January 12, 2006
FAST RETAILING CO., LTD.

FR business first quarter results for the three months to November 2005

Consolidated results (billions of yen)

	Year to August 2006					
	1Q Actual		(y/y)	Full-year Estimate		(y/y)
Net Sales	120.5	100.0%	(+15.4%)	435.0	100.0%	(+13.3%)
Gross Profit (to net sales)	57.7	47.9%	(+20.2%) (+1.9p)	202.0	46.4%	(+18.6%) (+2.1p)
SG&A Expenses (to net sales)	33.8	28.1%	(+20.1%) (+1.1p)	134.0	30.8%	(+18.0%) (+1.2p)
Operating Income (to net sales)	23.8	19.8%	(+20.4%) (+0.8p)	68.0	15.6%	(+19.9%) (+0.9p)
Ordinary Income (to net sales)	24.7	20.6%	(+21.5%) (+1.0p)	69.0	15.9%	(+17.7%) (+0.6p)
Net Income (to net sales)	13.8	11.5%	(+17.5%) (+0.2p)	37.9	8.7%	(+11.9%) (▲0.1p)

【3 months to Nov 2005】FR achieves a rise in both revenue & profit

The FAST RETAILING group achieved an increase in both revenue and profit in the first quarter (September to November 2005) roughly in line with initial forecasts. Consolidated net sales totaled ¥120.5bln (up 15.4% y/y), and ordinary profit came in at ¥24.7bln (up 21.5% y/y).

As a result of the shift to a new holding company management structure from November 1, 2005, it is actually difficult to make a simple year-on-year comparison regarding the domestic UNIQLO operation. A good approximation however would be to combine the results for UNIQLO CO., LTD. (responsible for domestic UNIQLO operations) with the results of the FAST RETAILING parent (the holding company). Net sales there for the first quarter totaled ¥109.6bln (up 5.9% y/y), and ordinary profit totaled ¥23.8bln. When compared to the previous year's ordinary profit figure of ¥20.1bln under the original FAST RETAILING format, that corresponds to an 18% increase in profit on year.

●Net sales

Domestic UNIQLO sales, which make up approximately 91% of total consolidated net sales, rose 5.9% year on year in the first quarter. Net sales at existing stores fell 1.7% year on year. But the net increase of 25 directly managed stores during the first quarter meant that net sales across our total store base actually increased. At the end of November 2005, FR had a total of 676 directly managed UNIQLO stores (or 695 including franchises). Customer numbers fell short of last year's levels, dropping 2.5% year on year. But the cold weather helped generate a modest recovery in customer numbers in the months of November and December. The average purchase price per customer rose 0.9% year on year. Here, the impact of the introduction of sales-tax inclusive price displays, which in effect provided a temporary discount for the customer, has now run its course. Furthermore, the inclusion of footwear retailer ONEZONE CORPORATION and French casual wear developer NELSON FINANCES S.A.S. as consolidated subsidiaries generated a double-digit increase in consolidated net sales.

●Gross profit margin

The gross profit on consolidated sales improved 1.9 points year on year to 47.9%. That increase was due in the main to two key influences. First, the gross margin on domestic UNIQLO operations improved 1.4 points to 47.4%, and, second, NELSON FINANCES, with its high gross margin, was incorporated into the consolidated accounts. As regards the domestic UNIQLO operation, we were able to reduce the need for discounts to offload inventory by carefully monitoring the trends in demand and adjusting merchandise orders accordingly.

●Costs

SG&A costs to consolidated net sales worsened 1.1 points year on year to 28.1%. But this was due mainly to an increase in the number of FR consolidated subsidiaries. In the domestic UNIQLO operation alone, SG&A costs to net sales actually improved slightly despite an increase in costs related to increased store numbers. That improvement was generated by greater control over personnel costs and expenditure on promotion and advertising.

●Balance sheet

At the end of November 2005, cash, cash equivalents and marketable securities totaled ¥137.5bln, an increase of ¥16.5bln compared to August 2005. This was due to an increased operating cash flow from the domestic UNIQLO business. Inventory assets increased ¥6.5bln compared to end August 2005. However, this was due to a seasonal increase in inventory of mainly winter goods at UNIQLO in Japan and ONEZONE. Inventory assets increased just ¥3.9bln if compared to end November 2004.

【Overseas UNIQLO operations】

Our UK operation generated a profit in the first quarter roughly in line with forecasts. The two new stores that we opened in October are doing well and business at the expanded Regent Street store is strong. Our China operation posted a loss during the consolidated period of July through September when offloading of summer inventory is at its peak. In addition, store openings in Beijing meant increased costs. However, our first quarter result was in line with expectations.

As regards our operation in the US, launched in the autumn of 2005, first quarter sales and profit both fell short of our expectations. We are currently developing a plan to improve this situation. Conversely, our South Korean and Hong Kong operations, also launched in autumn 2005, exceeded expectations on both net sales and profit generating a modest profit during the first quarter. We believe that our South Korean and Hong Kong UNIQLO operations will become models of UNIQLO success overseas.

We are looking to further strengthen the support system extended from Japan to overseas UNIQLO operations. To that aim, we established the Overseas Management Support Department in September 2005.

【Group operations】

Moving onto other group companies, both ONEZONE CORPORATION and NELSON FINANCES S.A.S. began contributing to FR's consolidated results in the first quarter. FR acquired ONEZONE in March 2005. In May 2005, FR bought the management rights to NELSON FINANCES, the developer of the COMPTOIR DES COTONNIERS brand mainly in France.

Net sales at ONEZONE fell slightly in the first quarter but the level of sales and profit was close to expectations. We completed a major inventory adjustment in the year to August 2005. We are now reviewing the product lineup and expect to see a pick up in sales from the second half of the year to August 2006. In addition, this year we have instigated structural changes in the purchasing mechanism. That along with the introduction of a greater proportion of original footwear should help improve gross margin. We are predicting an ordinary profit for ONEZONE for the full year to August 2006.

NELSON FINANCES produced a strong result in the first quarter with both net sales and ordinary profit hitting target. At its board meeting on January 12, 2006, FAST RETAILING decided to purchase additional shares in NELSON FINANCES through July 2007, in effect making the company a 100% subsidiary of FR. The full investment (including the initial stake) is expected to total approximately ¥23.0bln or 160 million euros.

Finally, FR accounted a non-operating profit of ¥0.39bln from LINK THEORY HOLDINGS LTD affiliated under the equity method.

【Consolidated forecasts for full year to August 2006】

For the year to August 2006, we are forecasting an increase in both revenue and profit on a consolidated basis. We are predicting net sales at ¥435.0bln (up 13.3% y/y), ordinary profit at ¥69.0bln (up 17.7% y/y), and net profit at ¥37.9bln (up 11.9% y/y). We have made no revisions to the interim or full year forecasts first announced back in October 2005

Note: FAST RETAILING CO., LTD. discloses data on its business results and offers a variety of press releases on its IR website. Please refer to http://www.fastretailing.com/ir/ for further details and information.