January 13, 2005
FAST RETAILING CO., LTD.

Statement of Financial Results for First Quarter to November 2004

First Quarter Results to November 2004 (Consolidated) **(billion of yen)**

	Year to August 05		Yr to Aug 04
	First quarter to Nov 04		1Q to Nov 03
	Actual	(y/y)	Actual
Net Sales	**104.4**	**(+12.5%)**	92.8
(to net sales)	**100.0%**		100.0%
Gross Profit	**48.0**	**(+4.4%)**	46.0
(to net sales)	**46.0%**	**(▲3.6p)**	49.5%
SG&A Expenses	**28.2**	**(+16.0%)**	24.3
(to net sales)	**27.0%**	**(+0.8p)**	26.2%
Operating Income	**19.8**	**(▲8.6%)**	21.6
(to net sales)	**19.0%**	**(▲4.4p)**	23.3%
Ordinary Income	**20.4**	**(▲6.0%)**	21.7
(to net sales)	**19.5%**	**(▲3.8p)**	23.4%
Net Income	**11.8**	**(▲2.6%)**	12.1
(to net sales)	**11.3%**	**(▲1.8p)**	13.1%

【Summary】Revenue rise, profit fall for both parent & group but no change to forecasts.

In the three months to November 2004, revenue rose but profit fell at FAST RETAILING CO., LTD. on both a parent and a consolidated basis. Listing first the parent only figures; net sales rose 12.6% year on year to ¥103.5bln, operating profit fell 9.9% year on year to ¥19.8bln and ordinary profit fell 9.0% year on year to ¥20.1bln. While the extremely hot summer and mild winter both acted as a drag on customer numbers and sales, our "Declaration on global quality" announced back in September and a number of subsequent successful campaigns helped boost existing store sales by 3.5% year on year. An increase in our total stores numbers also helped boost net sales for the quarter by the 12.6% mentioned earlier. Despite this favourable sales position however, our gross profit margin fell 3.7 points to 46.0% in the first quarter compared to the same period of the previous year. SG&A costs to net sales also rose 1.1 points year on year to 26.8% leading to a fall in operating profit for the period of 9.9% year on year. On a consolidated basis, net sales for the three months to November 2004 rose 12.5% year on year to ¥104.4bln and operating profit fell 8.6% to ¥19.8bln.

We have no plans to revise our parent or consolidated forecasts for the first half or the full year through August 2005.

【Parent Results】

We attained a rise in net sales in the three months to November, up 12.6% to ¥103.5bln. There were several contributing factors here. First, we opened 35 directly managed new stores and closed 10 stores resulting in a net increase in store numbers of 25. That means that as of the end of November 2004, we had a total of 651 directly managed stores (including franchise stores: 664 stores). By the end of December we had opened a further 6 directly managed stores and closed 1 bringing the total number of stores to 656. We feel we are on target with our first half store opening plans.

Cumulative first quarter net sales at existing stores rose 3.5% year on year. Customer numbers (on an existing store basis) were impacted by the unusual weather during the quarter. However, our strong new lines and successful campaigns served to boost customer numbers by 4.2% year on year. We were able to continue to gradually attract more customers to our stores. Breaking down the existing store customer numbers by month: In September the extremely hot summer saw customer numbers drop 10.8%. Come October and our successful campaigns for cashmere garments and new fleece items generated a large increase in numbers up 15.0% year on year. In November, the weather was mild but our new garment lines such as premium downs attracted more customers, up 1.6% year on year despite the unusual weather patterns. However, once into December and the second quarter, the weather continued mild and that once again dampened customer numbers. December numbers fell by 6.5% year on year reflecting the very volatile nature of this statistic when viewed on a month-by-month basis.

Notably however, we were able to maintain our average purchase price per customer around the previous year's levels, falling a mere 0.7% year on year. That despite the shift to sales-tax inclusive price displays which in effect resulted in lower prices.

Next, our gross profit margin slipped 3.7 points year on year in the first quarter to 46.0%. Several factors were at play here including price cuts resulting from the introduction of sales-tax inclusive price displays and a slight increase in raw material costs of some new products with the focus on quality and attractive fabric for our new garment ranges. The extremely hot summer and mild winter also meant that we had to do some quick inventory adjustments.

One other feature in the quarterly results was the rise in SG&A costs, up 17.5% year on year to ¥27.7bln. That rise in SG&A resulted from both a rise in personnel costs and advertising and promotion costs. First on the personnel side, we invested in the hiring of some mid-career staff who we consider key for our future and to our mid to long-term strategy of global expansion and new business development. The rise in expenditure on advertising and promotion was due to an acceleration of existing campaigns and advertising that we felt would see our corporate message better understood by a broader audience.

All of the above factors resulted in a fall in profits for the quarter. Operating profit fell 9.9% year on year to ¥19.8bln and ordinary profit fell 9.0% to ¥20.1bln

【Consolidated results】

Consolidated results for FAST RETAILING in the three months to November 2004 were as follows: net sales rose 12.5% year on year to ¥104.4bln. Operating profit fell 8.6% to ¥19.8bln and ordinary profit fell 6.0% to ¥20.4bln. Similar to the parent results, while revenue rose on a consolidated basis profits fell back. Breaking down the results by subsidiary: our UK operation posted an ordinary profit of ¥10mln. We are now aiming for our second consecutive year in the black in the UK. Our operation in China generated a¥ 20mln ordinary loss. However we feel that the margin of loss is definitely shrinking. National Standard Inc., fully incorporated on a consolidated basis last year, generated a ¥50mln ordinary loss. However management is striving for a speedy shift into the black there. Finally, we accounted a non-operating income of ¥390mln from LINK HOLDINGS CO.,LTD., the marketer of the *theory* apparel brand, incorporated under the equity method.

【Forecasts】No revisions to our initial business forecasts

We have no plans to revise our initial forecasts for the mid-term or full fiscal year through August 2005 on either the consolidated or parent only basis. For the full year on a parent only basis, net sales are forecast to rise 13.1% to ¥380bln, ordinary profit is forecast to rise 10.7% year on year to ¥72.0bln and net profit is expected to rise 13.0% to ¥40.0bln. On a consolidated basis, full year net sales are forecast to rise 13.2% to ¥384.8bln, ordinary income is seen rising 13.4% to ¥72.8bln and net profit is expect to rise 30.4% to ¥40.8bln.

Note: Please refer to the Investor Relations section of our web site for detailed financial data. (http://www.fastretailing.com/ir/index.html).