

## Results Summary for Fiscal 2011 Third Quarter (September 2010 to May 2011) Consolidated business performance

(Billions of yen)

	Year to Aug 2010 3Q Actual	Year to Aug 2011					
		3Q Actual (y/y)		3Q Actual (y/y)		Full-year Est. (y/y)	
		Nine months to May 2011 (Sep. 2010 - May 2011)		Three months to May 2011 (Mar. 2011 - May 2011)			
Net Sales	659.0 100.0%	652.0 100.0%	-1.1%	194.6 100.0%	+3.5%	836.0 100.0%	+2.6%
Gross Profit (to net sales)	344.1 52.2%	339.1 52.0%	-1.5% (-0.2p)	100.7 51.7%	+2.9% (-0.3p)	432.5 51.7%	+2.8%
SG&A Expenses (to net sales)	220.6 33.5%	234.5 36.0%	+6.3% (+2.5p)	78.2 40.2%	+5.3% (+0.7p)	311.0 37.2%	+7.8%
Operating Income (to net sales)	123.4 18.7%	104.5 16.0%	-15.3% (-2.7p)	22.5 11.6%	-4.6% (-1.0p)	121.5 14.5%	-8.2%
Ordinary Income (to net sales)	118.9 18.1%	99.6 15.3%	-16.2% (-2.8p)	22.0 11.3%	-1.9% (-0.6p)	116.5 13.9%	-5.8%
Net Income (to net sales)	67.1 10.2%	53.4 8.2%	-20.5% (-2.0p)	11.7 6.0%	-0.8% (-0.3p)	60.0 7.2%	-2.7%

### **Summary: Despite profit fall in third quarter, Fast Retailing still expects to attain full-year forecasts on strong sales of summer clothing**

In the three months from March through May 2011, the third quarter of fiscal 2011, consolidated net sales for the Fast Retailing Group expanded 3.5% year on year to ¥194.6bn but operating income contracted 4.6% to ¥22.5bn. Operating income at UNIQLO Japan also fell in the third quarter as the March 11 earthquake and then the cool weather in April and May knocked same-store sales down 1.9% year on year. Operating income at UNIQLO Japan was also affected by a fall in the gross profit margin compared to the relatively firm margin in the previous year. On the other hand, UNIQLO International continued to contribute significant gains in both sales and income in the March to May quarter. Our Global Brands segment performed to plan in the third quarter thanks to a strong performance from our Theory brand operation.

The UNIQLO Japan operation did fall short of target in the March to May quarter. However, sales of summer items have been buoyant since the weather grew hotter in July. Our Super Cool Biz-related clothing has also been selling well. Therefore, we do still expect to be able to achieve our forecast for a rise in both sales and income in the second half, or the six months through August 2011.

For the full business year through August 2011, we forecast consolidated net sales to increase 2.6% year on year to ¥836.0bn, and consolidated operating income to fall 8.2% to ¥121.5bn, generating an income of 589.38 yen per share. Breaking down the operating income forecasts per operation: we estimate operating income will fall 14.6% year on year to ¥109.0bn at UNIQLO Japan, but we predict operating income will rise 57.1% year on year to ¥10.0bn at UNIQLO International, and rise 8.3% year on year to ¥8.5bn at our Global Brands segment. We forecast an annual dividend for fiscal 2011 of 180 yen per share, including the interim dividend of 95 yen paid out in May.

## ■ UNIQLO Japan

As our current mainstay operation, UNIQLO Japan constitutes 74% of consolidated sales. UNIQLO Japan reported a fall in both sales and income for the first nine months of the business year from September 2010 through May 2011. Over that period, sales from the UNIQLO Japan operation fell 4.7% year on year to ¥482.1bln and operating income contracted 21.3% to ¥91.0bln. In the latter part of that period, namely the third quarter from March to May 2011, UNIQLO Japan sales actually increased 0.7% year on year to ¥140.0bln while operating income shrank 11.2% year on year to ¥20.7bln. The fall in operating income in the third quarter can be attributed to a number of factors including the 1.9%-contraction in same-store sales which were adversely affected by the March 11 earthquake and persistent cool weather through April and May. Operating income was also affected by a 3.0-point fall in the gross profit margin in real terms. The gross profit margin fell further than initially planned after the March 11 earthquake necessitated more price adjustments on spring inventory, and the cost of cotton and other raw materials rose sharply. As a result of the above factors, overall sales at UNIQLO Japan fell approximately ¥3.0bln short of our latest estimate in the March to May quarter, and operating income came in approximately ¥1.0bln below target.

In terms of new store openings, our first global flagship store in Japan, the UNIQLO Shinsaibashi Store opened in October 2010, proved extremely successful and spurred us on to open more large-scale stores in Tokyo, Osaka and other major Japanese cities. We have also opened more new stores within prime department store locations including the UNIQLO Daimaru Umeda Store in March and the UNIQLO Tachikawa Takashimaya Store in April. By the end of May 2011, our total store network, including 21 franchises stores, had expanded to 842 stores, and 128 of that total were large-scale stores. In the nine months to May 2011, we opened 56 new stores, and closed 23 stores as part of our drive to make our stores larger. We also transferred one store to a franchise format.

On new product development, we continue to strengthen the product development framework that we have with materials' manufacturers to ensure we respond sensitively to latent customer needs. We are expanding our reach and attracting new demand through incremental improvements to our highly functional ranges such as HEATTECH and Ultra Light Down items for the fall/winter season, and Sarafine, Silky Dry, Bra Tops and Style Up innerwear for the spring/summer season. These ranges are selling even better in fiscal 2011 than in fiscal 2010, with sales of HEATTECH garments in Japan and overseas totaling 70 million units and sales of summer functional innerwear (Sarafine, Silky Dry and Style Up ranges) reaching 36 million units.

Over the full business year through August 2011, we estimate overall sales at UNIQLO Japan will contract 1.2% year on year to ¥608.0bln and operating income will fall 14.6% year on year to ¥109.0bln. The UNIQLO Japan operation did fall short of our latest estimates for the March to May quarter. However, sales of summer goods have picked up as the weather has grown increasingly hot from July, and our Super Cool Biz-related items are selling particularly well. Therefore, we still expect to achieve our forecast for a year-on-year rise in

both sales and profit in the second half of fiscal 2011 from March to August 2011.

### ■ **UNIQLO International**

UNIQLO International continued to generate significant gains in both sales and income in the three months from March to May 2011. The pace of new store openings has been particularly strong in Asia, with 34 new stores added to the region's network spanning China and Hong Kong, South Korea, Taiwan, Singapore and Malaysia in the nine months to May 2011. At end May 2011, the store network in Asia had expanded to 152 stores. In addition, each individual Asian nation has continued to generate double-digit growth in same-store sales. Sales at our first store in Taiwan, opened in October 2010, have far exceeded initial targets, and we now predict UNIQLO Taiwan will turn a profit in its first year of operation. We are then scheduled to open a global flagship store in Taipei's Mingyao department store this fall. We are also actively challenging new Asian markets with our first store opened in Malaysia in November 2010, and our first store in Thailand due to open its doors in September 2011.

The UNIQLO operation in the United States remained strong in the third quarter with the New York Soho global flagship store continuing to generate double-digit growth in sales. We are looking to further establish UNIQLO's brand position in the U.S. market with the opening of another global flagship store, this time on New York's prominent Fifth Avenue, and also a megastore on New York 34<sup>th</sup> Street, the city's most lucrative shopping district. Turning to Europe, the Paris Opera global flagship store in France continued, as expected, to improve on an already strong performance. Meanwhile, UNIQLO operations in both the U.K. and Russia fell short of target in the March to May quarter.

For the full year through August 2011, we predict sales at UNIQLO International will expand 37.4% year on year to ¥100.0bln and operating income will increase an impressive 57.1% year on year to ¥10.0bln. We expect to add a net 40 new stores, boosting UNIQLO International's total network to 176 stores by end August 2011.

### ■ **Global Brands**

Our Global Brands segment performed as planned in the three months from March to May 2011. For the full year through August 2011, we estimate sales at Global Brands will fall 0.2% year on year to ¥125.0bln but we predict operating income will rise 8.3% to ¥8.5bln. Our Theory label remains strong and is outperforming our targets particularly in the United States. Despite the adverse impact of the March 11 earthquake and tsunami, our Theory operation in Japan managed to maintain sales and operating income at the previous year's level in the third quarter. Our French fashion label, Comptoir des Contonniers, failed to meet our target in the third quarter and income there is expected to fall in the full business year to August.

Same-store sales at our low-priced g.u. casualwear operation began rising from April, with brand awareness boosted by the opening of two flagship stores: the g.u. Shinsaibashi Store in November 2010 and the g.u. Ikebukuro East Entrance Store in April 2011. However,

operating income at g.u. is likely to contract over the full business year as costs associated with the opening of the two flagship stores are absorbed.

### ■ Consolidated Forecasts for Fiscal 2011

For the full year through August 2011, we estimate net sales will increase 2.6% year on year to ¥836.0bln, operating income will contract 8.2% year on year to ¥121.5bln and net income will fall 2.7% year on year to ¥60.0bln. This translates into an income per share of 589.38 yen. These forecasts are unchanged from the latest figures announced April 7. In addition, we forecast an annual dividend for fiscal 2011 of 180 yen per share, including the interim dividend of 95 yen paid out in May.

**Fiscal 2011 Forecasts by Group Operation** (Billions of yen)

		Yr to August 2010	Yr to August 2011	
		Actual	Estimate	y/y
UNIQLO Japan	Net Sales	615.1	608.0	-1.2%
	Operating income (to net sales)	127.7 20.8%	109.0 17.9%	-14.6% -2.9p
UNIQLO International	Net Sales	72.7	100.0	+37.4%
	Operating income (to net sales)	6.3 8.7%	10.0 10.0%	+57.1% +1.3p
Global Brands	Net Sales	125.2	125.0	-0.2%
	Operating income (to net sales)	7.8 6.3%	8.5 6.8%	+8.3% +0.5p

### ■ Impact of March 11 Earthquake and Update on Fast Retailing Relief Aid

In the immediate aftermath of the March 11 earthquake and tsunami, 160 UNIQLO stores and 14 g.u. stores were forced to close temporarily. However, the majority of stores were able to reopen for business the following day, leaving 14 UNIQLO and 6 g.u. stores still temporarily closed at the end of March. As of July 14, only 4 UNIQLO stores remain closed and two of those are scheduled to reopen for business soon. We have accounted an extraordinary loss in the third quarter of ¥0.79bln for damage related to the March 11 earthquake.

The Fast Retailing Group has donated approximately 850,000 items including HEATTECH, fleece, underwear and towels, valued at ¥0.7bln, to people most affected by the March 11 earthquake and tsunami. Volunteers from among our staff have traveled to distribute the items in cooperation with NPOs working in the affected areas. In addition, the Fast Retailing Group has donated ¥0.2bln to support relief efforts, and, as of end May, customers had contributed ¥0.24bln to fund-raising collections in UNIQLO stores. This money has been channeled through the Japanese Red Cross and other NPOs involved in reconstruction support activities in the affected region. In addition, a limited edition of "SAVE JAPAN" T-shirts designed by 10 world-famous celebrities is being sold in UNIQLO stores globally. In June we donated ¥0.13bln of the profits from this limited edition to the Japanese Red Cross, and we plan to donate approximately ¥0.2bln to the Momo-Kaki Orphans Fund set up by Momo-Kaki Scholarship Foundation to help children who lost their parents in the March 11 disaster.

Fast Retailing Co., Ltd. discloses business results data and offers a variety of press releases on its IR website <http://www.fastretailing.com/eng/ir/>.