July 14, 2005
FAST RETAILING CO., LTD.

FAST RETAILING CO., LTD. results for Nine months to May 2005

Third Quarter Results to May 2005 (Consolidated)

(Billions of Yen)

	1Q～3Q (04/9～05/5) Actual	Previous yr	(y/y)	3Q (05/3～05/5) Actual	Previous yr	(y/y)
Net Sales	294.8	269.9	(+9.2%)	92.9	87.0	(+6.8%)
(to net sales)						
Gross Profit	132.8	130.1	(+2.0%)	42.9	43.5	(▲1.4%)
(to net sales)	45.1%	48.2%	(▲3.2p)	46.2%	50.0%	(▲3.9p)
SG&A Expenses	83.2	72.7	(+14.5%)	28.7	25.3	(+13.5%)
(to net sales)	28.2%	26.9%	(+1.3p)	30.9%	29.1%	(+1.8p)
Operating Income	49.5	57.4	(▲13.7%)	14.2	18.2	(▲22.2%)
(to net sales)	16.9%	21.3%	(▲4.5p)	15.3%	21.0%	(▲5.7p)
Ordinary Income	51.1	57.9	(▲11.6%)	14.9	18.7	(▲20.3%)
(to net sales)	17.4%	21.4%	(▲4.1p)	16.1%	21.5%	(▲5.4p)
Net Income	27.1	28.3	(▲4.3%)	5.7	10.4	(▲45.0%)
(to net sales)	9.2%	10.5%	(▲1.3p)	6.2%	12.0%	(▲5.8p)

【Summary】Q3 revenue up but profit down. Full year forecasts revised down.

FAST RETAILING CO., LTD. enjoyed an increase in parent company revenue but a fall in profit during the third quarter when viewed on a cumulative basis for the nine months from September 2004 to May 2005. Cumulative third quarter net sales rose 7.3% year on year to ¥286.2bln but ordinary income fell 14.2% year on year to ¥50.0bln and net income fell 8.9% on year to ¥28.9bln.

For the three months from March to May alone, overall net sales at the FAST RETAILING parent rose a mere 0.6% year on year following the poor showing in spring garment sales. Inventory adjustments also generated a fall in gross profit margin to 46.3% with ordinary income down 23.8% year on year.

Based on these third quarter results, FAST RETAILING has decided to revise down its forecasts for the full business year to August 2005. Our new full year forecasts for the parent company are as follows: overall net sales ¥363.0bln (versus initial estimate of ¥371.8bln), ordinary income ¥57.0bln (initial estimate ¥63.0bln).

Consolidated results for the third quarter again viewed on a cumulative basis (September 2004 through May 2005) show overall net sales up 9.2% year on year at ¥294.8bln, ordinary income down 11.6% to ¥51.1bln and net income down 4.3% at ¥27.1bln. We have also decided to revise down our consolidated forecasts for the full year as follows: overall net sales ¥380.8bln (versus initial estimate of ¥388.0bln), ordinary income ¥58.2bln (initial estimate ¥63.9bln).

【Parent results】

As we mentioned, overall net sales at the parent company during the three months of March to May rose a mere 0.6% year on year. While store numbers increased as planned by a total of 15 (19 store openings and 4 store closures bringing the total number of directly-run stores to 668 as of the end of May), existing store net sales fell 6.8% on year as customer numbers tapered off. Our gross profit margin of 46.3% for the quarter represents a fall of 3.9 points year on year as the slump in spring garment sales and the subsequent need for early price cuts to shift inventory took its toll. In addition, SG&A costs were 5.6% higher compared to the same period last year. Increases in our staff numbers (at both head office and in our stores) and our store numbers did result in higher personnel costs and rental expenses. That resulted in a much lower ordinary income of ¥14.2bln, down 23.8% year on year.

【Consolidated results】

Main factors impacting the quarter's consolidated results were firstly the inclusion of shoe retailer ONEZONE CORPORATION that generated an extraordinary gain of ¥1.2bln (in relation to discharge of debt) and a net income for the quarter of ¥1.6bln. In addition, we also accounted a non-operating gain of ¥0.9bln from LINK THEORY HOLDINGS CO., LTD., an affiliate that became a listed company in June this year and from which we derive investment income according to the equity method. On the other hand, we also incurred an extraordinary loss relating to our purchase of NELSON FINANCES S.A.S., developer of the Comptoir des Cotonniers brand, during the quarter.　The loss amounted to ¥4.2bln in amortization of consolidation account adjustment (goodwill depreciation).

【FR to change its operational structure】

Along with the announcement of our third quarter results, we have also provided a press release on our plans to shift to a holding company structure later in the year. FAST RETAILING CO., LTD. decided to shift to a holding company structure tentatively from November 1, 2005 and change our corporate name to FR HOLDINGS CO., LTD. As the domestic and international retail business becomes ever more competitive, we realize that we must further strengthen our UNIQLO brand and also continue to challenge new business areas and overseas markets. In order to do that properly, we determined it both necessary and vital to create a clear distinction between each member company so that we can better monitor and clarify profitability and management responsibilities. We also need to facilitate the taking of speedy decisions regarding business tie-ups and a flexible approach to capital injections etc.

Following the adoption of a holding company structure, FAST RETAILING CO., LTD. will be known as FR HOLDINGS CO., LTD.. FR HOLDINGS will be responsible for determining management strategy for the overall group. SUNROAD CO., LTD. will inherit our UNIQLO operations in Japan (a 100% subsidiary expected to subsequently change its name to UNIQLO CO., LTD.). FR HOLDINGS will aim to ensure that SUNROAD and each and every one of our group companies can maximize the value of their individual operations and consequently the FR group as a whole.

Note: You can find our results data and a variety of press releases on our IR website. (http://www.uniqlo.co.jp/english/ir/index.html)