FAST RETAILING

January 11, 2007

Overview of results for 3 months to November 2006 and future business forecasts

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My name is Masa Matsushita and I am an Executive Vice President at FAST RETAILING CO., LTD.

I would like to go through our business performance for the first quarter or three months to November 2006.

【Group】 Q1 PL – 3 mths to Nov 06

Net sales：¥145.0bln （＋20.3% y/y）
Ordinary Income：¥25.8bln (＋ 4.5% y/y）

Billions of yen

	Yr to Aug 06, Q1 (3 mths to Nov 05) Actual	Year to August 07, Q1 (3 mths to Nov 06) Actual	y/y
Net sales	120.5	**145.0**	＋20.3%
(to net sales)	100.0%	**100.0%**	
Gross profit	57.7	**68.9**	＋19.4%
(to net sales)	47.9%	**47.5%**	▲0.4p
SG&A expenses	33.8	**43.8**	＋29.4%
(to net sales)	28.1%	**30.2%**	＋2.1p
Operating income	23.8	**25.0**	＋5.2%
(to net sales)	19.8%	**17.3%**	▲2.5p
Ordinary income	24.7	**25.8**	＋4.5%
(to net sales)	20.6%	**17.9%**	▲2.7p
Other gain/ loss	▲0.2	**▲0.1**	-
(to net sales)	▲0.2%	**▲0.1%**	-
Net income	13.8	**14.1**	＋2.2%
(to net sales)	11.5%	**9.8%**	▲1.7p

First of all, I would like to explain the FR group consolidated results for the three months to November 2006.

In this first quarter, overall net sales rose 20.3% year on year to ¥145.0bln, operating income rose 5.2% year on year to ¥25.0bln, ordinary income rose 4.5% year on year to ¥25.8bln, and net income rose 2.2% year on year to ¥14.1bln.

On the next page, I will move onto our consolidated profit and loss situation.

【Group】 Q1 PL - main details

Net sales ¥145.0bln (+20.3% y/y、+¥24.5bln)

- ○ UNIQLO Japan operation ¥11.9bln sales increase generated by both new and existing stores
- ○ Increase in consolidated subsidiaries CABIN +¥5.7bln, PETIT VEHICULE +¥3.2bln

Gross income on sales 47.5% (▲0.4p y/y)

- ○ Slight fall off in UNIQLO Japan gross margin on sales

SG&A to net sales ratio 30.2% (+2.1p y/y)

- ○ UNIQLO Japan +¥2.9bln、New consolidated subsidiaries +¥4.8bln
- ○ Goodwill amortization +¥0.7bln

Operating income ratio 17.3% (▲2.5p y/y)

Ordinary income ratio 17.9% (▲2.7p y/y)

First our income in terms of net sales rose ¥24.5bln year on year to ¥145.0bln in the first quarter.

The main reasons for the increased income were an increase in UNIQLO Japan sales of ¥11.9bln, and the incorporation of new subsidiaries onto the consolidated account, namely CABIN Co., Ltd. (¥5.7bln), and PETIT VEHICULE S.A. (¥3.2bln).

Our gross income on sales fell 0.4 points year on year to 47.5%. This was mainly due to the fall off in gross margin at our UNIQLO Japan operation.

SG&A costs increased ¥10.0bln year on year. Included in that total is the ¥2.9bln increase in personnel costs in order to staff new stores opened in the UNIQLO Japan operation. The greater number of consolidated subsidiaries also boosted SG&A costs to the tune of ¥4.8bln.

Goodwill amortization increased roughly ¥0.7bln as we moved ahead aggressively with our M&A activities last fiscal year, including the additional purchase of stock in NELSON FINANCES and purchasing PETIT VEHICULE S.A. and CABIN Co., Ltd. as FR subsidiaries.

As a result, ordinary income rose ¥1.1bln year on year, or a 17.9% ratio to net sales.

【UNIQLO Japan】 3 mths to Nov 06

Net sales up 10.9%, operating income up 3.1%

Unit: Billions of yen

	Yr to Aug 06, Q1 (3 mths to Nov 05) Actual	Year to August 2007, Q1 (3 mths to Nov 06) Actual	y/y
Net sales	109.4	**121.3**	+10.9%
(to net sales)	100.0%	**100.0%**	
Gross profit	51.7	**55.4**	+7.1%
(to net sales)	47.3%	**45.7%**	▲1.6p
SG&A expenses	28.8	**31.8**	+10.3%
(to net sales)	26.4%	**26.2%**	▲0.2p
Operating income	22.9	**23.6**	+3.1%
(to net sales)	21.0%	**19.5%**	▲1.5p

※ From this business year, we can disclose this operation under the name of UNIQLO CO., LTD. For the purpose of comparison, for the year to August 2006, we have calculated 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 new operator of the UNIQLO business, UNIQLO CO., LTD. (Nov 1, 2005 – Aug 31, 2006). Data from the former FAST RETAILING parent such as commercial facilities, etc. were calculated into the column for first quarter 2006 (net sales ¥109.6bln, etc).
Please refer to slide number 24 for more detailed figures on UNIQLO CO., LTD. performance in the year to August 2006.

Next, I would like to move onto our UNIQLO Japan operation.

From this business year, we can disclose this operation under the name of UNIQLO CO., LTD.

Net sales at UNIQLO CO., LTD. increased 10.9% year on year to ¥121.3bln in the first quarter, and operating income rose 3.1% to ¥23.6bln.

While we enjoyed an increase in both revenue and profit, the gross margin on sales worsened somewhat, resulting in an operating income below forecast.

【UNIQLO Japan】 Net sales

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Q1 net sales ¥121.3bln (+10.9% y/y)

○ 33 new stores y/y, UNIQLO direct-run stores (total 714 stores at end Nov 06※)

○ Existing store net sales Q1 +4.3% y/y (v. ▲1.7% y/y in 3 mths to Nov 05)

Customer numbers +4.2% y/y ⇒Successful new products in September, strong sales push in November

Average purchase price per customer +0.1% y/y ⇒Introduce new value-added products, (SKINNY bottoms, heat-tech inner wear, etc.)

【UNIQLO Japan operation, existing stores, y/y】

Y/y change		Year to August 2007					
		Sep.	Oct.	Nov.	**Sep.- Nov.**	Dec.	**Sep.- Dec.**
Existing stores	Net sales	+12.6%	▲4.5%	+8.0%	+4.3%	▲3.3%	+1.7%
	Customer Nos	+9.8%	▲1.1%	+5.7%	+4.2%	▲3.9%	+1.6%
	Average purchase	+2.6%	▲3.4%	+2.2%	+0.1%	+0.5%	+0.1%

※ Excluding the 18 franchise stores

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Net sales at the UNIQLO Japan operation rose 10.9% year on year in the first quarter from September to November 2006.
That increase came mainly from the 33 new stores year on year and an increase in existing store sales of 4.3% year on year. We opened 7 large-scale stores in the first quarter.

As I said, we achieved an increase in existing store sales of 4.3% year on year. That was higher than our initial expectations, and was due in the main to an increase in the number of customers visiting our stores. Customer numbers rose 4.2% and the average purchase price per customer rose 0.1% year on year.

We believe the boost in customer numbers was also due to the successful launch of our autumn/winter season, and the UNIQLO MIX campaign in September with our SKINNY bottoms as the core product.

However, the weather didn't turn much colder in October and so customer numbers and average purchase price ended up falling in that month.

Then in November, we managed to turn around the October fall generating an 8.0% year-on-year rise in net sales. We launched our fleece and down jacket campaigns in this month, and were able to boost the number of customers coming to our stores. We also cut prices to shift autumn goods although we hadn't planned for this in our initial projections.

We have already announced our December sales figures, so you will know that sales fell in that month year on year. While our knit campaign helped boost product sales, the unusual weather in the last week of December took its toll and overall sales were down 3.3% for the month.

【UNIQLO Japan】 Gross profit margin

Q1 gross profit margin 45.7**%** (▲1.6p y/y)

Wider discounting

- Bargain discounts to attract more customers
- Aggressive discounting to shift poorly selling products

Moving onto our gross profit margin that fell 1.6 points year on year. The main reason for this was deeper discounting.

We had expected to see our gross profit margin improve during this business year. However, the unexpected discounting in the first quarter ended up knocking the margin below previous year's levels.

The reason for expanding the discounts was to offload inventory and to attract more customers with lower prices.

In order to bounce back from the fall in sales in October, we decided to conduct various discounts in November such as our "bulk buy sale", and we also attracted customers through aggressive use of flyers and in-store advertising.

We also decided to aggressively cut prices on products that had not sold so well, and that too resulted in wider discounting for the quarter.

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【UNIQLO Japan】 SG&A

Q1 SG&A to net sales ratio 26.2% (▲0.2p y/y)

- ○ **Personnel ＋0.1p**: Increased hiring boosted advertising and personnel costs
- ○ **Store rents ＋0.1p**: higher rents for new stores housed in urban retail buildings and shopping centers
- ○ **Advertising & promotion ▲0.6p**: Reduced expenditure on TV slots

Next, I would like to talk about SG&A costs that rose ¥2.9bln year on year.

Of that total, an increase in personnel costs accounted for ¥1.2bln. However this was mainly in line with the increase in total store numbers. The personnel to net sales ratio rose 0.1 points as increased hiring meant higher recruitment costs.

Store rents also increased by about ¥0.9bln year on year, with the rent to net sales ratio rising 0.1 points.
This was due to the greater number of stores housed in urban retail buildings and shopping centers where rents are typically more expensive.

On the other hand, advertising and promotion costs fell ¥0.1bln year on year, and the ratio to net sales improved 0.6 points as we reduced our expenditure on radio media such as TV advertising.

【Group】3 mths to Nov 06 – consolidated subsidiaries

Unit: Billions of yen

	G.U.	To net sales	ONEZONE	To net sales	FR FRANCE ※1 [France]	To net sales
Period	06/9〜06/11		06/9〜06/11		06/9〜06/11	
Net sales	0.53	100.0%	4.81	100.0%	8.57	100.0%
Operating income	▲0.36	–	▲0.37	–	2.19	25.6%

	CABIN	To net sales	ASPESI JAPAN	To net sales	LTH	To net sales
Period	06/9〜06/11		06/9〜06/11		06/9〜06/11	
Net sales	5.75	100.0%	0.19	100.0%	Equity-method affiliate	
Operating income	0.41	7.3%	▲0.02	–	0.24	※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 Consolidated adjustment account includes amortization of consolidated goodwill of ▲¥0.57bln linked to the additional purchase of NELSON FINANCES stock, and ▲¥0.19bln and ▲¥0.11bln linked to the purchase of PETIT VEHICULE and CABIN stock respectively.
※3 We have accounted as investment income a non-operating profit of ¥0.24bln for the period of Sep 06 through Nov 06 generated by our equity method affiliate LINK THEORY HOLDINGS CO., LTD.

Next, I would like to comment on first quarter performance at our consolidated subsidiaries.

First of all, our first g.u. store opened in October, and the brand produced net sales of ¥0.5bln and an operating loss of ¥0.3bln in the three months to November 2006. While store opening plans proceeded smoothly, overall net sales underperformed initial expectations.

At footwear retailer ONEZONE, profit slipped year on year in the face of tough overall industry conditions and considerable discounting.

Next, performance at FR FRANCE exceeded initial expectations with net sales of ¥8.5bln and operating income of ¥2.1bln. The mainstay of our French operation, COMPTOIR DES COTONNIERS(CDC) saw sales at its existing stores increase roughly 20% in the first quarter. And on an all store basis, sales rose an even more impressive 40%, further building on last year's strong performance. When the Japanese CDC operation is included, FR France produced net sales of ¥5.3bln and an operating income of ¥1.8bln in the first quarter.

The PRINCESSE TAM.TAM operation also performed well generating first quarter net sales of ¥3.2bln and operating income of ¥0.4bln.

And as for CABIN, we just released the cumulative third quarter total for the year to February 2007 the other day. But for the three months to November 2006, CABIN generated net sales of ¥5.7bln and an operating income of ¥0.4bln.

【Group】3 mths to Nov 06 – UNIQLO international

Unit: 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	06/9〜06/11		06/7〜06/9		06/9〜06/11		06/9〜06/11		06/9〜06/11	
Net sales	1.01	100.0%	0.36	100.0%	0.74	100.0%	1.21	100.0%	0.29	100.0%
Operating income	0.01	1.6%	▲0.01	–	▲0.56	–	0.10	8.5%	0.03	13.2%

Onto our international UNIQLO operations, where first quarter performance in China, the US, South Korea and Hong Kong was in line with expectations while profit at the UK operation came in slightly below forecast.

Our global flagship store opened in New York's SOHO on November 10 did well over the Christmas season with sales coming in on target.

Having accounted the promotion and personnel costs linked to the opening of the store in the first quarter, the ¥0.5bln operating loss was within the forecast range.

【Group】 Balance sheet at end November 06

Unit: Billions of yen

	End Aug 2006	End Nov 2006	Change
Total Assets	379.6	395.1	+15.4
Current Assets	250.3	258.8	+8.5
Fixed Assets	129.3	136.2	+6.9
Liabilities	139.1	147.7	+8.5
Net Assets	240.4	247.4	+6.9

Next, I would like to explain our balance sheet at the end of the first quarter.

Compared to the end of August 2006, at the end of November 2006 liquid assets had risen ¥8.5bln, fixed assets had increased ¥6.9bln, and total assets had increased ¥15.4bln to ¥395.1bln.

The next slide explains the balance sheet position in more detail.

【Group】BS main points (vs end Aug 06)

Cash, cash equivalents, marketable securities

▲¥10.2bln（¥147.1bln ⇒ ¥136.9bln）

– 【FR・UNIQLO Japan】Non-refundable corporate & business tax at UNIQLO Japan ▲¥12.5bln
<Non-refundable segment as stated on the balance sheet>
06/8 **Accrued corporate tax, etc** ⇒ 06/11 **Accrued revenue（as part of misc. liquid assets)**

Increase in trade notes & accounts receivable ＋¥13.5bln（¥8.3bln⇒¥21.9bln）

– 【UNIQLO Japan】 ①Seasonal factors, ②increased credit trade receivables

Increase in inventory assets ＋¥8.8bln（¥42.8bln ⇒ ¥51.7bln）

– 【UNIQLO Japan】 ＋¥6.3bln 【CABIN】 ＋¥0.9bln
– New consolidated subsidiaries 【g.u.】 ＋¥0.4bln

Increase in stock and capital investment ＋¥2.1bln（¥7.7bln⇒¥9.9bln）

– 【VIEWCOMPANY】 Increased holdings of stock in affiliated companies including VIEWCOMPANY capital injection（33.4% stake） ＋¥2.2bln

First, cash, cash equivalents and marketable securities decreased ¥10.2bln compared to end August 2006.
When the UNIQLO Japan operation shifted from FAST RETAILING CO., LTD. to UNIQLO CO., LTD. we ended up with double payments on such taxes as corporate tax for the domestic UNQILO business. That in turn generated a non-refundable amount of ¥12.5bln. That non-refundable amount was paid in full by end December 2006.

Next our trade notes and accounts receivable balance increased ¥13.5bln at end November 2006 compared to end August 2006, or ¥6.3bln compared to the previous year.
This was due to seasonal factors at the UNIQLO Japan operation and an increase in trade receivables at credit card companies as more customers are making greater use of their credit cards.

Inventory assets increased ¥8.8bln compared to end August. Inventory assets at the UNIQLO Japan operation increased ¥6.3bln versus end August and ¥4.2bln compared to the previous year. Elsewhere, inventory assets at CABIN increased by ¥0.9bln and ¥0.4bln at the new consolidated subsidiary G.U. CO., LTD.

Finally, our stock and capital investment increased ¥2.1bln compared to end August. This was mainly due to the capital injection made into women's footwear developer VIEWCOMPANY CO.,LTD. in November 2006.

【UNIQLO Japan】Forecasts for 6 mths to Feb 07

UNIQLO CO., LTD. interim business forecasts *

Unit: Billions of yen

	Yr to Aug 06, Interim (6 mths to Feb 06) Actual	Yr to Aug 07, Interim (6 mths to Feb 07) Initial estimates	y/y	Year to Aug 2007, Interim (6 mths to Feb 07) Rev. estimates	y/y	v. initial est.
Net Sales (to net sales)	214.6 100.0%	**232.6** 100.0%	+8.4%	**232.6** 100.0%	+8.4%	(-)
Gross Profit (to net sales)	99.8 46.5%	**109.3** 47.0%	+9.5% (+0.5p)	**105.5** 45.3%	+5.6% (▲1.2p)	▲3.6% (▲1.7p)
SG&A Expenses (to net sales)	56.6 26.4%	**63.3** 27.2%	+11.9% (+0.9p)	**63.3** 27.2%	+11.9% (+0.9p)	(-) (-)
Operating Income (to net sales)	43.2 20.1%	**46.0** 19.8%	+6.4% (▲0.4p)	**42.1** 18.1%	▲2.6% (▲2.0p)	▲8.4% (▲1.7p)

* From the year to August 2007, we will disclose figures for UNIQLO CO., LTD. to represent the performance of the UNIQLO Japan 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 refer to slide number 24 for more detailed figures on UNIQLO CO., LTD. performance in the year to August 2006.

Next, I would like to explain about our business forecasts for the year to August 2007.

First, based on the results for the first quarter and month of December at the UNIQLO Japan operation, we have decided to revise down our initial mid-term forecasts for operating income at UNIQLO CO., LTD. from ¥46.0bln to ¥42.1bln.

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【UNIQLO Japan】 Fcst for year to Aug 07

UNIQLO CO., LTD. full year business forecasts*

Unit: Billions of yen

	Yr to Aug 06	Yr to Aug 07		Year to August 2007		
	Actual	Initial estimates	y/y	Rev. estimates	y/y	v. initial est.
Net Sales	393.6	**430.2**	+9.3%	**430.2**	+9.3%	+0.0%
(to net sales)	100.0%	100.0%		100.0%		
Gross Profit	182.9	**203.5**	+11.2%	**199.6**	+9.1%	▲1.9%
(to net sales)	46.5%	47.3%	(+0.8p)	46.4%	(▲0.1p)	(▲0.9p)
SG&A Expenses	114.0	**127.0**	+11.4%	**127.0**	+11.4%	(-)
(to net sales)	29.0%	29.5%	(+0.5p)	29.5%	(+0.5p)	(-)
Operating Income	68.8	**76.4**	+11.0%	**72.5**	+5.4%	▲5.1%
(to net sales)	17.5%	17.8%	(+0.3p)	16.9%	(▲0.6p)	(▲0.9p)

* From the year to August 2007, we will disclose figures for UNIQLO CO., LTD. to represent the performance of the UNIQLO Japan 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 refer to slide number 24 for more detailed figures on UNIQLO CO., LTD. performance in the year to August 2006.

Our forecasts for UNIQLO CO., LTD. for the full year to August 2007 are a combination of the revised first half estimates and the initial estimate for the second half. That projects a 9.3% increase in net sales to ¥430.2bln, and a 5.4% increase in operating income to ¥72.5bln.

[UNIQLO Japan] Yr to Aug 07 forecasts

UNIQLO CO., LTD. – forecast parameters

	Yr to Aug 06 Actual			Year to August 2007 Estimates			y/y		
Net sales	393.6 \bln			**430.2 \bln**			+9.3%		
Existing stores	+0.7%			**+1.4%**			+0.7p		
Gross profit margin Full year	46.5%			**46.4%**			▲0.1p		
1H	46.5%			**45.3%**			▲1.2p		
2H	46.4%			**47.6%**			+1.2p		
Store nos (direct run)	Open	Close	Net	**Open**	**Close**	**Net**	Open	Close	Net
Full year	84	45	+39	**82**	**45**	**+37**	▲2	+0	▲2
(stores)	4	0	+4	**20**	**0**	+20	+16	0	+16
	71	45	+26	**57**	**45**	+12	▲14	+0	▲14
	9	0	+9	**5**	**0**	+5	▲4	+0	▲4
1H	44	26	+18	**38**	**25**	**+13**	▲6	▲1	▲5
Large format	4	0	+4	**10**	**0**	**+10**	+6	0	+6
Standard format	35	26	+9	**28**	**25**	**+3**	▲7	▲1	▲6
Specialty stores	5	0	+5	**0**	**0**	**0**	▲5	0	▲5
2H	40	19	+21	**44**	**20**	**+24**	+4	+1	+3
Large format	0	0	+0	**10**	**0**	**+10**	+10	0	+10
Standard format	36	19	+17	**29**	**20**	**+9**	▲7	+1	▲8
Specialty stores	4	0	+4	**5**	**0**	**+5**	+1	0	+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 uniqlo KIDS.

There is no change in our forecast for existing store sales at UNIQLO in Japan. We estimate a 1.5% rise in the first half, and a 1.2% rise in the second half. That would generate a 1.4% increase in existing store sales for the full business year to August 2007.

We have revised down our first-half gross profit margin by 1.2 points to 45.3%.

On store openings for the year to August 2007 we have revised the net change in store numbers from the initial 38 stores to 37 new stores.
Compared to our initial estimates for the first half, we are now expecting one extra store opening and 4 store closures. However, two of those store closures are only temporary closures to allow for larger shop floor areas, and they are set to then re-open in the second half.

In addition, we had already completed our plans to open 10 new large-format stores in the first half by December.

【Group】Yr to Aug 07 fcst-consolidated subsidiaries

Unit: Billions of yen

	G.U.	To net sales	ONEZONE	To net sales	FR FRANCE ※1 [France]	To net sales
Period	06/9〜07/8		06/9〜07/8		06/9〜07/8	
Net sales	5.31	100.0%	22.50	100.0%	33.95	100.0%
Operating income	▲0.92	–	▲0.36	–	5.73	16.9%

	CABIN	To net sales	ASPESI JAPAN	To net sales	LTH	To net sales	VIEWCOMPANY	To net sales
Period	06/9〜07/8		06/9〜07/8		06/9〜07/8		06/12〜07/8	
Net sales	22.91	100.0%	1.12	100.0%	Equity-method affiliate		Equity-method affiliate	
Operating income	0.82	3.6%	▲0.05	–	0.55	※2	0.00	※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 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 Includes forecast for a non-operating profit of ¥0.00bln to be generated by women's footwear retailer VIEWCOMPANY CO.,LTD for the nine months from Dec 06 to Aug 07, and accounted as investment income under the equity method. (breakdown: period income statement ¥0.07bln, stock purchase differential investment ▲¥0.07bln)

※4 On the consolidated adjustment account (amortization of goodwill), we expect to account a total of ¥3.5bln for the year to August 2007 as consolidated management fees.

Next, we have also changed our full-year business forecasts for our consolidated subsidiaries G.U., ONEZONE, FR FRANCE and CABIN.

For G.U., we have revised our original forecasts for net sales of ¥9.6bln and operating loss of ¥0.2bln to net sales of ¥5.3bln and an operating loss of ¥0.9bln. I will spend more time talking about G.U. with a later slide.

For ONEZONE, we have revised our original full year forecasts for sales of ¥22.5bln and operating profit of ¥0.1bln, to sales of ¥22.5bln and and operating loss of ¥0.3bln. While we haven't yet reaped the benefits of the sweeping change we introduced on products and store operation, we are looking to minimize the loss by proceeding with our review of store location and and product line up ahead of the strong demand season in March through April.

For FR FRANCE, that incorporates the COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM brands, we have revised our original full year forecasts for sales of ¥32.9bln and operating income of ¥5.2bln, to sales of ¥33.9bln and operating income of ¥5.7bln. This revision was made to reflect the strong first half performance by the COMPTOIR DES COTONNIERS European operation.

We have made a few more small changes to our forecasts for CABIN following the revisions announced recently. Revising the figures to suit the FAST RETAILING consolidated August business year end, we have revised the forecast for CABIN sales of ¥22.6bln and operating income of ¥0.9bln to sales of ¥22.9bln and operating income of ¥0.8bln.

And finally, we expect to incorporate VIEWCOMPANY into the consolidated accounts as an equity-method affiliate from the second quarter (or 3 months to February 2007).

【Group】Fcst yr to Aug 07-UNIQLO international

Unit: Billions of yen

	UNIQLO (U.K.) [UK]	To net sales	FRJS+FRCN※ [China]	To net sales	UNIQLO USA [US]	To net sales	FRL Korea [Korea]	To net sales	UNIQLO H.K. [HK]	To net sales
Period	06/9～07/8		06/7～07/6		06/9～07/8		06/9～07/8		06/9～07/8	
Net sales	3.87	100.0%	2.15	100.0%	3.40	100.0%	4.35	100.0%	1.91	100.0%
Operating income	0.15	3.9%	0.04	2.0%	▲0.79	–	0.16	3.8%	0.32	17.2%

※ UNIQLO Chinese operational company is to be transferred from FRJS[FAST RETAILING (JIANGSU) APPAREL CO., LTD.] to FRCN [FAST RETAILING(CHINA)TRADING CO., LTD.] during the business year to August 2007.

For the purposes of business forecasts, we are taking the combined business forecasts for FRJS and FRCN to represent the Chinese operation for the year.

On our international UNIQLO operations, we have made no changes to our original estimates for full year performance at our Chinese, Hong Kong and South Korea operations, all of which are running smoothly.

For the international UNIQLO operation as a whole, we are predicting fully year net sales of around ¥16.0bln and an operating loss of roughly ¥0.1bln.

FAST RETAILING

【Group】 Fcsts for 6 mths to Feb 07

Unit: Billions of yen

	Yr to Aug 06, Interim (6 mths to Feb 06)	Yr to Aug 07, Interim (6 mths to Feb 07)		Year to Aug 2007, Interim (6 mths to Feb 07)		
	Actual	Initial estimates	y/y	Rev. estimates	y/y	v. initial estimates
Net Sales	238.6	282.0	+18.2%	282.0	+18.2%	(-)
(to net sales)	100.0%	100.0%		100.0%		
Gross Profit	112.4	136.5	+21.4%	132.7	+18.0%	▲2.8%
(to net sales)	47.1%	48.4%	(+1.3p)	47.1%	(▲0.1p)	(▲1.3p)
SG&A Expenses	66.9	88.0	+31.5%	88.5	+32.3%	+0.6%
(to net sales)	28.0%	31.2%	(+3.2p)	31.4%	(+3.3p)	(+0.2p)
Operating Income	45.5	48.5	+6.5%	44.2	▲2.9%	▲8.9%
(to net sales)	19.1%	17.2%	(▲1.9p)	15.7%	(▲3.4p)	(▲1.5p)
Ordinary Income	47.1	48.5	+2.8%	44.7	▲5.3%	▲7.8%
(to net sales)	19.8%	17.2%	(▲2.6p)	15.9%	(▲3.9p)	(▲1.3p)
Other gain/ loss	▲0.7	▲0.5	-	▲0.7	-	-
(to net sales)	▲0.3%	▲0.2%	(-)	▲0.3%	(-)	(-)
Net Income	26.5	27.0	+1.7%	24.0	▲9.6%	▲11.1%
(to net sales)	11.1%	9.6%	(▲1.5p)	8.5%	(▲2.6p)	(▲1.1p)

We have also revised our interim consolidated forecasts with net sales for the six months to February 2007 seen up 18.2% year on year at ¥282.0bln, ordinary income down 5.3% at ¥44.7bln and net income down 9.6% at ¥24.0bln.

Our revised estimates for other losses is slightly higher than the initial estimates. This is due to some unforeseen store closures and store refurbishments at UNIQLO Japan, and also to a ¥0.2bln loss on retirement of fixed assets.

FAST RETAILING

【Group】 Fcsts for year to Aug 07

Unit: Billions of yen

	Yr to Aug 06	Yr to Aug 07		Year to Aug 2007		
	ACTUAL	Initial estimates	y/y	Rev. estimates	y/y	v. initial estimates
Net Sales	448.8	535.5	+19.3%	532.5	+18.6%	▲0.6%
(to net sales)	100.0%	100.0%		100.0%		
Gross Profit	212.4	261.0	+22.9%	256.2	+20.6%	▲1.8%
(to net sales)	47.3%	48.7%	(+1.4p)	48.1%	(+0.8p)	(▲0.6p)
SG&A Expenses	142.0	180.6	+27.1%	180.4	+27.0%	▲0.1%
(to net sales)	31.7%	33.7%	(+2.1p)	33.9%	(+2.2p)	(+0.2p)
Operating Income	70.3	80.4	+14.3%	75.8	+7.7%	▲5.7%
(to net sales)	15.7%	15.0%	(▲0.7p)	14.2%	(▲1.4p)	(▲0.8p)
Ordinary Income	73.1	80.5	+10.1%	76.4	+4.5%	▲5.1%
(to net sales)	16.3%	15.0%	(▲1.3p)	14.3%	(▲1.9p)	(▲0.7p)
Other gain/ loss	▲0.3	▲1.0	-	▲1.2	-	-
(to net sales)	▲0.1%	▲0.2%	(-)	▲0.2%	(-)	(-)
Net Income	40.4	44.5	+10.0%	41.0	+1.4%	▲7.9%
(to net sales)	9.0%	8.3%	(▲0.7p)	7.7%	(▲1.3p)	(▲0.6p)

And now for our full-year consolidated forecasts for the FR group as a whole.

We estimate net sales up 18.6% year on year to ¥532.5bln, ordinary income up 4.5% to ¥76.4bln, and net income up 1.4% to ¥41.0bln.

Dividend

Predicted annual dividend for Year to Aug 07 : 140 yen

	Year to Aug 06			Year to Aug 07 est.※		
		Interim	Yr end		Interim	Yr end
Dividend per share	130yen	65yen	65yen	140yen	70yen	70yen

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

While we have revised our business forecasts for the year to August 2007, we have made no change to our expected annual dividend of 140 yen.

【g.u.】 Business forecast revisions

○ **Completed interim plan to open 25 stores by December**

○ **Q1 result below expectations – revise full year forecast**

- **Customer numbers fall short of expectations**
- **Proportion of women's garment sales greater than expected**
- **Low priced goods & fashion items performing favorably**

○ **Future strategy**

- **Revise product line up, expand women's wear**
- **Investigate g.u.'s core strength to differentiate from competition**
  - **Basic garments should include even cheaper core items**
  - **Strengthen fashion items with the focus on women**
- **SG&A costs to fluctuate in line with sales – boost profitability**
- **Strengthen sales power through magazines, flyers, and other new media.**

Next, I would like to add some information on the background to our revision of forecasts for G.U. CO., LTD..

Ever since the opening of the first g.u. store in Minami Gyotoku on October 13, g.u. stores openings have progressed smoothly with 19 stores open by end November and the full 25 stores planned for the second half already open by end December.

However, we did not manage to fulfill expectations for sales in the first quarter.
Customer numbers fell short of expectations and the average purchase price per customer is also failing to rise as expected in our original forecasts. Women's garment sales made up a surprisingly high proportion of total sales, and we obviously need to make adjustments to the product line up.

While low priced garments and fashion garments are selling relatively smoothly, it is clear that we have not yet determined just exactly what g.u.'s strengths are and should be. For that reason, we have not only revised our g.u. business forecasts based on the first quarter performance, but we are also looking to made additional revisions to product make up, pricing strategy and sales promotion activities.

On our strategy going forward, firstly we will be revising our product line up and expanding our women's wear.
And in order to clearly determine the g.u. strength that sets it apart from the competition, we will be looking to reduce prices further for our core basic items, and to strengthen our fashion items with a particular focus on women's wear.

On the cost side, we will be looking to ensure that SG&A costs fluctuate in line with sales in order to boost profitability. And we are also strengthening our promotion by using avenues other than fliers including magazines, etc. "

【CDC】 Strong performance continues

Q1 Existing store sales: ＋20% y/y
Operating margin: 34%

○ **Why sales are strong**
- **Quick response to orders**
- **Latest design**
- **Broad customer range**
- **Strong new designer collections**

○ **High operating margin**
- **High mark up rate**
- **Comparatively low store rents**
- **Incentive-driven sales efficiencies**

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We have revised up our forecasts for our FR France operation to reflect the strong first quarter performance of our mainstay COMPTOIR DES COTONNIERS(CDC) brand.

CDC continued to perform strongly in the first quarter with existing store sales up 20% year on year and an operating margin of 34%.

The reasons for the strong sales performance were, firstly, our strong quick response system that enables additional orders to reach the shops within 6 weeks. And secondly, we have continued to produce a high number of hit garments by guaranteeing our fabrics in advance but waiting until the last minute to clearly capture the trend and perfect our designs.

One other stable growth factor has been the brand’s appeal across a broad age range. While CDC is essentially a collection of basic clothing items, we have managed to achieve this broad appeal by capturing the appropriate trends at the right time. In addition, we extended our strong performance with a new chief designer spearheading the 2006 Autumn/Winter collection.

A high mark up and relatively low store rents are partly responsible for the high profit margin at CDC. And we believe that the generous incentives extended to sales staff makes for efficient business.

【CDC】 Global development

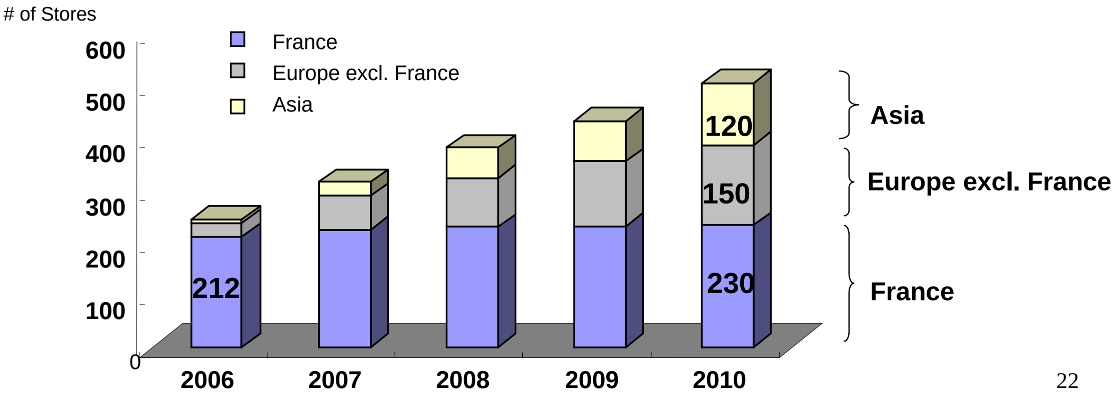
Faster store openings in Europe & Asia

Yr to August 2006

Annual sales ¥17.1bln
244 stores

Yr to August 2010

Annual sales ¥45.0bln
approx. 500 stores



On the future of our CDC business, we will be looking to maintain our strong position on existing store sales in France, while at the same time working to expand the CDC global store network by accelerating store openings in other parts of Europe, South Korea, Japan and other Asian nations.

CDC already has European stores in Spain, Belgium, Germany, UK, Portugal and Italy. We have already seen stores outperform our initial expectations particularly in Italy and Spain. And we are now thinking of renewing our profit goals there. In Asia, we are expanding the number of CDC stores in both Japan and South Korea.

At the end of August 2006, we had 244 CDC stores overall, with the majority, 212 stores, located in France. However, we are aiming to open 150 stores in other European countries and 120 stores in Asia by the year 2010. By expanding the store network to around 500 worldwide, we will be looking to grow annual sales from the current ¥17.0 billion in the year to August 2006, to ¥45.0 billion by 2010.

FAST RETAILING

<Ref> Consolidated subsidiary store numbers – actual & forecast

[Units: stores]	Aug 06 Yr end Actual	Year to August 2007: 3 mths to Nov 06 (Q1, actual)				Full year, estimates			
		Open	Close	Change	Period end	Open	Close	Change	Period end
Total UNIQLO stores	**750**	**35**	**20**	**+15**	**765**	**96**	**46**	**+50**	**800**
UNIQLO domestic:	720	31	19	+12	732	83	45	+38	758
Direct-run※1	703	30	19	+11	714	82	45	+37	740
Large format	7	7	0	+7	14	20	0	+20	27
Standard format	687	23	19	+4	691	57	45	+12	699
Specialty stores	9	0	0	0	9	5	0	+5	14
FC	17	1	0	+1	18	1	0	+1	18
UNIQLO international:	30	4	1	+3	33	13	1	+12	42
UK:	8	0	0	0	8	2	0	+2	10
China: ※2	7	0	0	0	7	2	0	+2	9
US:	4	3	1	+2	6	3	1	2	6
South Korea:	10	1	0	+1	11	5	0	+5	15
Hong Kong:	1	0	0	0	1	1	0	+1	2
g.u.	**–**	**19**	**0**	**+19**	**19**	**50**	**0**	**+50**	**50**
ONEZONE	**330**	**11**	**12**	**▲1**	**329**	**22**	**12**	**+10**	**340**
COMPTOIR DES COTONNIERS	**244**	**22**	**1**	**+21**	**265**	**64**	**4**	**+60**	**304**
PRINCESSE tam.tam ※2	**100**	**4**	**0**	**+4**	**104**	**28**	**1**	**+27**	**127**
CABIN	**201**	**18**	**2**	**+16**	**217**	**30**	**16**	**+14**	**215**
ASPESI	**7**	**2**	**0**	**+2**	**9**	**6**	**1**	**+5**	**12**
Total	**1,632**	**111**	**35**	**76**	**1,708**	**296**	**80**	**+216**	**1,848**

※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 uniqlo KIDS.

※2 Due to differing business year ends, store numbers for the full year to August 2006 data includes the end June figure for the UNIQLO China operation and PRINCESSE tam.tam, and Q1 data takes the figures to end September for the same two operations.

And finally, we compiled a table showing store opening and closing plans across our entire group operation, and also figures for UNIQLO CO., LTD. for each quarterly announcement of results in the year to August 2006, so we have included them here for your reference.

That completes my presentation. Thank you.

<Ref>
UNIQLO CO., LTD. – Year to August 2006

Unit: Billions of yen

	Yr to Aug 06 UNIQLO CO., LTD. (UNIQLO Japan) 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%