

## **Business results for the year to August 2006 and forecasts for year to August 2007**

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My name is Masa Matsushita and I am a director at FAST RETAILING.

I would like to explain about our business performance over the 12 months to August 2006 and also outline our forecasts for the year to August 2007.



## [Group] Yr to Aug 06—revenue, profit up

Net sales : ¥448.8bln (+16.9% y/y)

Ordinary income : ¥73.1bln (+24.8% y/y)

Billions of yen

	Yr to Aug 05		Yr to Aug 06		
	Actual	Latest est. (4/13 rev.)	Actual		
				y/y	v. fsct
Net sales	383.9	444.9	<b>448.8</b>	+ 16.9%	+ 0.9%
(to net sales)	100.0%	100.0%	100.0%		
Gross profit	170.2	208.7	<b>212.4</b>	+ 24.7%	+ 1.8%
(to net sales)	44.3%	46.9%	47.3%	+ 3.0p	
SG&A expenses	113.5	138.3	<b>142.0</b>	+ 25.1%	+ 2.7%
(to net sales)	29.6%	31.1%	31.7%	+ 2.1p	
Operating income	56.6	70.2	<b>70.3</b>	+ 24.1%	+ 0.1%
(to net sales)	14.7%	15.8%	15.7%	+ 1.0p	
Ordinary income	58.6	72.3	<b>73.1</b>	+ 24.8%	+ 1.1%
(to net sales)	15.2%	16.3%	16.3%	+ 1.1p	
Net income	33.8	40.0	<b>40.4</b>	+ 19.3%	+ 1.0%
(to net sales)	8.8%	9.0%	9.0%	+ 0.2p	

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First of all, let me take you through the consolidated results for the year to August 2006.

We were able to achieve a rise in both revenue and profit for the full year

Net sales rose 16.9% year on year to ¥448.8bln.

Operating income rose 24.1% to ¥70.3bln.

And ordinary income rose 24.8% to ¥73.1bln.

The next slide explains the factors behind this performance.



## 【Group】 Why revenue & profit up?

### **Net sales ¥448.8bln ( + 16.9% y/y)**

**UNIQLO Japan operation** newly opened stores + ¥28.3bln

**Increase in consolidated subsidiaries** ONEZONE CORP + ¥9.2bln,  
NELSON FINANCES + ¥14.5bln, PETIT VEHICULE + ¥5.4bln

### **Gross profit on sales 47.3% ( + 3.0p y/y)**

**Improvement in UNIQLO Japan's gross profit on sales**

**NELSON FINANCES incorporated into consolidated accounts**

### **SG&A to net sales ratio 31.7% ( + 2.1p y/y)**

**Newly consolidated subsidiaries** + ¥17.8bln, **UNIQLO Japan** + ¥8.3bln

**Goodwill amortization** + ¥1.0bln

### **Ordinary income ratio 16.3% ( + 1.1p y/y)**

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First of all, let us take the ¥64.8bln rise in net sales to ¥448.8bln. The domestic UNIQLO business contributed ¥28.3bln of this rise in overall revenue. ONEZONE CORPORATION, that was incorporated into the consolidated accounts for the full year from this year, contributed ¥9.2bln. The comptoir des cotonniers developer NELSON FINANCES contributed ¥14.5bln and PETIT VEHICULE, incorporated from the third quarter, contributed ¥5.4bln.

Our gross income on sales improved 3.0 points year on year to 47.3%. This was due mainly to an improved gross margin on sales at UNIQLO Japan, and also the addition of high profit generating subsidiaries NELSON FINANCES and PETIT VEHICULE to the consolidated accounts.

SG&A expenses rose ¥28.4bln year on year. ¥17.8bln relates to the increased number of FR consolidated subsidiaries, and ¥8.3bln relates to the increased number of domestic UNIQLO stores. And we also conducted a ¥1.0bln amortization of goodwill in the year to August 2006 in relation to our M&A activities such as the additional purchase of NELSON FINANCES stock and the acquisition of subsidiaries PETIT VEHICULE and CABIN Co., Ltd.

Taking into account all of the above, ordinary income increased by ¥14.5bln over the previous year. That is a 16.3% increase, or a 1.1 point improvement over the previous year's performance.



# 【UNIQLO Japan】 Yr to August 2006

## Revenue & profit rise Operating income exceeds estimates

Billions of yen

	Yr to Aug 05 Actual (former FR parent)	Latest estimate (rev.4/13)	Yr to Aug 06 (internal figures)		
			Actual	y/y	v. estimate
Net sales (to net sales)	365.3 100.0%	392.2 100.0%	393.6 100.0%	+ 7.7%	+ 0.3%
Gross profit (to net sales)	162/5 44.5%	181.5 46.3%	182.9 46.5%	+ 12.5% + 2.0p	+ 0.7%
SG&A (to net sales)	105.4 28.9%	113.2 28.9%	113.7 28.9%	+ 7.9% + 0.0p	+ 0.4%
Operating income (to net sales)	57.1 15.6%	68.2 17.4%	69.2 17.6%	+ 21.1% + 1.9p	+ 1.3%

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 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.

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

Given our shift to a holding company structure from November 1, 2005, we have been disclosing internally generated figures to represent the domestic UNIQLO operation.

Here, we also enjoyed a rise in both revenue and profit. Net sales rose 7.7% year on year to ¥393.6bln and operating income rose 21.1% year on year to ¥69.2bln, exceeding our latest estimates.

**Net sales: ¥393.6bln (+7.7% y/y)**

**Increase of 39 UNIQLO direct-run stores y/y (703 stores at end Aug)**

**Existing store sales +0.7% y/y (v. +0.6% y/y in yr to Aug 05)**

**Customer numbers 2.3% y/y**

dampened by unusual weather patterns in October and Apr-Jun

by unusual weather patterns

**Average purchase price per customer +3.1% y/y**

Increase in average unit price, reduction of discounting

Y/y change		Yr to Aug 06		
		1H	2H	Full yr
Existing stores	Net sales	+0.5%	+0.9%	+0.7%
	Customer Nos	1.4%	3.3%	2.3%
	Average purchase	+2.0%	+4.3%	+3.1%

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excluding the 17 franchise stores

The main factors behind the 7.7% rise in revenue at our domestic UNIQLO operation were the net year-on-year increase of 39 stores and an increase in existing store net sales of 0.7% year on year.

Breaking down existing store sales, customer numbers shrank 2.3% but the average purchase price per customer rose 3.1%.

We believe that customer numbers were dampened by the impact from unusual weather patterns in the first half in October and the second half from April to June.

The average purchase price rose 3.1% year on year. We would put this down to continued rising trend in the average price of our products.



## [UNIQLO Japan] Gross profit margin

**Gross income on sales 46.5% ( + 2.0p y/y)**

Improved 2.0 points compared to previous year

Reduced need to discount this year to offload inventory

	Yr to Aug 05	Yr to Aug 06	y/y
Full Yr	44.5%	46.5%	+ 2.0p
1H	44.5%	46.5%	+ 2.0p
2H	44.5%	46.4%	+ 1.9p

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Our gross income on sales improved 2.0 points year on year over the 12 months to August 2006.

The main factor here was a reduced need to discount to run down inventory of both autumn/winter and spring/summer goods.



## [UNIQLO Japan] SG&A expenses

### **SG&A to net sales 28.9% (+0.0p y/y)**

advertising & promotion ratio 0.5p: ratio falls v. net sales

store rent ratio +0.1p: higher rents for new stores housed in urban retail buildings and shopping centers

personnel +0.1p : more hires = higher recruitment, personnel costs

	Yr to Aug 05		Yr to Aug 06		Change	
	former FR parent	(to net sales)	Internal figures	(to net sales)		(to net sales)
<b>Total SG&amp;A costs</b>	<b>105.4</b>	<b>28.9%</b>	<b>113.7</b>	<b>28.9%</b>	<b>+8.3</b>	<b>+0.0p</b>
Personnel	39.5	10.9%	43.0	10.9%	+3.4	+0.1p
A&P	19.3	5.3%	18.9	4.8%	0.4	0.5p
Store rents	25.2	6.9%	27.7	7.1%	+2.5	+0.1p
Depreciation	1.8	0.5%	2.2	0.6%	+0.3	+0.1p
Other	19.2	5.3%	21.7	5.5%	+2.4	+0.3p

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SG&A expenses did rise ¥8.3bln year on year. However, as a ratio to net sales, SG&A costs were relatively flat and well within our expectations.

Breaking down the SG&A to net sales further, the personnel component worsened 0.1 points as expanded hiring led to higher recruitment and personnel costs over the year. Store rents worsened 0.1 points as the number of stores increased in higher rent areas such as urban retail areas and shopping centers. However advertising and promotion costs actually improved 0.5 points thanks to more efficient sales drives.



# 【Group】 Consolidated subsidiaries

Yr to August 2006 Actual

Billions of yen

Period	Group		ONEZONE		FR FRANCE <sup>1</sup>		CDC JAPAN	
	To net sales	To net sales	To net sales	To net sales	[France]	To net sales	Japan	To net sales
	05/9 ~ 06/8		05/9 ~ 06/8		05/9 ~ 06/8		05/9 ~ 06/8	
Net sales	448.8	100.0%	21.4	100.0%	22.6	100.0%	0.2	100.0%
Operating income	70.3	15.7%	0.7	-	5.0	22.3%	0.3	-
Ordinary income	73.1	16.3%	0.6	-	4.6	20.4%	0.3	-
Other income	0.4	-	0.7	3.4%	0.0	-	0.0	0.0%
Net income	40.4	9.0%	0.0	-	2.8	12.7%	0.3	-

Period	ASPESI JAPAN		LTH		CABIN	
	To net sales	To net sales	To net sales	To net sales	To net sales	To net sales
	05/9 ~ 06/8		05/9 ~ 06/8		06/6 ~ 06/8	
Net sales	0.7	100.0%	Equity method affiliate		Equity method affiliate	
Operating income	0.1	-				
Ordinary income	0.1	-	0.3		0.0	2
Other income	0.0	-				
Net income	0.1	-				

- 1 NELSON FINANCES and PETIT VEHICULE, etc. are included in the figures for FR FRANCE, the holding company for our French operation.
- 2 An equity-method investment loss on CABIN Co., Ltd. (06/6 ~ 06/8) of ¥0.04bln has been accounted as a non-operating cost.  
(breakdown) CABIN's loss for the period ¥0.02bln, investment differential on CABIN stock purchase ¥0.06bln.
- 3 Consolidated adjustment account includes amortization of goodwill of ¥0.57bln and ¥0.38bln linked to the additional purchase of NELSON stock and purchase of PETIT VEHICULE stock respectively.

Next, I would like to make few comments about performance at our major consolidated subsidiaries.

First at ONEZONE CORPORATION, we experienced a cumulative operating loss of ¥0.76bln. Net sales failed to meet our targets and gross margin on sales came in below expectations after the offloading of spring inventory. Although we have renovated product makeup and display, we have not yet seen sufficient benefits in terms of end performance.

Next, moving onto our FR FRANCE operation. NELSON FINANCES produced an extremely good result with net sales of ¥17.1bln and operating income of ¥4.8bln. PETIT VEHICULE also produced a strong performance with net sales for the last 6 months totaling ¥5.4bln and operating income totaling ¥0.8bln.

COMPTOIR DES COTONNIERS JAPAN CO., LTD. generated an operating loss of ¥0.39bln. The brand is still not well known in Japan and net sales fell short of budget. Costs incurred in the opening of our flagship store in September in Aoyama also contributed to the loss.

We enjoyed a ¥0.31bln investment income generated by our equity-method affiliate LINK THEORY HOLDINGS.





## 【Group】Overseas UNIQLO operation

### Yr to August 2006 Actual

Billions of yen

	UNIQLO (U.K.)		FRJS		UNIQLO USA		FRL Korea		UNIQLO H.K.	
	[UK]	To sales	[China]	To sales	[US]	To sales	[Korea]	To sales	[HK]	To sales
Period	05/9 ~ 06/8		05/7 ~ 06/6		05/9 ~ 06/8		05/9 ~ 06/8		05/9 ~ 06/8	
Net sales	2.7	100.0%	1.5	100.0%	0.7	100.0%	2.4	100.0%	1.1	100.0%
Operating income	0.1	-	0.0	-	1.3	-	0.1	-	0.2	18.4%
Ordinary income	0.1	-	0.0	-	1.3	-	0.1	-	0.2	19.1%
Other income	0.0	2.6%	0.0	-	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net income	0.1	-	0.0	-	1.3	-	0.1	-	0.1	16.2%

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Next, let me take you through performance at our overseas UNIQLO operation.

Net sales at our UK operation exceeded forecasts rising as much as 40% on the previous year. However, we have been increasing our hiring and refurbishing our UK stores, so net net, the operation ended with a ¥0.19bln operating loss at the end of the year.

Our stores in Shanghai have been performing well, but the cost of closing our two stores in Beijing tipped our China operation into the red for the year with an operating loss of ¥0.01bln.

Our US operation generated an operating loss of ¥1.35bln on net sales of ¥0.79bln. While net sales fell short of expectations, we also increased our promotion activities ahead of the opening of our flagship store in New York's SOHO in November.

Our South Korean operation generated a small loss. While sales exceeded our plan in the first half on the popularity of our new stores and our hit products such as cashmere sweaters and fleece, new store openings outside of Seoul in the second half did not meet expectations.

Our Hong Kong operation is continuing strongly, with both net sales and profit coming in above the plan.

## 【Group】 Balance sheet

Billions of yen

	End Aug 05	End Aug 06	Change
<b>Total assets</b>	272.8	<b>379.6</b>	+106.8
<b>Liquid assets</b>	180.0	<b>250.3</b>	+70.2
<b>Fixed assets</b>	92.7	<b>129.3</b>	+36.5
<b>Liabilities</b>	85.3	<b>139.1</b>	+53.8
<b>Net assets</b>	187.4	<b>240.4</b>	+52.9

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Next, I would like to run through our consolidated balance sheet.

Compared with the balance sheet at the end of August 2005, total assets increased ¥106.8bln to ¥379.6bln with liquid assets rising ¥70.2bln and fixed assets increasing ¥36.5bln.

The next slides takes us through these elements in more detail.



## 【Group】 BS main points (v. end Aug 05)

### **Cash & equivalents, marketable securities +¥26.1bln (¥121.0bln ¥147.1bln)**

- operating cash flow at UNIQLO Japan, CABIN newly consolidated +¥13.0bln

### **Increase in fixed assets +¥11.2bln (¥18.6bln ¥29.8bln)**

- [CABIN] Consolidation +¥5.2bln [UNIQLO Japan] More stores ¥1.3bln

### **Increase in inventory assets +¥9.2bln (¥33.5bln ¥42.8bln)**

- [UNIQLO Japan] +¥2.2bln [UNIQLO Overseas] New consolidations +¥1.2bln
- [PETIT VEHICULE] Consolidation +¥2.5bln

### **Increase in intangible fixed assets +¥24.0bln (¥17.1bln ¥41.2bln)**

- Goodwill from NELSON, PETIT VEHICULE stock purchase +¥18.8bln
- Goodwill from CABIN stock purchase +¥3.1bln

### **Increase in interest bearing debt +¥16.5bln (¥6.1bln ¥22.7bln)**

- LT borrowing to finance NELSON, PETIT VEHICULE stock purchase +¥12.5bln

First of all total cash, cash equivalents and marketable securities rose ¥26.1bln compared to end August 2005. The increase in operating cash flow at the domestic UNIQLO was one factor here along with a total of ¥13.0bln generated by the consolidation of the CABIN Co., Ltd. balance sheet.

Next, tangible fixed assets increased ¥11.2bln. The new incorporation of CABIN onto the consolidate balance sheet accounted for ¥5.2bln of this increase and the increase in the number of domestic UNIQLO stores contributed ¥1.3bln.

Inventory assets increased ¥9.2bln compared to end August 2005. Inventory assets increased ¥2.2bln at UNIQLO Japan, the number of consolidated subsidiaries increased to include PETIT VEHICULE and CABIN, and UNIQLO operations in the US, South Korea and Hong Kong, and inventory increased at ONEZONE.

Intangible assets also increased by ¥24.0bln compared to end August 2005. Of that total, ¥22.0bln represented an increase in goodwill following the purchase of stock at NELSON FINANCES, PETIT VEHICULE, and CABIN.

Finally interest bearing debt increased ¥16.5bln compared to end August 2005. This relates to the taking out of euro-denominated long-term debt in the acquisition of NELSON FINANCES and PETIT VEHICULE.



## 【Group】 Forecasts for yr to Aug 2007

Billions of yen

	Yr to Aug 06	Yr to Aug 07	
	Actual	Forecast	Y/y
Net sales	448.8	<b>535.5</b>	+ 19.3%
(to net sales)	100.0%	100.0%	
Gross profit	212.4	<b>261.0</b>	+ 22.9%
(to net sales)	47.3%	48.7%	( + 1.4p)
SG&A	142.0	<b>180.6</b>	+ 27.1%
(to net sales)	31.7%	33.7%	( + 2.1p)
Operating income	70.3	<b>80.4</b>	+ 14.3%
(to net sales)	15.7%	15.0%	( 0.7p)
Ordinary income	73.1	<b>80.5</b>	+ 10.1%
(to net sales)	16.3%	15.0%	( 1.3p)
Other income	0.3	<b>1.0</b>	-
(to net sales)	0.1%	0.2%	( - )
Net income	40.4	<b>44.5</b>	+ 10.0%
(to net sales)	9.0%	8.3%	( 0.7p)

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Now, I would like to move on to discussing the outlook for our business in the year to August 2007.

For the full year consolidated performance, we are expecting net sales to rise 19.3% year on year to ¥535.5bln, ordinary income to rise 10.1% year on year to ¥80.5bln and net income to rise 10.0% to ¥44.5bln.



## [UNIQLO Japan] Yr to Aug 07 Forecasts

### UNIQLO CO., LTD. forecasts <sup>(Note)</sup>

Billions of yen

	Yr to Aug 06	Yr to Aug 07	
	Actual	Fcst	Y/y
Net sales (to net sales)	393.6 100.0%	<b>430.2</b> 100.0%	+ 9.3%
Gross profit (to net sales)	182.9 46.5%	<b>203.5</b> 47.3%	+ 11.2% ( + 0.8p)
SG&A (to net sales)	114.0 29.0%	<b>127.0</b> 29.5%	+ 11.4% ( + 0.5p)
Operating income (to net sales)	68.8 17.5%	<b>76.4</b> 17.8%	+ 11.0% ( + 0.3p)
Ordinary income (to net sales)	69.8 17.7%	<b>76.1</b> 17.7%	+ 9.1% ( - )

(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 10 months of actual results from UNIQLO CO., LTD. from November 2005 onwards. Please note there may be some discrepancies therefore with the figures explained in slides 4 through 7. More detail on UNIQLO CO., LTD. performance can be found in the FR FACTBOOK for the year to August 2006 listed under domestic UNIQLO operation.

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On performance for the full year to August 2007 at the domestic UNIQLO operation, from the 2007 business year, this will be represented as UNIQLO CO., LTD.

Please remember again here that the actual results displayed for the full year to August 2006 do differ slightly from the domestic UNIQLO results displayed in earlier slides and based on the former FAST RETAILING parent parameters for the domestic UNIQLO operation.

For UNIQLO CO., LTD. in the year to August 2007, we are predicting a 9.3% rise in net sales to ¥430.2bln, and a 11.0% rise in operating income to ¥76.4bln.



# [UNIQLO Japan] Assumptions

	Yr to Aug 06 Actual			Yr to Aug 2007 Fcst			Y/y		
	Open	Close	+/-	Open	Close	+/-	Open	Close	+/-
<b>Net sales</b>	393.6 ¥bln			430.2 ¥bln			+ 9.3%		
Existing Store growth	+ 0.7%			+ 1.4%			+ 0.7p		
<b>Gross profit %</b>	46.5%			47.3%			+ 0.8p		
Full year	46.5%			47.3%			+ 0.8p		
1H	46.5%			47.0%			+ 0.5p		
2H	46.4%			47.6%			+ 1.2p		
<b>Store Numbers</b>	Open	Close	+/-	Open	Close	+/-	Open	Close	+/-
<b>Full Year</b>	84	45	+39	79	41	+38	5	4	1
Large	4	0	+4	20	0	+20	+16	0	+16
Standard	71	45	+26	54	41	+13	17	4	13
Specialty	9	0	+9	5	0	+5	4	+0	4
<b>1H</b>	44	26	+18	37	21	+16	7	5	2
Large	4	0	+4	10	0	+10	+6	0	+6
Standard	35	26	+9	27	21	+6	8	5	3
Specialty	5	0	+5	0	0	+0	5	0	5
<b>2H</b>	40	19	+21	42	20	+22	+2	+1	+1
Large	0	0	+0	10	0	+10	+10	0	+10
Standard	36	19	+17	27	20	+7	9	+1	10
Specialty	4	0	+4	5	0	+5	+1	0	+1

The store numbers are for direct-run stores.

The small UNIQLO "ekinaka", "ekichika" booths in and around stations are included in the standard category of store numbers. The specialty store category includes women's underwear BODY by UNIQLO stores, and uniqlo KIDS.

We are predicting that existing store net sales will rise 1.4% year on year in the year to August 2007.

We are predicting a 0.8 point improvement in gross profit margin to 47.3% for the same year.

We are expecting to open 79 stores and close 41 stores in the full year to August 2007. That will result in a net increase in total store numbers of 38 stores. Of that total, 20 will be large-format stores, 13 will be standard format stores and the remaining 5 stores will be specialty stores such as BODY by UNIQLO and uniqlo KIDS, etc.



## 【Group】Consolidated subsidiaries

### Yr to Aug 07 Forecasts

Billions of yen

	G.U.		ONEZONE		FR FRANCE <sup>1</sup>	
		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	9.6	100.0%	22.5	100.0%	32.9	100.0%
Operating income	0.2	-	0.1	0.6%	5.2	15.9%
Ordinary income	0.2	-	0.1	0.4%	4.3	13.3%

  

	CABIN		ASPESI JAPAN		LTH	
		To net sales		To net sales		To net sales
Period	06/9 ~ 07/8		06/9 ~ 07/8		06/9 ~ 07/8	
Net sales	22.6	100.0%	1.1	100.0%	Equity-method affiliate	
Operating income	0.9	4.0%	0.0	-	-	
Ordinary income	0.9	4.2%	0.0	-	0.5	2

- 1 NELSON FINANCES, PETIT VEHICULE, COMPTOIR DES COTONNIERS JAPAN CO., LTD., etc. are included in the figures for FR FRANCE, the holding company for our French operation.
- 2 Includes forecast for a non-operating profit of ¥0.55bln to be generated by LINK THEORY HOLDINGS CO., LTD. between Sep 06 and Aug 07 and accounted as investment income under the equity method.
- 3 We expect to account a total of ¥3.5bln goodwill amortization for the year to August 2007 as consolidated SG&A expenses.

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Next, I'd like to move onto the forecasts for performance at our major consolidated subsidiaries in the year to August 2007.

We are predicting net sales of ¥9.6bln and an operating loss of ¥0.2bln at G.U. CO., LTD. Our first store opens there tomorrow, October 13.

We are predicting net sales of ¥22.5bln and operating income of ¥0.13bln at our footwear retail chain ONEZONE.

We are predicting net sales of ¥32.9bln and operating income of ¥5.2bln at our French operation FR FRANCE that includes the comptoir des cotonniers and PRINCESSE tam.tam brand operations. For the comptoir des cotonniers brand alone, we are predicting net sales of ¥21.0bln. However, given that we have incorporated the loss-making CDC Japan operation, profit is expected to be roughly flat year on year. We are expecting a rise in profit however from the PRINCESSE tam.tam brand, with net sales forecast at ¥11.8bn on the back of an approximate 10% rise in operating income.

The figures for CABIN have been adjusted to fit into the consolidated business period for the FAST RETAILING group. Net sales there are expected to reach ¥22.6bln and operating income ¥0.9bln.



## 【Group】 Overseas UNIQLO operation

### Yr to Aug 07 Forecasts

Billions of yen

	UNIQLO (U.K.)		FRJS		UNIQLO USA		FRL Korea		UNIQLO H.K.	
	[UK]	To sales	[China]	To sales	[US]	To sales	[Korea]	To sales	[HK]	To sales
Period	06/9 ~ 07/8		06/7 ~ 07/6		06/9 ~ 07/8		06/9 ~ 07/8		06/9 ~ 07/8	
Net sales	3.8	100.0%	2.1	100.0%	3.4	100.0%	4.3	100.0%	1.9	100.0%
Op.income	0.1	3.9%	0.0	2.0%	0.7	-	0.1	3.8%	0.3	17.2%
Ordinary income	0.1	3.1%	0.0	2.0%	0.7	-	0.1	3.8%	0.3	17.2%

We are expecting our overseas UNIQLO operation to generate combined net sales of ¥16.0bln and a small operating loss in the region of ¥0.1bln. However, we do expected operations in the UK, China and South Korea to shift into the black in this current year to August 2007.



## 【Dividend】

**Yr to Aug 06 – annual dividend ¥130**

**Yr to Aug 07 – annual dividend ¥140**

	Yr to Aug 06 <sup>1</sup>			Yr to Aug 07 (est.) <sup>2</sup>		
		Interim	Yr end (planned)		Interim	Yr end
<b>Dividend per share</b>	<b>130 yen</b>	<b>65 yen</b>	<b>65 yen</b>	<b>140 yen</b>	<b>70 yen</b>	<b>70 yen</b>

1 The yr end dividend for Aug 2006 is subject to approval by the FR general shareholder's meeting scheduled on November 24.

2 The dividend amount could change in the case of large fluctuations in business performance, investment demand.

On the dividend, we are planning an annual dividend of 130 yen for the year to August 2006, after adding the year end dividend of 65 yen per share.

We are currently predicting an annual dividend of 140 yen for the year to August 2007.

And finally for your reference, we have included some additional slides on our interim business forecasts for the six months to February 2007 and also a table showing store opening and closing plans across our entire group operation.

That completes this explanation of our past and future business performance.

Thank you.



< Reference >  
**[Group] Interim forecasts (Sep 06 to Feb 07)**

Billions of yen

	Feb 2006	Yr to Aug 2007	Y/y
	Interim results	Interim fcst	
<b>Net sales</b> (to net sales)	238.6 100.0%	<b>282.0</b> 100.0%	+ 18.2%
<b>Gross profit</b> (to net sales)	112.4 47.1%	<b>136.5</b> 48.4%	+ 21.4% ( + 1.3p)
<b>SG&amp;A</b> (to net sales)	66.9 28.0%	<b>88.0</b> 31.2%	+ 31.5% ( + 3.2p)
<b>Operating income</b> (to net sales)	45.5 19.1%	<b>48.5</b> 17.2%	+ 6.5% ( - 1.9p)
<b>Ordinary income</b> (to net sales)	47.1 19.8%	<b>48.5</b> 17.2%	+ 2.8% ( - 2.6p)
<b>Other income</b> (to net sales)	0.7 0.3%	<b>0.5</b> 0.2%	( - ) ( - )
<b>Net income</b> (to net sales)	26.5 11.1%	<b>27.0</b> 9.6%	+ 1.7% ( - 1.5p)

## Store numbers by subsidiary

[Units: stores]	Aug 05	Full year to Aug 06 (actual)			Full year to Aug 07 (fcst)				
	Yr end	Open	Close	Change	Yr end	Open	Close	Change	Yr end
<b>Total UNIQLO stores</b>	<b>693</b>	<b>109</b>	<b>52</b>	<b>+ 57</b>	<b>750</b>	<b>91</b>	<b>42</b>	<b>+ 49</b>	<b>799</b>
UNIQLO domestic:	679	89	48	+ 41	720	80	41	+ 39	759
Direct-run	664	84	45	+ 39	703	79	41	+ 38	741
Large format	3	4	0	+ 4	7	20	0	+ 20	27
Standard format	661	71	45	+ 26	687	54	41	+ 13	700
Specialty stores	-	9	0	+ 9	9	5	0	+ 5	14
FC	15	5	3	+ 2	17	1	0	+ 1	18
UNIQLO international:	14	20	4	+ 16	30	11	1	+ 10	40
UK:	6	2	0	+ 2	8	2	0	+ 2	10
China: 2	8	2	3	1	7	2	0	+ 2	9
US:	-	5	1	+ 4	4	1	1	0	4
South Korea:	-	10	0	+ 10	10	5	0	+ 5	15
Hong Kong:	-	1	0	+ 1	1	1	0	+ 1	2
g.u.	-	-	-	-	-	50	0	+ 50	50
ONEZONE	329	5	4	+ 1	330	21	11	+ 10	340
COMPTOIR DES COTONNIERS	200	47	3	+ 44	244	64	4	+ 60	304
PRINCESSE tam.tam	-	10	1	+ 9	100	28	1	+ 27	127
CABIN	-	-	-	-	201	30	16	+ 14	215
ASPESI	-	0	6	6	7	6	1	+ 5	12
National Standard 2	10	1	11	10	0	-	-	-	-
<b>Total</b>	<b>1,232</b>	<b>172</b>	<b>77</b>	<b>+ 95</b>	<b>1,632</b>	<b>290</b>	<b>75</b>	<b>+ 215</b>	<b>1,847</b>

- 1 The small UNIQLO "ekinaka", "ekichika" booths in and around stations are included in the standard category of store numbers. The specialty store category includes women's underwear BODY by UNIQLO stores, and uniql0 KIDS.
- 2 Due to differing business year ends, the end August 2006 data indicates the end June number of stores for the UNIQLO China and PETIT VEHICUIE, and the end May figure for National Standard.