

Overview of business results for 3 months to November 2005

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Executive Vice President
FAST RETAILING CO., LTD.

My name is Masa Matsushita, and I am the Executive Vice President responsible for investor relations at FAST RETAILING CO., LTD.

Today, I would like to explain briefly about our business results for the first quarter, or the three months to November 2005.

[Group] Q1 P/L – 3 mths to Nov 2005

**Revenue up
profit up**

**Net sales: ¥120.5bln (+15.4% y/y)
Ordinary income: ¥24.7bln (+21.5% y/y)**

	Yr to Aug 06		Yr to Aug 05	Billions of yen
	3 mths to Nov 05 Actual	(y/y)	3 mths to Nov 04 Actual	
Net Sales	120.5	(+15.4%)	104.4	
(to net sales)	100.0%		100.0%	
Gross Profit	57.7	(+20.2%)	48.0	
(to net sales)	47.9%	(+1.9p)	46.0%	
SG&A Expenses	33.8	(+20.1%)	28.2	
(to net sales)	28.1%	(+1.1p)	27.0%	
Operating Income	23.8	(+20.4%)	19.8	
(to net sales)	19.8%	(+0.8p)	19.0%	
Ordinary Income	24.7	(+21.5%)	20.4	
(to net sales)	20.6%	(+1.0p)	19.5%	
Other loss	0.2	(+73.8%)	0.1	
(to net sales)	0.2%	(0.1p)	0.1%	
Net Income	13.8	(+17.5%)	11.8	
(to net sales)	11.5%	(+0.2p)	11.3%	

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First, let me go through the consolidated results for the three months to November 2005.

FAST RETAILING was able to boost both revenue and profit during the first quarter compared to the previous year. Net sales totaled ¥120.5bln, gross profit stood at ¥57.7bln, SG&A expenses amounted to ¥33.8bln, operating income came in at ¥23.8bln, and ordinary income totaled ¥24.7bln.

The increase in both sales and profit was in line with our initial estimates.

[Group] Net sales, gross profit margin

Net sales ¥120.5bln (+15.4% y/y)

- Greater number of consolidated subsidiaries
- Greater number of UNIQLO Japan stores

Gross profit margin 47.9% (+1.9p y/y)

- An improved gross margin at domestic UNIQLO business
47.4% (+ 1.4p y/y) for 3 months to November 2005
More attentive merchandise ordering reduced need for discounting

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In terms of net sales, seasonal factors did feature with unusually warm weather from September through October. But we still managed to boost revenue, with net sales for the 3 months through November 2005 rising 15.4% year on year to ¥120.5bln.

Several factors were responsible for that strong boost to sales. First, the addition of footwear retailer ONEZONE CORPORATION and NELSON FINANCES S.A.S. (the developer of the COMPTOIR DES CONTONNIERS brand in France) as FR consolidated subsidiaries.

In addition, a net increase of 25 directly-managed UNIQLO stores in Japan also helped boost domestic UNIQLO sales.

Next, our consolidated gross profit margin to sales ratio improved by 1.9 points year on year to 47.9%. This was due to the 1.4 point improvement in gross margin at our domestic UNIQLO business to 47.4%. Furthermore, the addition of NELSON FINANCES, with its high gross margin, as a consolidated subsidiary also helped boost FR's profit margin.

In the domestic UNIQLO business, we were able to successfully reduce the need for discounting to offload inventory by closely monitoring demand trends and implementing more appropriate merchandise orders.

[Group] SG&A

SG&A ¥33.8bln (+ 20.1% y/y)

--- SG&A ratio to net sales 28.1% (+ 1.1p y/y)

- Addition of new consolidated subsidiaries
ONEZONE CORPORATION, NELSON FINANCES S.A.S.
- Domestic UNIQLO business
Good control over personnel, advertising & promotion costs

Let me move on to speak about FR's consolidated SG&A position in the first quarter. SG&A costs rose 20.1% year on year to ¥33.8bln.

This increase in costs was due in part to the greater number of FR consolidated subsidiaries, and the greater number of UNIQLO stores.

As for the domestic UNIQLO business, the SG&A costs to sales ratio improved somewhat thanks to better control over personnel, and advertising and promotion costs.

[Group] Q1 P/L at major subsidiaries

Billions of yen

Period	Group		Holding co + Uniqlo business		ONEZONE CORP.		NELSON FINANCES S.A.	
	05/9 ~ 05/11	to net sales	05/9 ~ 05/11	to net sales	05/9 ~ 05/11	to net sales	[France]	05/9 ~ 05/11
Net sales	120.5	+ 100.0%	111.8	+ 100.0%	4.9	+ 100.0%	3.5	100.0%
Ordinary income	24.7	+ 20.6%	23.8	+ 21.3%	0.1	2.9%	1.1	30.4%
Other loss	0.2	0.2%	0.2	0.2%	0.0	0.7%	0.0	0.0%
Net income	13.8	+ 11.5%	13.8	+ 12.3%	0.2	3.6%	0.7	18.8%

Period	National Standard		COMPTOIR DES COTONNIERS Japan		ASPESI Japan		LINK THEORY HOLDINGS CO., LTD.	
	05/6 ~ 05/8	to net sales	3	to net sales	05/9 ~ 05/11	to net sales	05/9 ~ 05/11	to net sales
Net sales	0.19	100.0%	-	-	0.2	100.0%	0.4	2
Ordinary income	0.03	16.6%	-	-	0.0	9.6%	-	-
Other loss	0.01	5.3%	-	-	0.0	0.0%	-	-
Net income	0.04	21.9%	-	-	0.0	9.6%	-	-

1 Following the shift to a holding company structure from November 1, 2005, each group subsidiary is obliged to pay royalties to the FR holding company. Given the timing of the shift, royalties for the month of November only are reflected in these Q1 results.

2 We have accounted as investment income a non-operating profit of ¥0.39bln for the period of Sep 05 through Nov 05 generated by our equity method affiliate LINK THEORY HOLDINGS CO.,LTD.

3 We expect results from COMPTOIR DES COTONNIERS JAPAN CO., LTD. to be reflected in the consolidated accounts from the second half of the year to August 2006.

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First of all, I would like to run through the first quarter performance at our major non-UNIQLO consolidated subsidiaries.

Net sales at ONEZONE CORPORATION 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 S.A.S., the developer of the French-based COMPTOIR DES COTONNIERS brand, produced a strong first quarter with both net sales and ordinary profit coming in on target. I will go through this later in more detail.

National Standard, Inc. suffered a loss in the first quarter, but this already mainly incorporated into our forecasts since the first quarter consolidated period (June through August) tends to generate a lower level of profit.

First quarter results from ASPESI JAPAN CO., LTD., included as a consolidated subsidiary from this business year, were in line with forecast.

Furthermore, FR accounted a ¥0.39bln non-operating profit (equity method) generated by LINK THEORY HOLDINGS CO., LTD., affiliated under the equity method.

[Group] Q1 P/L at UNIQLO subsidiaries

Billions of yen

Period	Holding Co + UNIQLO		UNIQLO (U.K.)		FRJS		UNIQLO USA		FRL Korea		UNIQLO H.K.	
	[Japan]	to net sales	[UK]	to net sales	[China]	to net sales	[US]	to net sales	[Korea]	to net sales	[HK]	to net sales
	05/9 ~ 05/11		05/9 ~ 05/11		05/7 ~ 05/9		05/9 ~ 05/11		05/9 ~ 05/11		05/9 ~ 05/11	
Net sales	109.6	100.0%	0.8	100.0%	0.2	100.0%	0.2	100.0%	0.6	100.0%	0.3	100.0%
Ordinary income	23.8	21.8%	0.0	5.7%	0.1	28.2%	0.2	77.7%	0.0	4.3%	0.1	21.7%
Other loss	0.1	0.2%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net income	13.8	12.6%	0.0	5.7%	0.1	28.2%	0.2	77.7%	0.0	4.3%	0.1	21.7%

Following the shift to a holding company structure from November 1, 2005, each group subsidiary is obliged to pay royalties to the FR holding company. Given the timing of the shift, royalties for the month of November only are reflected in these Q1 results.

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Next, I would like to take you through the first quarter results at our UNIQLO operation.

First of all, if we combine first quarter results from the FR holding company and UNIQLO CO., LTD. (operator of the domestic UNIQLO business), then net sales totaled ¥109.6bln (up 5.9% year on year) and ordinary profit totaled ¥23.8bln. That total corresponds to an increase of approximately 18% when compared to the previous year's ordinary profit level of ¥20.1bln on a parent-only basis.

Our UK operation generated a profit in the first quarter 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, the opening of stores in Beijing meant increased costs. However, this result was also within expectations.

As regards our operation in the US, launched in the autumn of 2005, first quarter sales and profit both fell short of 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.

[Group] B/S at end Nov 2005

Billions of yen

	End Aug 2005	End Nov 2005	Change
Total Assets	272.8	330.2	+57.3
Current Assets	180.0	234.3	+54.3
Fixed Assets	92.7	95.8	+3.0
Liabilities	85.3	132.2	+46.8
Minority Interest	5.1	5.9	+0.8
Shareholder's Equity	182.3	192.0	+9.6

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Next, I would like to move on to explain our consolidated balance sheet at the end of November 2005.

Compared to end August 2005, current assets increased by ¥54.3bln and fixed assets increased by ¥3.0bln, boosting total assets by ¥57.3bln to ¥330.2bln.

I will run through the balance sheet in some more detail in the following slide.

【Group】 B/S – key issues

Issues (compared to end August 2005)

(1) Rise in cash, cash equivalents, marketable securities +¥16.5bln (¥ 121.0bln ¥137.5bln)
 [domestic UNIQLO business] increased operating cash flow, etc.

(2) Increase in trade notes and accounts receivable +¥11.1bln (¥4.4bln ¥15.5bln)
 [domestic UNIQLO business] seasonal factors, new deposit machines in stores

(3) Increase in inventory assets +¥6.5bln (¥33.5bln ¥40.1bln)
 [domestic UNIQLO business] +¥4.3bln
 [ONEZONE] +¥1.1bln seasonal factors

(4) Increase in deferred asset hedge item (forward exchange contracts) +¥24.0bln (¥11.7bln ¥35.8bln)
 [domestic UNIQLO operation] On back of weaker yen trend, no impact on PL
 Matching the asset a/c (exchange rate forward contracts) & liabilities a/c (Net deferred unrealized gain on exchange rate forward contract)

(5) Increase in trade accounts payable +¥22.6bln (¥33.7bln ¥56.3bln)
 [domestic UNIQLO operation] due to seasonal factors

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I would like to explain the main points of comparison between the balance sheet at end August and end November 2005.

- (1) First, we enjoyed a ¥16.5bln increase in cash equivalents and marketable securities such as MMFs compared to end August. This was due to an increased operating cash flow at our domestic UNIQLO business.
- (2) Next, the trade notes and accounts receivable item increased ¥11.1bln versus end August and ¥6.2bln when compared to the same period last year. This was due to seasonal factors that helped boost the trade accounts receivable. In addition, the introduction of “deposit machines” in the stores has meant that monies originally sent from stores to security firms for safe keeping are now accounted as trade accounts receivable.
- (3) Inventory assets increased ¥6.5bln compared to the end of August 2005. This was also due to seasonal factors with the domestic UNIQLO business and footwear retailer ONEZONE increasing inventory of mainly winter merchandise.
- (4) The next feature was the ¥24.0bln increase in deferred hedge assets related to forward exchange contracts. This is a reflection of the weaker yen trend which essentially increases the hidden profit on foreign exchange forward contracts but does not impact the PL. As is stipulated in corporate accounting rules, we cross account this as “exchange rate forward contracts” under current assets, and as “net deferred unrealized gain on exchange rate forward contract” under current liabilities.
- (5) The final point listed here is the ¥22.6bln increase in trade accounts payable compared to end August 2005. This is also due in the main to seasonal factors.

[UNIQLO Japan] Net sales

Q1 net sales: ¥109.6bln

Boosted revenue •• + 5.9% y/y

No. of directly managed stores at end Nov 2005

UNIQLO: 676 stores (net increase of 25 stores y/y)

[695 stores including franchises]

Small specialized stores: BODY by UNIQLO: 3 stores
UNIQLO KIDS: 2 stores

Q1 net increase of 12 direct run UNIQLO stores (v. end Aug 05)

New store openings	34 stores (1H plan 39 stores)
Store closures	22 stores (1H plan 24 stores)
Net increase	12 stores (1H plan 15 stores)

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Now, I would like to offer a further break down the net sales position at our domestic UNIQLO operation.

Net sales in the first quarter came in at ¥109.6bln, a 5.9% increase year on year.

The increase in sales was due to the increase in UNIQLO stores. As of the end of November 2005, the total number of directly managed UNIQLO stores stood at 676. That's 25 more stores than in the same period last year.

In addition, we opened a total of 5 small specialized stores: 3 BODY BY UNIQLO stores specializing in women's inner and underwear, and 2 uniqlo KIDS stores offering clothing for infants and children.

Store openings continued as planned during the first quarter, with 34 new stores opened and 22 stores closed, generating a net increase in total store numbers of 12 stores.

[UNIQLO Japan] Net sales

Q1 existing store sales 1.7% y/y

Customer nos 2.5% y/y

... fall off during October sales battle

Average purchase price +0.9% y/y

... end of impact from sales-tax inclusive price displays

Y/Y change		Yr to August 2006					
		Sep	Oct	Nov	Sep-Nov	Dec	Sep-Dec
Existing stores	Net sales	+1.2%	15.2%	+12.8%	1.7%	+13.6%	+3.0%
	Customer nos	+1.3%	13.7%	+7.5%	2.5%	+9.1%	+0.9%
	Average purchase price	0.1%	1.7%	+4.9%	+0.9%	+4.1%	+2.1%

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UNIQLO existing store net sales fell 1.7% year on year in the first quarter.

Breaking down this year-on-year comparison of existing stores even further, first, customer numbers dipped below the previous year's level dropping 2.5% year on year – a reflection of the tough October sales battle. But the cold weather helped generate a recovery in the months of November and December.

The average purchase price per customer is showing signs of resilience, rising 0.9% year on year in the first quarter. 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.

Cumulative net sales at existing stores for the months of September through December rose 3.0% year on year. However, our view of sales in January is cautious and therefore we have made no changes to our initial full year forecast for flat existing store sales.

[Group] Forecasts for yr to Aug 2006

Interim & full year forecasts unchanged

	Forecast for yr to August 2006		Billions of yen
	Interim	Full year	
Net Sales (to net sales)	232.7 (+15.3%)	435.0 (+13.3%)	
Gross Profit (to net sales)	107.7 (+19.9%) 46.3% (+ 1.8p)	202.0 (+18.6%) 46.4% (+ 2.1p)	
SG&A Expenses (to net sales)	66.3 (+21.8%) 28.5% (+ 1.5p)	134.0 (+18.0%) 30.8% (+ 1.2p)	
Operating Income (to net sales)	41.4 (+17.1%) 17.8% (+ 0.3p)	68.0 (+19.9%) 15.6% (+ 0.9p)	
Ordinary Income (to net sales)	42.0 (+15.9%) 18.0% (+ 0.0p)	69.0 (+17.7%) 15.9% (+ 0.6p)	
Other loss (to net sales)	0.3 (-) 0.1% (-)	0.9 (-) 0.2% (-)	
Net Income (to net sales)	23.2 (+8.7%) 10.0% (0.6p)	37.9 (+11.9%) 8.7% (0.1p)	

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Now, I would like to run briefly through our forecasts for the year to August 2006.

First, our initial consolidated forecasts for the interim and full year period, announced back in October 2005, remain unchanged.

We expect consolidated net sales for the business year to August 2006 to rise 13.3% to ¥435.0bln, and ordinary profit to rise 17.7% to ¥69.0bln.

[Group] Forecasts unchanged for yr to Aug 06 - major subsidiaries

Billions of yen

Period	Group		Holding co + Uniqlo business		ONEZONE CORP		NELSON FINANCES S.A. [France]	
		to net sales		to net sales		to net sales		to net sales
	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%	25.0	100.0%	12.0	100.0%
Gross profit	202.0	46.4%	181.8	46.0%	10.1	40.4%	-	-
SG&A	134.0	30.8%	117.4	29.7%	9.6	38.6%	-	-
Operating income	68.0	15.6%	64.4	16.3%	0.5	1.8%	3.5	29.1%
Ordinary income	69.0	15.9%	64.9	16.4%	0.4	1.7%	3.1	26.0%
Net income	37.9	8.7%	36.9	9.3%	0.3	1.4%	2.1	17.2%

Period	National Standard In		COMPTOIR DES COTONNIERS JAPAN		ASPESI JAPAN		LINK THEORY HOLDING	
		to net sales		to net sales		to net sales		to net sales
	05/6 ~ 06/5		05/9 ~ 06/8		05/9 ~ 06/8		05/9 ~ 06/8	
Net sales	1.0	100.0%	1.1	100.0%	0.8	100.0%	equity method affiliate	
Gross profit	0.6	63.5%	0.7	67.9%	0.5	59.5%		
SG&A	0.6	62.5%	1.0	90.6%	0.6	76.2%		
Operating income	0.0	1.0%	0.2	22.6%	0.1	16.7%		
Ordinary income	0.0	0.0%	0.3	23.6%	0.1	16.7%	9.0	2
Net income	0.0	1.0%	0.2	14.2%	0.2	20.2%		

1 To enable a simple comparison with initial estimates, the above forecasts do not include royalty payments to the new FR holding company. Therefore, the actual results, compiled on completion of the business year to August 2006, could differ from these forecasts.

2 Includes forecast 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.

Forecasts provided by our main consolidated subsidiaries also remain unchanged from initial estimates first announced last October.

[Group] Forecasts unchanged for yr to Aug 2006 - UNIQLO subsidiaries ¹³

Billions of yen

Period	Holding Co + UNIQLO [Japan]		UNIQLO (U.K.) [UK]		FRJS [China]		UNIQLO USA [US]		FRL Korea [Korea]		UNIQLO H.K. [HK]	
	05/9 ~ 06/8	to net sales	05/9 ~ 06/8	to net sales	05/7 ~ 06/6	to net sales	05/9 ~ 06/8	to net sales	05/9 ~ 06/8	to net sales	05/9 ~ 06/8	to net sales
Net sales	388.0	100.0%	2.3	100.0%	1.5	100.0%	1.0	100.0%	1.7	100.0%	0.6	100.0%
Ordinary income	65.2	16.8%	0.0	0.4%	0.1	6.0%	0.3	34.0%	0.1	5.9%	0.0	1.8%
Net income	37.3	9.6%	0.0	0.4%	0.1	6.0%	0.3	34.0%	0.1	5.9%	0.0	1.8%

To enable a simple comparison with initial estimates, the above forecasts do not include royalty payments to the new FR holding company. Therefore, the basis on which we calculate the actual results, compiled on completion of the business year to August 2006, could differ from the base of these forecasts.

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And full year forecasts for our UNIQLO subsidiaries also remain unchanged.

Prerequisites for yr to Aug 2006

	Yr to Aug 05			Yr to Aug 06			y/y		
	Actual			Fcst					
Net sales	365.3 ¥bln			388.0 ¥bln			+ 6.2%		
Existing stores	+ 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	40	+34	+5	+9	4
1H	41	14	+27	39	25	+14	2	+11	13
(stores) 2H	28	17	+11	35	15	+20	+7	2	+9

- 1 Small specialty stores (women's underwear 'BODY by UNIQLO' stores, 'uniqlo KIDS' stores) are not included in the above forecasts for directly managed store numbers.
- 2 Due to the unexpected closure of an additional store in the first quarter, we have revised our interim forecast for store closures from the initial 24 stores to a revised 25 stores, and full year forecast from the initial 39 stores to a revised 40 stores.

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The underlying elements incorporated into this year's forecasts for the domestic UNIQLO operation are also unchanged, with the exception of one unforeseen store closure in the first quarter.

On existing store sales, we are working on the expectation that sales will equal the previous year's levels for the first half, the second half and the full business year.

We are planning a gross profit margin of 46.0% for the first half, the second half and the full business year.

UNIQLO overseas business

Autumn 2005 - launch new stores overseas

3 stores in US, 4 in South Korea, 1 in Hong Kong

2006 challenges

Broader application of best practices from Korea & Hong Kong

Effectively analyze US experience to date to improve operations

Provide support from UNIQLO in Japan

- Overseas Management Support Dept. (est. Sep 05)
- Improve merchandising, store management skills

Finally, let me add a few points on business developments at the FR group.

First of all, in our overseas UNIQLO business, we launched our first stores in the fall of 2005 in the US (3 stores), South Korea (4 stores), and Hong Kong (1 store). In 2006, we will be looking at how to build on the success achieved in both South Korea and Hong Kong, and how to share their best practices with other overseas UNIQLO operations.

We will be looking at how to develop the UNIQLO business in the US based on our experience so far with the New Jersey stores and the one pilot store in Soho. We also plan to strengthen the support system provided by Japan to all of our overseas operations, including the UK and China as well. Concrete measures so far include the setting up of the Overseas Management Support Department, and efforts to further improve global merchandising and store management skills.

COMPTOIR DES COTONNIERS

First quarter net sales, profits on target

- continued strong customer base in France, effective logistics for appropriate inventory management

Successful “mother & daughter” fashion show early December in France

Plans for 38 new stores this year going smoothly

- Planning 10 additional stores in France and 28 in other parts of Europe (Spain, Germany, etc.)

Additional stake in NELSON FINANCES (completion July 07)

- 2-stage purchase effectively a 100% FR subsidiary, proactive FR participation

CDC in Japan: First store launch set for spring 06

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Next, I'd like to spend some time on the development of the COMPTOIR DES COTONNIERS business going forward.

As I mentioned earlier in this presentation, NELSON FINANCES S.A.S., the developer of the COMPTOIR DES COTONNIERS brand in France, posted a strong performance in the first quarter as forecast. The reasons behind this strong performance are numerous; the brand's strong customer base in France, effective logistics for appropriate inventory management, to name but a few.

NELSON holds a fashion show with a “mother and daughter” theme every six months. Each time 8 mothers and daughters are picked from around 10,000 applications from the general public. The 8 winning pairs get to pose with professional models and appear in the COMPTOIR DES COTONNIERS fashion show. The latest show was staged in early December amid much success.

New store openings are proceeding favorably. We are planning a net increase in store numbers of 38 for the year to August 2006. These stores will be located not only in France, but also in Spain, Germany and other parts of Europe.

In addition, the FAST RETAILING board decided at its meeting today, namely January 12, to acquire an additional stake in NELSON FINANCES S.A.S. Given the strong business performance at NELSON, FAST RETAILING has decided it should participate more proactively in the brand's development. And we have decided to effectively make NELSON a 100% subsidiary of FAST RETAILING by increasing our stake. The full investment amount (including the initial stake) is expected to total approximately 160 million euros or 23.0 billion yen.

As for the development of the COMPTOIR DES COTONNIERS brand in Japan, COMPTOIR DES COTONNIERS JAPAN CO., LTD will begin opening its first stores in Japan from the spring of 2006.

PRINCESSE tam.tam < purchase end Jan 2006 >

Brand created by two sisters Loumia & Sharma Hiridjee

Forecast for yr to Dec 05: Net sales 66.6mln euros (approx ¥9.4bln)

EBIT 6.6mln euros (approx ¥0.9bln)

EBIT: Earnings Before Interest and Taxes (= ordinary profit + interests paid - interests received)

Store development:

- 86 stores in France exclusively selling PRINCESSE tam.tam lingerie
- Displayed in department stores: France (40 locations), Germany, UK

“Affordable luxury” - similar brand positioning to CDC

possible cooperation on marketing, store openings, etc.

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FAST RETAILING already announced its decision to acquire stock in the French lingerie brand PRINCESSE tam.tam on December 1, 2005. Today, I would like to explain briefly about this, the group's most recent addition.

FAST RETAILING plans to purchase a 95% stake in PETIT VEHICULE S.A., the developer of the PRINCESSE tam.tam brand and typical French SPA, or specialty store retailer for private label apparel. The purchase is expected to cost approximately ¥10.0bln. PETIT VEHICULE is forecasting net sales of around ¥9.4bln and EBIT of around ¥0.9bln for the 2005 fiscal year.

PRINCESSE tam.tam is a lingerie brand created by two sisters Loumia Hiridjee and Shama Hiridjee. The brand now boasts 86 stores mainly in France.

The PRINCESSE tam.tam brand is particularly popular among young women who feel that the lingerie is made to suit each women's individual personality and style. PRINCESSE tam.tam lingerie is also the top selling brand in department stores, and is priced to suit its reputation for “affordable luxury”.

At the same time, PRINCESSE tam.tam has a similar brand positioning to COMPTOIR DES COTONNIERS in France. The companies share many similarities in terms of store type, store location, customer targeting, distribution functions, and corporate culture. And therefore, we envisage considerable potential synergies from future cooperation on marketing, sales activities and new store openings.

By incorporating such successful European apparel brands into the corporate fold, we feel that we can further boost the FR group's potential in the global marketplace.

[Group] Store numbers by subsidiary in Q1 plus full year estimates

(stores)	2005	3 mths to Nov 05 (Q1, actual)				Full yr to Aug 06 (fcst)			
	End Aug	Open	Close	Net	Period end	Open	Close	Net	Period end
Total UNIQLO stores	693	55	22	+ 33	726	92	43	+ 49	742
UNIQLO domestic:	679	43	22	+ 21	700	78	40	+ 38	717
Direct run ¹	664	39	22	+ 17	681	74	40	+ 34	698
excl. specialty stores	664	34	22	+ 12	676	74	40	+ 34	698
specialty stores	-	5	0	+ 5	5	-	-	-	-
franchise	15	4	0	+ 4	19	4	0	+ 4	19
UNIQLO overseas:	14	12	0	+ 12	26	14	3	+ 11	25
UK:	6	2	0	+ 2	8	2	2	0	6
China: 2	8	2	0	+ 2	10	4	1	+ 3	11
US:	-	3	0	+ 3	3	3	0	+ 3	3
South Korea:	-	4	0	+ 4	4	4	0	+ 4	4
Hong Kong:	-	1	0	+ 1	1	1	0	+ 1	1
ONEZONE CORPORATION	329	0	2	2	327	0	2	2	327
NELSON FINANCES S.A.S. [France]	200	9	1	+ 8	208	38	0	+ 38	238
National Standard, Inc. 2	10	0	1	1	9	1	0	+ 1	11
COMPTOIR DES COTONNIERS JAPAN	-	-	-	-	-	10	0	+ 10	10
ASPESI JAPAN CO., LTD	13	0	0	0	13	0	6	6	7
Total	1,245	64	26	+ 38	1,283	141	51	+ 90	1,335

1 Small specialty stores (women's underwear 'BODY by UNIQLO', 'uniqlo KIDS') are not included in the above forecasts for directly managed store numbers.

2 Due to differing business years, we took the total number of stores at end September for the UNIQLO China Q1 figure, and end August for National Standard.

Finally, for your reference, we have provided a table summarizing actual store numbers as of end November 2005, and forecasts on changes in store numbers for the full business year through August 2006.

That completes this simple overview of FAST RETAILING's first quarter results.

Thank you for your attention.