

Consolidated Financial Results for the Year Ended August 31, 2006

October 11, 2006

Company name: Link Theory Holdings Co.,Ltd. Code:3373 Tokyo Stock Exchange (Mothers)
 (URL <http://www.link-theory.com/>) Location of headquarters: Tokyo
 Representative: Chikara Sasaki, President & CEO
 Contact person: Hidetsugu Onishi, Director & Group CFO TEL +81-3-3407-7502
 Date of Board of Directors' meeting for approval of financial results: October 11, 2006
 The name of parent and other affiliated company: Fast Retailing Co., Ltd. and another two companies
 % of voting rights held 34.0%
 Adoption of U.S. accounting standards: None

1. Consolidated operating results (September 1, 2005 – August 31, 2006)

(1) Consolidated financial results (in millions of yen, with fractional amounts discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2006	47,707	33.8	3,323	(28.4)	3,248	(29.4)
FY2005	35,646	42.1	4,644	75.5	4,602	103.5

	Net income		Net income per share	Diluted net income per share	Net income on equity	Ordinary income on assets	Ordinary income on net sales
	(Millions of yen)	(%)	(Yen)	(Yen)	(%)	(%)	(%)
FY2006	1,551	(40.0)	10,444	9,600	9.1	7.8	6.8
FY2005	2,586	—	40,654	39,472	24.8	20.0	12.9

(Notes) 1. Average number of shares during the term FY 2006 148,556 shares FY 2005 61,396 shares

2. Changes in accounting methods: None

3. The percentages shown next to net sales, operating income, ordinary income, and net income represent the rate of change from that of the previous term.

(2) Consolidated financial position (in millions of yen, with fractional amounts discarded)

	Total assets	Net assets	Net assets ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
FY2006	54,786	17,855	32.4	117,587
FY2005	28,258	16,247	57.5	221,379

(Notes) 1. Number of shares outstanding at the end of the term FY 2006 151,096 shares FY2005 72,984 shares

(3) Consolidated cash flows (in millions of yen, with fractional amounts discarded)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
FY 2006	(754)	(16,760)	20,452	13,789
FY 2005	3,325	(1,288)	7,189	10,818

(4) Scope of consolidation and equity method of accounting

- Consolidated subsidiaries 46 companies
- Nonconsolidated subsidiary accounted for by the equity method - company
- Affiliated company accounted for by the equity method - company

(5) Changes in the scope of consolidation and equity method of accounting

- Number of newly consolidated subsidiaries 19 companies
- Number of consolidated subsidiary excluded from consolidation 1 company
- Number of affiliate newly accounted for by the equity method - company
- Number of affiliate excluded from the equity method of accounting - company

2. Consolidated forecasts for the FY 2007 (September 1, 2006 - August 31, 2007)

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Interim	29,900	1,430	540
Annual	61,300	3,450	1,650

(Reference) Estimated net income per share JPY 10,920.21

(Note) The forecasts shown above are predicated upon information that is available as of the day of the announcement of this report; they incorporate assumptions, made as of the day of the announcement of this report, regarding a number of uncertain factors that may affect future performance. Actual financial performance, therefore, may differ considerably from these forecasts due to a variety of factors hereafter.

1. Consolidated Balance Sheets

(Thousands of yen)

Category	FY2005 As of August 31, 2005		FY2006 As of August 31, 2006		Difference
	Amount	(%)	Amount	(%)	Amount
(Assets)					
I Current assets					
1.Cash and deposits	10,820,525		13,792,020		
2.Notes and accounts receivable	2,525,264		3,832,741		
3.Inventories	3,915,969		8,852,612		
4.Deferred tax assets	1,087,642		1,223,219		
5.Other	289,264		1,553,664		
Allowance for doubtful accounts	(39,805)		(48,850)		
Total current assets	18,598,859	65.8	29,205,407	53.3	10,606,547
II Fixed assets					
1.Property and equipment					
(1) Buildings and structures	812,550		2,967,159		
Accumulated depreciation	218,964	593,586	780,362	2,186,796	
(2) Land		72,483		25,817	
(3) Other	607,158		3,055,894		
Accumulated depreciation	185,888	421,270	1,861,179	1,194,714	
Total property and equipment, net		1,087,340		3,407,327	2,319,987
3.8				6.2	
2.Intangible assets					
(1) Trademarks		5,023,339		9,471,075	
(2) Software		194,013		307,284	
(3) Consolidated adjustment accounts		—		8,754,977	
(4) Other		7,231		4,065	
Total intangible assets		5,224,585		18,537,402	13,312,817
18.5				33.8	
3.Investments and other assets					
(1) Investment securities		553,767		577,841	
(2) Leasehold deposits paid		629,953		866,106	
(3) Deferred tax assets		1,874,234		1,920,974	
(4) Other		393,369		441,361	
Allowance for doubtful accounts		(103,244)		(170,045)	
Total investments and other assets		3,348,082		3,636,237	288,155
11.9				6.7	
Total fixed assets		9,660,007		25,580,967	15,920,960
34.2				46.7	
Total assets		28,258,867		54,786,374	26,527,507
100.0				100.0	

(Thousands of yen)

Category	FY2005 As of August 31, 2005		FY2006 As of August 31, 2006		Difference
	Amount	(%)	Amount	(%)	Amount
(Liabilities)					
I Current liabilities					
1.Accounts payable-trade	2,776,914		4,767,757		
2.Short-term borrowings	—		3,066,930		
3.Current portion of long-term debt	1,371,024		2,299,363		
4.Accounts payable-other	1,003,806		1,699,254		
5.Accrued income taxes	905,975		424,719		
6.Accrued consumption taxes	121,246		70,964		
7.Accrued employees' bonuses	400,633		355,502		
8.Other	285,299		589,734		
Total current liabilities	6,864,900	24.3	13,274,226	24.2	6,409,325
II Long-term liabilities					
1.Convertible bond with warrants	—		13,264,166		
2.Long-term debt	4,594,529		8,622,866		
3.Deferred tax liabilities	—		539,436		
4. Accrued directors' and statutory auditors' retirement benefits	151,410		189,030		
5.Accrued employees' retirement benefits	—		611,815		
6.Consolidated adjustment accounts	280,404		—		
7.Other	114,000		428,870		
Total long-term liabilities	5,140,344	18.2	23,656,184	43.2	18,515,840
Total liabilities	12,005,245	42.5	36,930,411	67.4	24,925,166

(Thousands of yen)

Category	FY2005 As of August 31, 2005		FY2006 As of August 31, 2006		Difference
	Amount	(%)	Amount	(%)	Amount
(Minority interests)					
Minority interests	6,481	0.0	—	—	—
(Shareholders' equity)					
I Capital	6,314,668	22.3	—	—	—
II Capital surplus	7,901,492	28.0	—	—	—
III Retained earnings	2,333,397	8.3	—	—	—
IV Unrealized holding gain on securities	66	0.0	—	—	—
V Translation adjustments	(302,483)	(1.1)	—	—	—
Total shareholders' equity	16,247,140	57.5	—	—	—
Total liabilities, minority interests, and shareholders' equity	28,258,867	100.0	—	—	—
(Net assets)					
I Shareholders' equity					
1.Common stock	—	—	6,335,598	11.6	—
2.Capital surplus	—	—	7,922,422	14.4	—
3.Retained earnings	—	—	3,703,692	6.8	—
Total shareholders' equity	—	—	17,961,712	32.8	—
II Valuation, translation adjustments and other					
1.Unrealized holding gain on securities	—	—	75	0.0	—
2.Unrealized gain and loss on hedging instruments	—	—	33,074	0.0	—
3.Translation adjustments	—	—	(227,875)	(0.4)	—
Total valuation, translation adjustments and other	—	—	(194,725)	(0.4)	—
III Minority interests	—	—	88,976	0.2	—
Total net assets	—	—	17,855,963	32.6	—
Total liabilities and net assets	—	—	54,786,374	100.0	—

2. Consolidated statements of operations

(Thousands of yen)

Category	FY2005 (For the year ended August 31, 2005)		FY2006 (For the year ended August 31, 2006)		Difference			
	Amount	(%)	Amount	(%)	Amount			
I Net sales		35,646,203	100.0		47,707,748	100.0	12,061,545	
II Cost of sales		16,438,982	46.1		22,091,553	46.3	5,652,571	
Gross profit		19,207,221	53.9		25,616,195	53.7	6,408,974	
III Selling, general and administrative expenses		14,563,045	40.9		22,293,041	46.7	7,729,995	
Operating income		4,644,175	13.0		3,323,154	7.0	(1,321,021)	
IV Non-operating income								
1. Interest and dividend income		—			64,719			
2. Foreign exchange gain		97,376			171,767			
3. Rent income		2,127			2,161			
4. Amortization of consolidated adjustments accounts		93,468			28,521			
5. Other		9,342	202,315	0.6	34,549	301,720	0.6	99,404
V Non-operating expenses								
1. Interest expense		137,903			334,663			
2. Stock issuance expenses		43,467			1,930			
3. Bond issuance expenses		—			18,837			
4. Initial public offering expenses		32,633			—			
5. Other		29,924	243,928	0.7	21,276	376,706	0.8	132,778
Ordinary income		4,602,562	12.9		3,248,167	6.8	(1,354,394)	

(Thousands of yen)

Category	FY2005 (For the year ended August 31, 2005)		FY2006 (For the year ended August 31, 2006)		Difference
	Amount	(%)	Amount	(%)	Amount
VI Extraordinary income					
1.Gain on sales of investment securities	112		—		
2.Receipt of cash surrender payment from life insurance policies	—		68,010		
3.Other	—	112	48	68,058	0.1
67,946					
VII Extraordinary loss					
1.Loss on sales or disposal of property and equipment	48,693		120,542		
2.Loss on write-down of investment securities	5,000		—		
3.Loss on disposal of finished goods	20,192		6,980		
4.Loss on cancellation of lease contracts	47,509		28,249		
5.Loss on liquidation of affiliated companies	33,543		—		
6.Loss on extinguishment of debt financing	91,558		—		
7.Other	15,479	261,977	43,207	198,980	0.4
(62,996)					
Income before income taxes and minority interests		4,340,697		3,117,244	6.5
(1,223,452)					
Income taxes-current	2,425,464		2,011,020		
Income taxes-deferred	(655,862)	1,769,601	(453,061)	1,557,959	3.2
(211,642)					
Minority interests		(14,935)		7,761	0.0
22,697					
Net income		2,586,031		1,551,524	3.3
(1,034,507)					

3. Consolidated statements of surplus

(Thousands of yen)

	FY2005 (For the year ended August 31, 2005)	
Category	Amount	
(Capital surplus)		
I Capital surplus at beginning of term		2,457,420
II Increase in capital surplus		
1.Issuance of common stock by public offering	5,423,044	
2.Issuance of common stock by execution of stock option	21,028	5,444,072
III Capital surplus at end of term		7,901,492
(Retained earnings)		
I Retained earnings at beginning of term		(115,883)
II Increase in retained earnings		
1.Net income	2,586,031	2,586,031
III Decrease in retained earnings		
1.Dividends	71,250	
2.Bonuses to directors	65,500	136,750
IV Retained earnings at end of term		2,333,397

4. Consolidated statements of changes in net assets

FY 2006 (Year ended August 31, 2006)

(Thousands of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of August 31, 2005	6,314,668	7,901,492	2,333,397	16,549,557
Changes during the term				
Issuance of common stock	20,930	20,930		41,860
Cash dividends paid			(91,230)	(91,230)
Bonuses to directors			(90,000)	(90,000)
Net income			1,551,524	1,551,524
Net changes in items other than those in shareholders' equity				
Total changes during the term	20,930	20,930	1,370,294	1,412,154
Balance as of August 31, 2006	6,335,598	7,922,422	3,703,692	17,961,712

	Valuation, translation adjustments and other				Minority interests	Total net assets
	Unrealized holding gain on securities	Unrealized gain and loss on hedging instruments	Translation adjustments	Total valuation, translation adjustments and other		
Balance as of August 31, 2005	66	27,824	(302,483)	(274,592)	6,481	16,281,446
Changes during the term						
Issuance of common stock						41,860
Cash dividends paid						(91,230)
Bonuses to directors						(90,000)
Net income						1,551,524
Net changes in items other than those in shareholders' equity	8	5,249	74,607	79,866	82,495	162,362
Total changes during the term	8	5,249	74,607	79,866	82,495	1,574,516
Balance as of August 31, 2006	75	33,074	(227,875)	(194,725)	88,976	17,855,963

5. Consolidated statements of cash flows

(Thousands of yen)

	FY2005 (For the year ended August 31, 2005)	FY2006 (For the year ended August 31, 2006)	Difference
Category	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests	4,340,697	3,117,244	
Depreciation	340,728	561,900	
Amortization of consolidated adjustment accounts	(93,468)	245,302	
Increase in accrued directors' and statutory auditors' retirement benefits	46,680	37,620	
Increase (decrease) in accrued employees' bonuses	274,947	(55,911)	
Increase in allowance for doubtful accounts	18,755	71,760	
Increase in accrued employees' retirement benefits	—	96,590	
Interest and dividend income	(603)	(64,719)	
Interest expense	137,903	334,663	
Foreign exchange loss (gain)	20,759	(202,104)	
Amortization of trademarks	595,364	864,203	
Stock issuance expenses	43,467	1,930	
Bond issuance expenses	—	18,837	
Initial public offering expenses	32,633	—	
Gain on sales of investment securities	(112)	—	
Receipt of cash surrender payment from life insurance policies	—	(68,010)	
Loss on disposal of finished goods	20,192	6,980	
Loss on sales or disposal of property and equipment	48,693	120,542	
Loss on write-down on investment securities	5,000	—	
Loss on cancellation of lease contracts	47,509	28,249	
Loss on liquidation of affiliated companies	33,543	—	
Loss on extinguishment of debt financing	91,558	—	
Increase in accounts receivable	(674,067)	(127,234)	
Increase in inventories	(178,598)	(2,816,516)	
(Decrease) increase in accounts payable—trade	(154,581)	1,447,036	
Decrease in accounts payable-other	—	(553,967)	
Increase (decrease) in accrued expenses	(43,123)	204,053	
Increase (decrease) in accrued consumption taxes	23,056	(173,366)	
Bonuses paid to directors	(65,500)	(90,000)	
Other	469,869	(230,610)	
Subtotal	5,381,306	2,774,474	(2,606,831)

(Thousands of yen)

	FY2005 (For the year ended August 31, 2005)	FY2006 (For the year ended August 31, 2006)	Difference
Category	Amount	Amount	Amount
Interest and dividends received	554	60,801	
Interest paid	(133,348)	(286,852)	
Receipt of life insurance cash surrender payment	—	68,010	
Loss on cancellation of lease contracts	(40,945)	(27,515)	
Income taxes paid	(1,785,943)	(3,087,084)	
Other	(96,406)	(256,341)	
Net cash provided by (used in) operating activities	3,325,216	(754,508)	(4,079,724)
II Cash flows from investing activities			
Increase in time deposits	(1,984)	—	
Purchases of property and equipment	(517,731)	(2,022,781)	
Proceeds from sales of property and equipment	16,326	102,111	
Purchases of intangible assets	(122,350)	(2,819,178)	
Purchases of investment securities	(2,543,276)	(1,001)	
Proceeds from sales of investments securities	2,004,110	—	
Purchases of its own stock by a subsidiary	—	(6,896,789)	
Purchases of stock in a subsidiary	—	(18,964)	
Short-term loans made	(4,131)	(553)	
Collection of loans receivable	1,843	4,075	
Acquisition of memberships	(13,150)	—	
Proceeds from sales of memberships	—	10,000	
Purchases of subsidiary's stock resulting in changes in scope of consolidation	—	(5,018,815)	
Other	(108,402)	(98,215)	
Net cash used in investing activities	(1,288,745)	(16,760,115)	(15,471,369)

(Thousands of yen)

	FY2005 (For the year ended August 31, 2005)	FY2006 (For the year ended August 31, 2006)	Difference
Category	Amount	Amount	Amount
III Cash flows from financing activities			
(Decrease) increase in short-term borrowings	(355,505)	2,542,158	
Proceeds from long-term debt	4,056,855	9,964,580	
Repayment of long-term debt	(5,585,717)	(5,250,462)	
Proceeds from issuance of convertible bond with warrants	—	13,247,162	
Proceeds from issuance of common stock	9,170,847	40,049	
Cash dividends paid	(71,250)	(90,724)	
Proceeds from issuance of common stock of subsidiaries to minority shareholders	6,568	—	
Payment for initial public offering expenses	(32,633)	—	
Net cash provided by financing activities	7,189,165	20,452,763	13,263,597
IV Effect of exchange rate changes on cash and cash equivalents	(154,943)	33,111	
V Net change in cash and cash equivalents	9,070,691	2,971,250	
VI Cash and cash equivalents at beginning of term	1,700,396	10,818,369	
VII Increase in cash and cash equivalents resulting from changes in scope of consolidation	47,281	—	
VIII Cash and cash equivalents at end of term	10,818,369	13,789,620	2,971,250