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Business results for year to August 2005 and forecasts for year to August 2006

Naoki Otoma

FAST RETAILING CO., LTD.

Senior VP, Member of the Board

Thank you very much for taking time out of your busy schedules to join us today.

My name is Naoki Otoma and I am the senior Vice President at FAST RETAILING responsible for investor relations.

I would like to take you briefly through our business results for the year to August 2005 and our forecasts for the subsequent year to August 2006.

【Group】 PL - Yr to Aug 05

Full year revenue up, profit down

Billions of yen

	Yr to Aug 04	Yr to August 05			
	Actual	latest fcst (7/14 rev.)	Actual	y/y	v. fcst
Net Sales (to net sales)	339.9	380.8	**383.9**	+12.9%	+0.8%
Gross Profit (to net sales)	163.1 48.0%	170.3 44.7%	**170.2 44.3%**	+4.3% ▲3.6p	▲0.0% ▲0.4p
SG&A Expenses (to net sales)	99.2 29.2%	113.5 29.8%	**113.5 29.6%**	+14.5% +0.4p	+0.1% ▲0.2p
Operating Income (to net sales)	63.9 18.8%	56.8 14.9%	**56.6 14.7%**	▲11.4% ▲4.0p	▲0.2% ▲0.2p
Ordinary Income (to net sales)	64.1 18.9%	58.2 15.3%	**58.6 15.2%**	▲8.7% ▲3.6p	+0.7% ▲0.0p
Net Income (to net sales)	31.3 9.2%	33.9 8.9%	**33.8 8.8%**	+8.0% ▲0.4p	▲0.0% ▲0.1p

First, let me talk through this overall picture of our business performance for the year to August 2005 on a consolidated basis.

Overall sales increased 12.9% year on year to ¥383.9bln, but operating income fell 11.4% year on year to ¥56.6bln and ordinary income fell 8.7% year on year to ¥58.6bln. Net income on the other hand rose 8.0% year on year to ¥33.8bln.

【Group】 PL at main subsidiaries

Billions of yen

	Yr to Aug 04 Consolidated	Yr to August 05 Consolidated	Parent 04/9～05/8	UNIQLO (U.K.) (UK) 04/9～05/8	FRJS (China) 04/7～05/6	National Standard Inc 04/6～05/5	ONEZONE CORP 05/3～05/8	NELSON FINANCES (France) 05/6～05/8	LINK THEORY HOLDINGS 04/9～05/8
Net Sales	339.9	383.9	365.3	1.94	1.13	0.73	12.22	2.64	[under equity method]
Ordinary Income	64.1	58.6	58.2	▲0.25	0.04	▲0.09	▲0.62	0.31	1.08※1
Other gain/ loss	▲7.7	※3 ▲0.5	▲0.3	▲0.21	▲0.01	▲0.01	1.73	▲0.02	2.61※2
Net Income	31.3	33.8	34.1	▲0.47	0.02	▲0.10	1.07	0.02	

※1 Including a non-operating profit of ¥1.08bln generated by LINK THEORY HOLDINGS CO., LTD. between Sep 04 and Aug 05 and accounted as investment income under the equity method.
※2 Including an other gain of ¥26.1bln accounted as investment income under the equity method and generated by the public listing and public stock offering by LINK THEORY HOLDINGS CO., LTD.
※3 Including an other loss of ¥4.2bln related to amortization of goodwill in connection with our takeover of NELSON FINANCES S.A.S. (France).
※4 ASPESI JAPAN CO., LTD. (ASPESI brand: formerly SHIELD CO., LTD.) became a consolidated subsidiary in September 2005 and is therefore not reflected in the 2005 August consolidated accounts.

FAST RETAILING CO., LTD.

Next, let me run through our profit and loss statement for the year at our major group subsidiaries.

I'll turn to our mainstay domestic UNIQLO parent operation in a minute, but let me first touch upon the latest situation at each of our group subsidiaries.

First, on our overseas UNIQLO operations, while we posted our first profit for our China operation, our UK operation posted an ordinary loss of ¥0.25bln for the year. The main reason for this loss being the lower than expected performance at our 3 newly-opened stores.

Our National Standard Inc. subsidiary posted a loss but that was within expectations.

Overall sales at our shoe retailer ONEZONE CORPORATION were in line with expectations. However, we did completely clear out former inventory in the process of normalizing ONEZONE's inventory content and that resulted in operating profit falling below initial estimates and ordinary income dipping into the red to the tune of ¥0.6bln.

NELSON FINANCES S.A.S., the developer of the COMPTOIR DES COTONNIERS brand in France and other parts of Europe, was incorporated into the consolidated accounts from the fourth quarter or three months to August 2005. It contributed to consolidated results with net sales of ¥2.6bln and an ordinary profit of ¥0.3bln.

Finally, we accounted an investment income of ¥1.08bln from our equity method subsidiary LINK THEORY HOLDINGS CO., LTD., the marketer of the theory brand.

【Group】 Breakdown of other gain/loss

Other gain ＋¥6.0bln

－ Gain from discharge of debt at ONEZONE CORP
【Group】＋¥3.2bln

－Investment gain following public listing of equity method subsidiary
LINK THEORY HOLDINGS CO., LTD.
【Group】＋¥2.6bln, etc.

Other loss ▲¥6.6bln

－ Loss on retirement of fixed assets, store closures
【Group】▲¥0.59bln （incl. parent \0.30bln）

－ Amortization of goodwill in connection with our takeover of NELSON FINANCES S.A.S. (France)
【Group】 ¥4.2bln

－ Loss on revaluation of ONEZONE CORP inventory
【Group】 ¥1.6bln

－ Impairment losses on UNIQLO(UK), LTD. stores
【Group】▲¥0.2bln

Let me next explain the breakdown of our other income/loss for the full year. We posted an other gain of ¥6.0bln and an other loss of ¥6.6bln. That results in a net other loss of ¥0.6bln.

Two factors contributed to the extraordinary gain total of ¥6.0bln.
First, a ¥3.2bln gain from discharge of debt at ONEZONE CORPORATION. Although ONEZONE CORP completed its private rehabilitation process in December 2004, we benefited from a subsequent exemption on a portion of the remaining rehabilitation debt after ONEZONE had become a fully owned subsidiary of FAST RETAILING.
Second, we accounted a ¥2.6bln investment gain related to changes in our equity stake following the public listing and offering of LINK THEORY HOLDINGS CO., LTD., accounted under the equity method.

Three main elements constituted the ¥6.6bln extraordinary loss total.
First, a ¥0.59bln loss on domestic UNIQLO operations related to retirement of fixed assets, store closures, etc.
Second, a ¥4.2bln loss in amortization of goodwill on the takeover of NELSON FINANCES S.A.S. in May 2005.
Third, a ¥1.6bln loss on revaluation of ONEZONE CORPORATION inventory.

【Group】 BS at end August 2005

Billions of yen

	End Aug 2004	**End Aug 2005**	Change
Total Assets	240.8	**272.8**	+31.9
Current Assets	180.1	**180.0**	▲0.1
Fixed Assets	60.7	**92.7**	+32.0
Liabilities	79.4	**85.3**	+5.8
Minority Interest	0.0	**5.1**	+5.1
Shareholder's Equity	161.4	**182.3**	+20.9

Next, let me run you through the consolidated balance sheet.
Compared to the end of August 2004, current assets fell ¥0.1bln, but fixed assets rose ¥32.0bln resulting in a net increase in total assets of ¥31.9bln and a final balance of ¥272.8bln.

On the consolidated account, we posted a minority interest increment of ¥5.1bln generated through the purchase of NELSON FINANCES S.A.S., the developer of the COMPTOIR DES COTONNIERS brand in France. (FAST RETAILING CO., LTD.'s stake in NELSON totals 31.53%.)

【Group】 BS – key issues

Issues （compared to end August 2004）

(1) Fall in cash, cash equivalents, marketable securities ▲¥15.4bln（¥136.4bln ⇒ ¥121.0bln）

－【Parent】 ▲¥24.9bln： reduced accounts payable, investment, etc.

(2) Increase in inventory assets ＋¥4.7bln（¥28.8bln ⇒ ¥33.5bln）

－ 【Parent】 ＋¥0.4bln： increase in new stores, etc.
－ 【Group】 ＋¥4.2bln： Inventory assets at ONEZONE, NELSON now reflected on FR’s BS

(3) Change in deferred asset hedge related item ＋¥8.6bln

－ 【Parent】 On back of weaker yen trend, no impact on P & L

(4) Increase in intangible fixed assets ＋¥12.3bln（¥4.8bln⇒ ¥17.1bln）

－【Group】 Inclusion on FR’s BS of goodwill and trademark linked to acquisition of management rights at group companies.

(5) Affiliated company stock ＋¥5.1bln（¥2.2bln⇒ ¥7.4bln）

－change in equity holding at LINK THEORY HOLDINGS post public offering, establishment of UNIQLO overseas subsidiaries in US, South Korea, Hong Kong

(6) Increase in lease deposits, guarantees＋¥10.1bln （¥12.4bln⇒ ¥22.5bln）

－【Parent】 ＋¥3.0bln： Shift to large-scale store format
－【Group】 ＋¥7.0bln： take similar obligations at ONEZONE, NELSON onto FR’s BS

CO., LTD.

Let me now run through the main points regarding our balance sheet.

First, we experienced a fall in our cash, cash equivalents and marketable securities total of ¥15.4bln at the end of August. This was due to some operational investments and reduced payment sites on accounts payable for goods traditionally procured via trading companies.

Second, an increase in inventory assets of ¥4.7bln. Only a small fraction of this increased inventory, ¥0.4bln, was generated by increased domestic UNIQLO store numbers. The remainder was due to an increase in consolidated inventory levels in line with the incorporation of ONEZONE CORPORATION and NELSON FINANCES S.A.S., the developer of the COMPTOIR DES COTONNIERS brand.

Third, the ¥8.6bln increase in liquid assets. This was generated on the one hand by a reduction in hedging losses on deferred assets on the current assets side, and an increase in hedging gains on deferred assets on the current liabilities side. This was a result of the weakening yen trend that reduced hidden losses on forward exchange contracts. Therefore it has no impact on P & L.

Fourth, an increase of ¥12.3bn in intangible fixed assets. This increase was generated by increased recording of goodwill and trademark on the consolidated accounts following the purchase of management rights at group companies.

Fifth, an increase in affiliated company shareholdings of ¥5.1bln. This was due to:
⑴ an increase in the book value of FAST RETAILING’s stake in it’s equity method affiliate LINK HOLDINGS as the firm sought public listing and public capital offering as LINK THEORY HOLDINGS CO., LTD., and
⑵ While we established overseas UNIQLO subsidiaries in the US, South Korea and Hong Kong, we had not yet commenced operations and so our holdings of non-consolidated subsidiary stock increased.

Sixth, an increase of ¥10.1bln for lease deposits and guarantees. This was due to the increased total of lease deposit and guarantees on the consolidated accounts in line with the incorporation of ONEZONE CORPORATION and NELSON FINANCES S.A.S. into the FAST RETAILING group.

【Group】 Cash flow at end August 2005

Billions of yen

	Yr to Aug 2004	Yr to Aug 2005	y/y
Cash flow from operating activities	44.1	15.3	▲28.7
Income before income tax, etc.	56.4	58.0	
Corporate tax payments, etc.	▲16.7	▲26.8	
Cash flow from investing activities	▲20.7	▲16.8	3.9
New store development	▲5.9	▲7.2	
M&A activity, capital injections	▲6.7	▲7.8	
Cash flow from financing activities	▲8.6	▲14.8	▲6.1
Dividend payments	▲8.6	▲13.2	
Change in cash and cash equivalents	12.2	▲15.3	▲27.6
Yr end balance (cash & cash equivalents	136.4	121.0	▲15.3

Next, in terms of our cash flow situation, we saw our balance of cash and cash equivalents at the end of August 2005 shrink by ¥15.3bln to ¥121.0bln.

Operating cash flow increased to ¥15.3bln, cash flow generated from investment activities was negative to the tune of ¥16.8bln and cash flow generated from financing activities was also negative to the tune of ¥14.8bln.

The were two main reasons why our investment related cash flow showed a negative balance:

~ ¥7.8bln - Purchase of stock on consolidating subsidiaries such as NELSON FINANCES S.A.S., and establishing UNIQLO overseas subsidiaries

~ ¥7.2bln - Increased deposit/guarantee, construction support in line with increased store openings.

The main element affecting financing activity cash flow was dividend payments.

【Dividend】

Year-end dividend of 65 yen （full year dividend of 130 yen）

Annual payout ratio （consolidated basis） ＝ 39.0%

		Yr to Aug 05※			Yr to Aug 2004
			interim	yr-end	
Dividend per share		130 yen	65 yen	65 yen	115 yen
Payout ratio	parent	38.9%			33.4%
	group	39.0%			37.7%

※Subject to approval by regular shareholder's meeting to be held late November 2005.

We forecast a dividend for the full year to August 2005 of 130 yen. We have already paid out an interim dividend of 65 yen per share and we are planning a year end dividend also of 65 yen, in accordance with initial forecasts.

That translates into an annual payout ratio of 39.0% on a consolidated basis.

【Parent】 PL – Yr to Aug 05

Full year revenue up, profit down

Billions of yen

	Yr to Aug 04	Yr to August 2005			
	Actual	latest estimate (7/14 rev.)	Actual	y/y	v. fcst.
Net Sales	335.8	363.0	**365.3**	+8.8%	+0.6%
(to net sales)					
Gross Profit	161.7	162.4	**162.5**	+0.5%	+0.1%
(to net sales)	48.1%	44.7%	**44.5%**	▲3.7p	▲0.2p
SG&A Expenses	96.8	105.9	**105.4**	+8.8%	▲0.5%
(to net sales)	28.8%	29.2%	**28.9%**	+0.0p	▲0.3p
Operating Income	64.8	56.5	**57.1**	▲11.9%	+1.2%
(to net sales)	19.3%	15.6%	**15.6%**	▲3.7p	+0.1p
Ordinary Income	65.0	57.0	**58.2**	▲10.5%	+2.1%
(to net sales)	19.4%	15.7%	**15.9%**	▲3.4p	+0.2p
Net Income	35.4	33.0	**34.1**	▲3.7%	+3.4%
(to net sales)	10.5%	9.1%	**9.3%**	▲1.2p	+0.2p

I'd now like to spend some time going over results for the full year to August 2005 at our mainstay UNIQLO domestic business.

Net sales rose 8.8% year on year to ¥365.3bln, operating income fell 11.9% to ¥57.1bln and ordinary income fell 10.5% to ¥58.2bln.

In the end, we managed a slightly better result compared to the revised business forecasts issued at the time of our third quarter results announcement on July 14, 2005.

【Parent】 Net sales

Net sales：¥365.3.bln （＋8.8% y/y）

● Directly managed stores net increase of 38 stores
- ･New store openings 69 stores （v. initial est. 73 stores）
- ･Store closures 31 stores （ 〃 20 stores）

※Store numbers at end August 05
664 directly managed stores
（679 including franchise outlets）

● Net sales at existing stores ＋0.6% y/y
- ･Customer nos＋1.2% y/y ･･･attractive campaigns
- ･Average purchase▲0.6% y/y ･･･fell on back of sales-tax inclusive price displays, etc.

y/y change		Yr to August 2005		
		1H	2H	Full year
Directly managed	Net sales	+10.4%	+5.9%	+8.3%
	Customer nos	+12.3%	+6.1%	+9.2%
	Average purchase	▲1.6%	▲0.3%	▲0.8%
Exisitng stores	Net sales	+1.9%	▲0.8%	+0.6%
	Customer nos	+3.4%	▲1.0%	+1.2%
	Average purchase	▲1.5%	+0.2%	▲0.6%

Let me first run through our net sales position. Net sales rose 8.8% year on year at the parent reaching a total of ¥365.3bln.

The main reason behind the increase in revenue was the increase in our total store numbers. As of the end of August 2005 we had a total number of 664 directly managed stores, having opened 69 stores and closed 31 stores during the year generating a net increase of 38 stores.

Sales at existing stores rose by 0.6% year on year.

The average purchase price per customer fell a marginal 0.6% year on year due to what was in effect a discount in relation to the introduction of sales-tax inclusive price displays. However customer numbers rose 1.2% year on year.

【Parent】 Gross profit margin

Gross profit margin： 44.5% (▲3.7 points y/y)

【1H】
- Effective discount with sales-tax inclusive price displays
- New garments of superior fabric/quality
- Offloading inventory in response to poor sales trends

【2H】
- Offloading inventory in response to poor sales trends

	Yr to Aug 04	Yr to Aug 05	
			y/y
Full year	48.1%	44.5%	▲3.7p
1H	47.5%	44.5%	▲3.0p
2H	48.9%	44.5%	▲4.4p

Our gross profit margin fell 3.7 points on the previous year to 44.5%.

The main reason behind this fall off in gross margin was the need to offload inventory at several periods during the year in response to unforeseen adverse sales trends.

【Parent】 SG&A

SG&A：¥105.4bln （＋8.8**%**：＋¥8.5bln y/y）

- flat year on year as ratio of net sales
- personnel costs up on hiring of new staff at HQ and in stores

Billions of yen

	Yr to August 04	(to net sales)	Yr to August 05	(to net sales)	Ch
SG&A	96.8	**28.8%**	105.4	**28.9%**	＋8.5
Personnel	35.3	**10.5%**	39.5	**10.9%**	＋4.2
Adverstising & promotion	18.1	**5.4%**	19.3	**5.3%**	＋1.2
Store rents	24.9	**7.4%**	25.2	**6.9%**	＋0.3

Our SG&A costs rose 8.8% or an actual ¥8.5bln to ¥105.4bln.

An increase in personnel costs was the main cause of increased costs in this category.

There were two elements in play here – increased hiring of head office staff to meet our mid to long-term group management needs totaling ¥1.7bln, and increased hiring of staff at our stores mainly in the spring new hire season costing ¥2.5bln.

【Group】 Forecasts for yr to Aug 2006

Billions of yen

	Yr to August 2005 Actual	Yr to August 2006 Fcst (y/y)
Net Sales (to net sales)	383.9	435.0 (+13.3%)
Gross Profit (to net sales)	170.2 44.3%	202.0 (+18.6%) 46.4% (+2.1p)
SG&A Expenses (to net sales)	113.5 29.6%	134.0 (+18.0%) 30.8% (+1.2p)
Operating Income (to net sales)	56.6 14.7%	68.0 (+19.9%) 15.6% (+0.9p)
Ordinary Income (to net sales)	58.6 15.2%	69.0 (+17.7%) 15.9% (+0.6p)
Other gain/loss (to net sales)	▲0.5 ▲0.2%	▲0.9 (−) ▲0.2% (−)
Net Income (to net sales)	33.8 8.8%	37.9 (+11.9%) 8.7% (▲0.1p)

FAST RETAILING CO., LTD.

Next, let me move onto our business forecasts for the year to August 31, 2006.

Starting with the consolidated figures, net sales are expected to rise 13.3% year on year to ¥435.0bln, ordinary income is seen rising 17.7% to ¥69.0bln and net income is expected to rise 11.9% year on year to ¥37.9bln.

【Group】
Forecasts for yr to Aug 06–major subsidiaries

Billions of yen

	Group	to net sales	Holding co + Uniqlo Business	to net sales	ONEZONE CORP	to net sales	NELSON FINANCES S.A.S. [France]	to net sales
Term	05/9〜06/8		05/9〜06/8		05/9〜06/8		05/9〜06/8	
Net sales	435.0	100.0%	395.1	100.0%	25.00	100.0%	12.00	100.0%
Gross profit	202.0	46.4%	181.8	46.0%	10.10	40.4%	-	-
SG&A	134.0	30.8%	117.4	29.7%	9.64	38.6%	-	-
Operating income	68.0	15.6%	64.4	16.3%	0.46	1.8%	3.49	29.1%
Ordinary income	69.0	15.9%	64.9	16.4%	0.43	1.7%	3.12	26.0%
Net income	37.9	8.7%	36.9	9.3%	0.34	1.4%	2.06	17.2%

	National Standard Inc	to net sales	COMPTOIR DES COTONNIERS JAPAN	to net sales	ASPESI JAPAN	to net sales	LINK THEORY HOLDINGS	to net sales
Term	05/6〜06/5		05/9〜06/8		05/9〜06/8		05/9〜06/8	
Net sales	0.96	100.0%	1.06	100.0%	0.84	100.0%	equity method	
Gross profit	0.61	63.5%	0.72	67.9%	0.50	59.5%		
SG&A	0.60	62.5%	0.96	90.6%	0.64	76.2%		
Operating income	0.01	1.0%	0.24	▲22.6%	▲0.14	▲16.7%		
Ordinary income	0.00	0.0%	0.25	▲23.6%	▲0.14	▲16.7%	0.90	※2
Net income	▲0.01	▲1.0%	0.15	▲14.2%	▲0.17	▲20.2%		

※1 Fluctuations in the amount of royalties paid to FR as a holding company are envisaged. Therefore, discrepancies may arise between initial forecasts and final results at the end of August 2006.

※2 Including forecasts for a non-operating profit of ¥0.9bln generated by LINK THEORY HOLDINGS CO., LTD. between Sep 05 and Aug 06 and accounted as investment income under the equity method.

Now let me move onto our business forecasts for the full year at our major consolidated subsidiaries.

First of all, let me explain our expectations for the group excluding UNIQLO operations.

● We expect ONEZONE CORPORATION to post net sales of ¥25.0bln, an ordinary profit of ¥0.4bln and an ordinary profit to net sales ratio of 1.7%.

● We are aiming to bring National Standard Inc. into the black during this business year generating net sales of ¥0.96bln and a small ordinary income.

● Both COMPTOIR DES COTONNIERS JAPAN CO., LTD. and ASPESI JAPAN CO., LTD. will be fully included in the consolidated accounts for the first time this year. We expect the former to generate an ordinary loss of around ¥0.25bln in its initial year of operation, and the latter to generate an ordinary loss of ¥0.14bln.

● We are looking to generate an investment income of ¥0.9bln from our equity method accounting for LINK THEORY HOLDINGS CO., LTD.

Now to explain our expectations for our UNIQLO operation.

We do plan to shift to a holding company structure from November 1, 2005 but the final amount of royalty payments due from the current subsidiaries are still being adjusted. For that reason, we have listed business expectations for the holding company and UNIQLO operation combined in this instance.

But you should be able to get a good feel for our overall UNIQLO operation from these figures.

The next slide will explain expectations for the year to August 2006 at each of our UNIQLO subsidiary firms.

【Group】 Forecasts for yr to Aug 2006 – UNIQLO subsidiaries

Billions of yen

	Holding co + UNIQLO Co, LTD 【Japan】	to net sales	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. 【Hong Kong】	to net sales
Period	05/9～06/8		05/9～06/8		05/7～06/6		05/9～06/8		05/9～06/8		05/9～06/8	
Net sales	388.0	100.0%	2.30	100.0%	1.50	100.0%	1.00	100.0%	1.70	100.0%	0.57	100.0%
Ordinary income	65.2	16.8%	0.01	0.4%	0.09	6.0%	▲0.34	▲34.0%	▲0.10	▲5.9%	▲0.01	▲1.8%
Net income	37.3	9.6%	0.01	0.4%	0.09	6.0%	▲0.34	▲34.0%	▲0.10	▲5.9%	▲0.01	▲1.8%

※ Fluctuations in the amount of royalties paid to FR as a holding company are envisaged. Therefore, discrepancies may arise between initial forecasts and final results at the end of August 2006.

Total performance at the FAST RETAILING holding company and UNIQLO domestic operations managed by UNIQLO CO., LTD. is expected to generate net sales of ¥388.0bln and ordinary income of ¥65.2bln.

We are aiming for a return to the black for our UK operation through the scrap and build of unprofitable stores. We expect our China operation to generate increased sales and profit.

We expect to incur a loss on our new US, South Korea and Hong Kong operations in this their first business year.

Yr to Aug 2006 - Prerequisites for UNIQLO domestic business

		Yr to Aug 05 Actual			Year to August 06 Forecast			y/y		
Net sales		365.3 \bln			**388.0 \bln**			+6.2%		
	Existing store sales	+0.6%			**0.0%**			▲0.6p		
Gross profit margin	Full year	44.5%			**46.0%**			+1.5p		
	1H	44.5%			**46.0%**			+1.5p		
	2H	44.5%			**46.0%**			+1.5p		
Store nos(direct-run)		Open	Close	Net	**Open**	**Close**	**Net**	**Open**	**Close**	**Net**
Full year		69	31	+38	**74**	**39**	**+35**	+5	+8	▲3
	1H	41	14	+27	**39**	**24**	**+15**	▲2	+10	▲12
(stores)	2H	28	17	+11	**35**	**15**	**+20**	+7	▲2	+9

※1 Small-format specialty outlets (women's underwear 'BODY by UNIQLO' stores、'UNIQLO KIDS' stores) are not included in the first half forecasts for store numbers.

I'd like to take a moment now to run through some prerequisite forecasts on UNIQLO CO., LTD. performance for the year to August 2006. UNIQLO CO., LTD. will come into being from November 1, 2005 as the operator of UNIQLO domestic business.

We are working on the assumption that we can achieve a 6.2% increase in overall net sales compared to the previous year and that sales of ￥3.8bln at existing stores will hold firm.

We are planning a gross profit margin for the full business year of 46.0%.

We expect to open 74 new stores during the year generating a net increase of 39 stores.

【Dividend forecast】

Year to August 2006: Dividend forecast 130 yen

Annual payout ratio (consolidated basis) ＝ 34.9%

	Yr to Aug 2005※			Yr to Aug 2006 (fcst)		
		Interim	Yr end		Interim	Yr end
Dividend per share	130 yen	65 yen	65 yen	130 yen	65 yen	65 yen
Payout ratio (group)	39.0%			34.9%		

※Subject to approval by regular shareholder's meeting to be held late November 2005.

Finally, let me run through our expected dividend policy for the year to August 2006. We are planning a full year dividend of 130 yen to be split evenly with a 65 yen interim and a 65 yen year end payment. That would translate into an annual payout ratio on a consolidated basis of 34.9%.

For your reference, we have also provided charts outlining our interim business forecasts and a breakdown of our our store opening plans per subsidiary. Please refer to them at your leisure.

That completes this overview of our business results for the year to August 2005. Thank you.

【Group】 Forecast for six months to February 2006

Billions of yen

	Six mths to Feb 05 Actual	Six mths to Feb 06 Fcst (y/y)
Net Sales	201.8	232.7 (+15.3%)
Gross Profit	89.8	107.7 (+19.9%)
(to net sales)	44.5%	46.3% (+1.8p)
SG&A Expenses	54.5	66.3 (+21.8%)
(to net sales)	27.0%	28.5% (+1.5p)
Operating Income	35.3	41.4 (+17.1%)
(to net sales)	17.5%	17.8% (+0.3p)
Ordinary Income	36.2	42.0 (+15.9%)
(to net sales)	18.0%	18.0% (+0.0p)
Other loss/gain	▲0.5	▲0.3 (−)
(to net sales)	▲0.2%	▲0.1% (−)
Net Income	21.3	23.2 (+8.7%)
(to net sales)	10.6%	10.0% (▲0.6p)

<REF>

【Group】 Yr to Aug 06 – store opening plans by subsidiary

Number of stores

	2005 End Aug	2006 Open	2006 Close	2006 Net	2006 Eng Aug (fcst)
Total UNIQLO stores	692	92	41	+51	743
UNIQLO domestic:	679	78	39	+39	718
Direct run※1	664	74	39	+35	699
FC	15	4	0	+4	19
UNIQLO overseas:	13	14	2	+12	25
UK:	6	2	2	0	6
China:	7	4	0	+4	11
US:	-	3	0	+3	3
South Korea:	-	4	0	+4	4
Hong Kng:	-	1	0	+1	1
ONEZONE CORPORATION	329	0	2	▲2	327
NELSON FINANCES S.A.S. [France]	200	38	0	+38	238
National Standard Inc.	10	1	0	+1	11
COMPTOIR DES COTONNIERS JAPAN	-	10	0	+10	10
ASPESI Japan CO., LTD.	13	0	6	▲6	7
TOTAL	1,244	141	49	+92	1,336

※ Small-format specialty outlets (women's underwear 'BODY by UNIQLO' stores, 'UNIQLO KIDS' stores) are not included in the forecasts for store numbers.