

Results summary for three months to November 2006

Consolidated Results

(Units: ¥ billions)

	Year to Aug 2006	Year to Aug 2007			
	1Q Actual	1Q Actual	(y/y)	Full-year Est.	(y/y)
Net Sales	120.5	145.0	(+20.3%)	532.5	(+18.6%)
Gross Profit (to net sales)	57.7 47.9%	68.9 47.5%	(+19.4%) (0.4p)	256.2 48.1%	(+20.6%)
SG&A Expenses (to net sales)	33.8 28.1%	43.8 30.2%	(+29.4%) (+ 2.1p)	180.4 33.9%	(+27.0%)
Operating Income (to net sales)	23.8 19.8%	25.0 17.3%	(+5.2%) (2.5p)	75.8 14.2%	(+7.7%)
Ordinary Income (to net sales)	24.7 20.6%	25.8 17.9%	(+4.5%) (2.7p)	76.4 14.3%	(+4.5%)
Net Income (to net sales)	13.8 11.5%	14.1 9.8%	(+2.2%) (1.7p)	41.0 7.7%	(+1.4%)

【Summary】 First quarter income and profits up year on year

FAST RETAILING CO., LTD. enjoyed a rise in both income and profit in the first quarter of the year to August 2007 (September to November 2006). Net sales rose 20.3% year on year to ¥145.0bln, operating income rose 5.2% to ¥25.0bln, and net income rose 2.2% to ¥14.1bln.

The reasons behind the double-digit year-on-year increase in overall net sales included the increase in income at our mainstay domestic UNIQLO operation (UNIQLO CO., LTD.), and contributions from newly consolidated firms CABIN Co., Ltd. and PETIT VEHICULE S.A. On the profit side, we experienced increased costs linked to the greater number of new consolidated subsidiaries, the cost of opening our global flagship UNIQLO store in New York, costs incurred during the start up of our new g.u. brand operation, and increased amortization of goodwill. However, we still managed to achieve a 5.2% year-on-year increase in consolidated operating income thanks to higher profits at the domestic UNIQLO and FR France operations.

However, the gross margin at our domestic UNIQLO operation fell below our initial expectations, and following a fall off in existing store sales in December, we revised our interim forecasts for the domestic UNIQLO operation, UNIQLO CO., LTD. In addition, we are revising forecasts for consolidated subsidiaries G.U. CO., LTD., FR FRANCE, ONEZONE CORP, and CABIN Co., Ltd. And therefore consolidated forecasts for the FAST RETAILING group will also be revised. We have revised our forecasts for the six months to February 2007 as follows: consolidated net sales up 18.2% year on year to ¥282.0bln, operating income down 2.9% year on year to ¥44.2bln. And we have revised our full year forecasts as follows: net sales up 18.6% year on year to ¥532.5bln, and operating income up 7.7% year on year to ¥75.8bln.

Income at domestic UNIQLO business rises 10.9%, operating profit up 3.1%

The domestic UNIQLO business (UNIQLO CO., LTD.) accounts for roughly 84% of FR's consolidated sales. In the three months from September to November 2006, income at UNIQLO CO increased 10.9% year on year. The main reasons for this increase were, the positive sales performance at our existing stores up 4.3% year on year, an increase of 33 direct-run UNIQLO

stores compared to end November 2005 (taking the total number of direct-run stores at end November to 714 stores, or 732 stores including franchises), and favorable sales predominantly at our new larger stores with shop floors of around 1,650 square meters. The reason for the 4.3% increase in existing store sales in the first quarter was the large increase in the number of customers visiting our stores in the months of September and November. In actual fact, customer numbers increased a considerable 4.2% in the first quarter. We believe that our “skinny bottoms” campaign in September and our bargain sales in November attracted more customers to our stores.

While overall net sales at our domestic UNIQLO operation increased, the gross margin on sales actually fell 1.6 points year on year to 45.7%. That was due to unexpected discounting in our “bulk buy sale” and early discounting to shift slow-moving products. As a result, operating income at the domestic UNIQLO operation rose only 3.1% year on year.

Interim forecasts for the domestic UNIQLO operation

We decided to revise our interim forecasts for UNIQLO CO., LTD., given that the first quarter gross margin had come in below expectations and existing stores sales fell 3.3% in the month of December. We have revised our estimate for the interim gross margin on sales at our domestic UNIQLO operation to 45.3% (down 1.2 points from the previous year), and we have revised our interim operating income forecast to ¥42.1bln (down 2.6% year on year).

Overseas UNIQLO operation

Performance over the three months from September to November proceeded as expected at our overseas UNIQLO operation.

The opening of our global flagship UNIQLO store with its 3,300sqm shop floor in the New York SOHO area on November 10, 2006 succeeded in raising awareness of the UNIQLO brand in the global market. Sales at the SOHO flagship store are performing well. We refurbished and expanded our Oxford store in the UK in October 2006, and opened a 2300sqm flagship store in Pudong, Shanghai, China in December.

Group operations

Running through our new business operations, we opened our first g.u. store on October 13, 2006. By the end of November, we had 19 g.u. stores and we had completed our first half target of 25 stores by the end of December. Net sales however came in below target with customer numbers lower than forecasts. We are revising down our full year forecasts for g.u. based on these latest results, and we are also planning to implement some reductions in our expense budget. We will be looking to increase the women’s wear component in our g.u. stores and to strengthen the low-priced and fashion items in order to better differentiate ourselves in the competitive market.

The mainstay component of our French operation, the *comptoir des cotonniers* brand, and lingerie brand PRINCESSE tam.tam both continue to perform well. And as a result net sales at FR FRANCE in the first quarter reached ¥8.5bln, with an operating income of ¥2.1bln. Existing store sales at *comptoir des cotonniers* outpaced our initial estimates, rising 20% year on year in the first quarter. We can pinpoint several reasons for this sales success, including the putting in place of a quick response system to ensure that additional production orders are processed

smoothly and efficiently. Also of note was the strong reception for the 2006 autumn/winter collection compiled by CDC's new chief designer. In the future, we shall be aiming to make CDC a global brand by maintaining a strong sales performance in France while also expanding the store network in other European countries, Japan and Asia. We have revised up our full year forecast for the FR FRANCE operation.

ONEZONE CORPORATION produced a first quarter operating loss when extremely tough competition in the footwear industry required wider discounting. Given this first quarter performance and the suspected tough external environment, we have revised down the full year forecast for ONEZONE to an operating loss of ¥0.3bln. Going forward, we will be looking to keep this loss to an absolute minimum by continuing to reform ONEZONE's products and stores, and by revising product lineups ahead of the most popular season in March/April.

CABIN Co., Ltd., listed on the First Section of the Tokyo Stock Exchange and incorporated at end August 2006, produced net sales of ¥5.7bln and operating income of ¥0.4bln in the three months from September to November 2006. For the full year to end August 2007, we are predicting net sales of ¥22.9bn and operating income of ¥0.8bln.

And finally, we took a 33.4% stake in women's footwear retailer VIEWCOMPANY CO.,LTD. (JASDAQ) in November 2006. VIEWCOMPANY will be reflected in FR's consolidated results from the second quarter onwards as an equity method affiliate.

Forecasts for the full year to August 2007

We have revised our consolidated results for the FAST RETAILING group for both the interim and full-year period to reflect revisions to results estimates at the afore-mentioned domestic UNIQLO operation (UNIQLO CO., LTD.) and subsidiary firms G.U. CO., LTD., FR FRANCE, ONEZONE CORP and CABIN Co., Ltd.

We are revising our interim forecasts for the six months to February 2007 as follows: net sales to rise 18.2% year on year to ¥282.0bln, operating income down 2.9% to ¥44.2bln, and net profit down 9.6% to ¥24.0bln. For the full year, the revisions are as follows: net sales up 18.6% to ¥532.5bln, operating income up 7.7% to ¥75.8bln, and net income up 1.4% to ¥41.0bln. We are predicting profit per share for the full year to August 2007 of ¥402.55. We have not changed our original estimate for an annual dividend of 140 yen per share.

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/eng/ir/> for more detailed information.