety of techniques with VMD of mannequins. We have also employed a new approach to the shop floor display. The store's sales are faring much more favorably compared to former stores styles.

Topic ②

The FR France operation

○ **COMPTOIR DES COTONNIERS**

- Maintain trend for increased income at existing stores in France
- Speed up new store openings across Europe
- Strengthen links between CDC in Japan and France

○ **PRINCESSE tam.tam**

- Strengthen plans for new store openings in France
- Increase the ratio of direct-run stores

○ **NELSON FINANCES - bring forward additional stock purchase**

- Made a fully-owned subsidiary at end June

I would now like to explain a little about the future development of our French operation.

The COMPTOIR DES COTONNIERS operation continues to produce strong results in France, but going forward we are looking to speed up the opening of stores in other parts of Europe including Spain, Belgium, Italy, Germany and UK, etc.

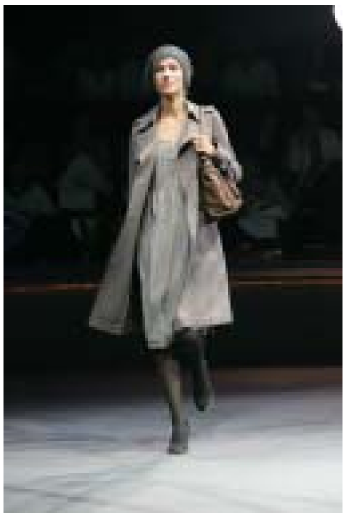
As for CDC in Japan, we are looking to strengthen the relationship with the French side in terms of marketing strategy, etc. And we are also planning to open a flagship store to firmly establish the brand in Japan.

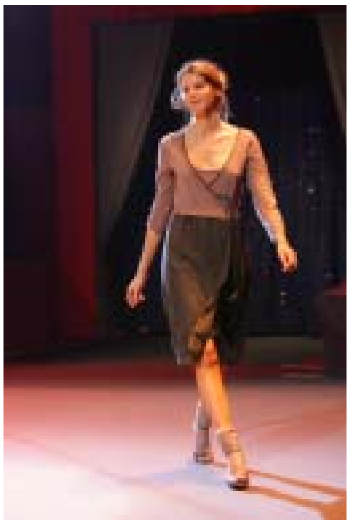
On the PRINCESSE tam.tam operation, we are looking to add to the approximately 100 store network already in place, by expanding the number of direct-run stores.

In order to instill a greater sense of speed in the management of our French operation and accelerate its success, we decided to bring forward the schedule for purchasing additional stock in NELSON FINANCES. The original schedule was to purchase the stock in July 2007, but instead we completed the purchase to make NELSON FINANCES a fully-owned subsidiary by end June 2006.

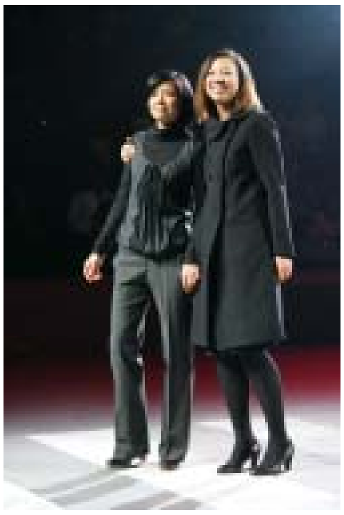
Topic ②

COMPTOIR DES COTONNIERS





COMPTOIR DES COTONNIERS



This is a photo from this year's COMPTOIR DES COTONNIERS autumn/winter fashion show held in Paris in June.

The show was highly acclaimed by the local media as introducing a contemporary Parisian style.

And models chosen from the Japanese "mother and daughter" audition took part in the show for the first time.

20

<Ref> Store numbers by subsidiary in Q3 plus full year estimates to Aug 06 2006

[Stores]	2005 End Aug	2006 End Feb	Nine months to May 2006: 3Q (06/3~06/5) Open	Close	Net	1Q~3Q (05/9~06/5) Open	Close	Net	End Q3	Yr to Aug 2006 (fcst): Open	Close	Net	Yr end
Total UNIQLO stores	**693**	**728**	**39**	**20**	**+19**	**101**	**47**	**+54**	**747**	**110**	**52**	**+58**	**751**
UNIQLO Japan	679	701	34	20	+14	82	46	+36	715	90	48	+42	721
Direct-run※1	664	682	33	17	+16	77	43	+34	698	85	45	+40	704
excluding specialty stores	664	677	30	17	+13	69	43	+26	690	76	45	+31	695
specialty stores	–	5	3	0	+3	8	0	+8	8	9	0	+9	9
Franchise	15	19	1	3	▲2	5	3	+2	17	5	3	+2	17
UNIQLO Overseas	14	27	5	0	+5	19	1	+18	32	20	4	+16	30
UK:	6	8	0	0	0	2	0	+2	8	2	0	+2	8
China:※2	8	9	0	0	0	2	1	+1	9	2	3	▲1	7
US:	-	4	0	0	0	4	0	+4	4	5	1	+4	4
South Korea:	-	5	5	0	+5	10	0	+10	10	10	0	+10	10
Hong Kong:	-	1	0	0	0	1	0	+1	1	1	0	+1	1
ONEZONE	**329**	**326**	**4**	**0**	**+4**	**4**	**3**	**+1**	**330**	**5**	**4**	**+1**	**330**
NELSON FINANCE [France]	**200**	**217**	**12**	**2**	**10**	**30**	**3**	**+27**	**227**	**38**	**0**	**+38**	**238**
National Standard※2	**10**	**10**	**0**	**0**	**0**	**1**	**1**	**0**	**10**	**1**	**11**	**▲10**	**0**
CDC JAPAN	**-**	**1**	**4**	**0**	**+4**	**5**	**0**	**+5**	**5**	**5**	**0**	**+5**	**5**
ASPESI JAPAN	**13**	**8**	**0**	**0**	**0**	**0**	**5**	**▲5**	**8**	**0**	**5**	**▲5**	**8**
PETIT VEHICULE [France]	**–**	**91**	**4**	**1**	**+3**	**4**	**1**	**+3**	**94**	**10**	**1**	**+9**	**100**
Total	**1,245**	**1,381**	**63**	**23**	**40**	**145**	**60**	**85**	**1,421**	**169**	**73**	**+96**	**1,432**

※1 Small specialty stores (women's underwear BODY by UNIQLO, uniqlo KIDS) 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 March to represent the UNIQLO China and PETIT VEHICLE Q3 figure, and end February for National Standard.

Finally, I would like to provide some information for your reference. Please find enclosed a table compiling store numbers at the end of May 2006 and full year forecasts for the numbers of store openings and closures in the year to August 2006. Our dividend forecasts are also attached.

That completes this presentation on FR's third quarter results and forecasts for the full year to August 2006.

Thank you.

【Dividend】

Yr to August 2006 expected full year dividend of 130 yen with term end dividend of 65 yen.

Annual consolidated payout ratio = 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%**		