July 13, 2006
FAST RETAILING CO., LTD.

Results summary for the nine months to May 2006

Consolidated results

(billions of yen)

	1Q〜3Q (05/9〜06/5) Actual	Previous yr	(y/y)	3Q (05/3〜05/5) Actual	Previous yr	(y/y)	Yr to Aug 06 Estimate	(y/y)
Net Sales	346.1	294.8	+17.4%	107.4	92.9	+15.6%	444.9	+15.9%
(to net sales)	100.0%	100.0%		100.0%	100.0%		100.0%	
Gross Profit	165.1	132.8	+24.3%	52.6	42.9	+22.7%	208.7	+22.6%
(to net sales)	47.7%	45.1%	(+2.7p)	49.0%	46.2%	(+2.8p)	46.9%	
SG&A Expenses	102.7	83.2	+23.4%	35.7	28.7	+24.6%	138.3	+21.8%
(to net sales)	29.7%	28.2%	(+1.4p)	33.3%	30.9%	(+2.4p)	31.1%	
Operating Income	62.4	49.5	+25.9%	16.8	14.2	+19.0%	70.2	+24.0%
(to net sales)	18.0%	16.9%	(+1.1p)	15.7%	15.3%	(+0.4p)	15.8%	
Ordinary Income	64.1	51.1	+25.4%	16.9	14.9	+13.7%	72.3	+23.4%
(to net sales)	18.5%	17.4%	(+1.2p)	15.8%	16.1%	(▲0.3p)	16.3%	
Net Income	35.7	27.1	+31.8%	9.1	5.7	+59.5%	40.0	+18.0%
(to net sales)	10.3%	9.2%	(+1.1p)	8.5%	6.2%	(+2.4p)	9.0%	

【Summary】Q3 operating income soars 25.9% year on year

Overall net sales in the nine months to May 2006 rose 17.4% year on year to ¥346.1bln. Several factors contributed to this double-digit rise in net sales. 1) Following favorable first half sales of winter goods during the very cold winter, the third quarter (March – May) also saw continued favorable overall results with new store openings at the mainstay domestic UNIQLO operation. 2) New consolidated subsidiaries in France and the footwear retail chain ONEZONE CORPORATION in Japan also contributed to the group's performance. Operating income in the nine months to May 2006 rose an impressive 25.9% to ¥62.4bln. The large increase in profit was the result of both the increased income mentioned above and also a 2.7 point improvement in gross margin. We also managed to reduce the amount of discounting required in the third quarter to clear inventory of spring goods at our domestic UNIQLO operation.

There has been no change to the overall business forecasts for the full year to August 2006 announced in conjunction with our interim results on April 13, 2006. While a favorable domestic UNIQLO operation boosted overall operating income slightly beyond our internal forecasts in the third quarter, we now expect our overseas UNIQLO operations in the UK, China and South Korea to generate a small loss due to increased up-front investment. In addition, profit expectations at ONEZONE have also been revised. While ONEZONE has instigated a variety of measures over the past year to boost its long-term performance, it has proved too early to reap any of the rewards. We are currently looking to improve performance by expanding the range of footwear on offer and expanding the footwear store network.

We are currently forecasting full-year overall net sales of ¥444.9bln (up 15.9% year on year), operating income of ¥70.2bln (up 24.0% year on year) and net income of ¥40.0bln (up 18.0% year on year). We are planning a dividend per share for the year to August 2006 of 130 yen, including an expected 65-yen year-end dividend.

●Overall net sales

Cumulative consolidated net sales for the nine months to May 2006 rose 17.4% year on year. That was due to a 7.2% rise in income at the domestic UNIQLO operation, and a contribution from the FR group's new consolidated subsidiaries. Footwear retailer ONEZONE CORPORATION, French firm NELSON FINANCES S.A.S., and overseas UNIQLO operations in the U.S., South Korea and Hong Kong contribute to full year consolidated results from this year. Two more subsidiaries coming under the consolidated umbrella from this third quarter are PETIT VEHICULE S.A. (the developer of PRINCESSE tam.tam lingerie in France), and CDC JAPAN CO., LTD. (the developer of the comptoir des cotonniers brand specifically for the domestic Japanese market).

The domestic UNIQLO operation constitutes approximately 89% of the consolidated net sales total. Net sales there rose 7.2% year on year thanks to, 1) a year-on-year increase of 22 new direct-run UNIQLO stores (690 direct-run stores at end May 2006, 707 stores including franchises), and 2) favorable sales at new larger stores with shop floors over 1600 square meters such as our new flagship Ginza store. Existing store sales at our domestic UNIQLO stores actually fell 0.6% year on year in the three months to May 2006. Sales there were influenced by the cool weather in April and the unusual weather patterns experienced since the Golden Week holiday. Overall customer numbers fell 3.3% during the quarter. However, the average purchase price per customer actually rose 2.7% year on year in the three months to May. That was due to favorable sales of quality design garments and relatively expensive items such as jackets, etc.

●Gross income on sales

Our gross margin on sales improved 2.7 points to 47.7%. That was thanks to a 1.9 point improvement in margin to 46.9% at our domestic UNIQLO operation. In addition, NELSON FINANCES, typically a high-margin generator, was also incorporated into the consolidated accounts. We were able to build upon the improving gross profit performance of the first half, with a further 1.6 point improvement in the three months to May 2006. The need to discount prices to clear spring inventory was smaller than last year.

●SG&A to net sales ratio

The SG&A to net sales ratio worsened 1.4 points year on year to 29.7%. However, that was due in the main to an increase in consolidated subsidiaries on the accounts, increased rental charges in line with the greater number of domestic UNIQLO stores, and an increase in personnel costs on the back of expanded hiring. We were able to reduce third quarter SG&A costs against our internal budgets for our domestic UNIQLO operation. That was thanks to stronger cost control including in such areas as advertising and promotion. We plan to continue efforts to cut costs into the fourth quarter as well.

●Operating income

Thanks to the improved gross margin, we enjoyed an impressive 25.9% increase in consolidated operating income to ¥62.4bln during the first nine months of the business year (September 2005 – May 2006). The operating income to sales ratio is also improving, up 1.2 points year on year to 18.0% during the same period.

●Overseas UNIQLO operations

Overall net sales at our UK UNIQLO operation actually rose around 30% compared to the previous year. However, we are revising our forecast for the full year UK operation to a loss of ¥0.11bln due to refurbishment costs and increased hiring in preparation for future expansion. Elsewhere, in China, we have revised our full year forecast to a loss of ¥80mln in relation to the closure of two stores in Beijing. And we have also revised our estimates in South Korea to a loss of ¥0.13bln for the full year. The speedy spread of new stores in South Korea is generating higher costs. While higher priority investment is expected to tip our overseas UNIQLO operation into the red for the year to August 2006, there is no change in our intention to expand UNIQLO's global presence. In Hong Kong, a steady favorable sales trend is expected to generate a profit of ¥0.17bln for the year to August 2006.

Following our entry into the U.S. market in Autumn 2005, we are continuing preparations to open a large flagship store of around 3300 square meters in New York in an effort to boost brand recognition in the U.S. Owing to the increased burden of the flagship store opening, we expect the U.S. UNIQLO operation to generate a loss of ¥1.0bln in the year to August 2006.

●Group operations

The remaining main FR group operations consist of our French interests and our domestic footwear retail chain, ONEZONE CORPORATION. At our French operation, NELSON FINANCES continued to produce favorable results in the three months to May following a successful spring/summer collection. The firm accounted an operating income of ¥4.46bln for the first nine months to May 2006. In addition, PETIT VEHICULE also performed favorably. The French lingerie firm, that was taken over as a FR consolidated subsidiary in February, accounted net sales of ¥2.9bln and operating income of ¥0.47bln in the three months to May 2006. We predict that this favorable trend at our French operations will continue.

Conversely, performance at ONEZONE in the third quarter was below expectations. Given current conditions, we are revising our full-year forecasts for net sales to ¥21.5bln and we are now expecting an operating loss of ¥0.63bln. The company has introduced a variety of measures in this first year since acquisition. However, as of the third quarter, these measures have not yet managed to significantly boost customer appeal. Going forward, we aim to improve performance at ONEZONE by strengthening the product range and concentrating our efforts on new store development.

●FR forecasts for the year to August 2006

Our forecasts for the full year to August 2006 remain unchanged from those announced in conjunction with our interim results on April 13; while we have revised our income estimates at our subsidiary firms, performance at the domestic UNIQLO operation continues to be favorable. We are predicting overall net sales for the full business year of ¥444.9bln (up 15.9% year on year), operating income of ¥70.2bln (up 24.0% year on year), and net income of ¥40.0bln (up 18.0% year on year). Furthermore, we are planning a year-end dividend of 65 yen and a full year dividend of 130 yen per share. That would generate a consolidate dividend payout ratio of 33.1%.

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.