

LTH

FISCAL YEAR 2007 RESULTS & NEW MID-TERM PLAN

2007.10

LINK THEORY HOLDINGS CO., LTD.

LTH

LINK THEORY HOLDINGS CO., LTD.

I FYE2007 Results

Hidetsugu Onishi, Group CFO
Link Theory Holdings Co., Ltd.

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■ Consolidated P/L Statement (12months)

Net Sales 59.4bn (+24.5% YoY, -1.0% against forecast)

Operating Income 0.5bn (-86.0% YoY, +832.8% against forecast)

(Mil. JPY)

	FYE2007 results	FYE2007 forecast	FYE2006 results	against forecast (%)	against last year (%)
Net Sales	59,419	60,000	47,707	99.0%	124.5%
Gross Profit	30,342	30,350	25,616	100.0%	118.5%
(Gross profit margin)	51.1%	50.6%	53.7%	0.5	-2.6
SG&A	29,876	30,300	22,293	98.6%	134.0%
(to net sales)	50.4%	50.5%	46.7%	-0.1	3.7
Operating Income	466	50	3,323	932.8%	14.0%
(Operating margin)	0.8%	0.1%	7.0%	0.7	-6.2
Ordinary Income	1,115	0	3,248	-	34.3%
Net Income	-5,617	-6,000	1,551	-	-
EBITDA	2,949	2,490	5,023	118.4%	58.7%
EBITDA margin	5.0%	4.2%	10.5%	0.8	-5.6

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■ Consolidated P/L Statement (2nd half)

Net Sales 29.8bn (+13.2% YoY, -1.9% against forecast)

Operating Income 0.4bn (-58.3% YoY)

(Mil. JPY)

	FYE2007 2nd half results	FYE2007 2nd half forecast	FYE2006 2nd half results	against forecast (%)	against last year (%)
Net Sales	29,808	30,400	26,342	98.1%	113.2%
Gross Profit	15,594	15,650	13,936	99.6%	111.9%
(Gross profit margin)	52.3%	51.5%	52.9%	0.8	-0.6
SG&A	15,242	15,649	13,093	97.4%	116.4%
(to net sales)	51.1%	51.5%	49.7%	-0.3	1.4
Operating Income	351	0	843	-	41.7%
(Operating margin)	1.2%	0.0%	3.2%	1.2	-2.0
Ordinary Income	695	-330	587	-	118.3%
Net Income	-976	-1,250	51	-	-
EBITDA	1,563	1,174	1,920	133.0%	81.4%
EBITDA margin	5.2%	3.9%	7.3%	1.4	-2.0

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■ 2nd Half Summary

■ 2H Objectives

- Improve gross profit margin through improving sales/inventory balance
- Streamline expenses



■ 2H results against forecast

- Net sales: -590mil. due to sales shortfall in Japan
- Gross profit margin: +0.8% resulting from improving sales/inventory balance
- Operating income: +350mil. supported by streamlining expenses
- Net income: +270mil.

■ 2H results against last year

- US: operating income exceeded 2H2006 by 180mil.
- Japan: gross profit margin exceeded 2H2006 by 1.6%

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■ Performance by Region (Japan, 2nd half)

Operating income: Exceeded forecast by improving sales/inventory balance, maintaining stringent control on expenses

(Mil. JPY)

	FYE2007 2nd half results	FYE2007 2nd half forecast	FYE2006 2nd half results	against forecast (%)	against last year (%)
Net Sales	10,493	11,693	10,702	89.7%	98.1%
Gross Profit	5,587	5,838	5,528	95.7%	101.1%
(Gross profit margin)	53.2%	49.9%	51.7%	3.3	1.6
SG&A	5,309	5,650	5,067	94.0%	104.8%
(to net sales)	50.6%	48.3%	47.3%	2.3	3.3
Operating Income	278	187	461	148.4%	60.3%
(Operating margin)	2.7%	1.6%	4.3%	1.0	-1.7
Ordinary Income	425	292	510	145.6%	83.3%
Income before taxes	-80	161	552	-50.1%	-14.7%

(Note) Includes Group mgmt exp. in LTH, excludes Mgmt fee, ie. 110 mil., from net sales paid by subsidiaries since this fiscal year

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■ Performance by Region (US, 2nd half)

Sales & bottom line improved through retail & wholesale growth

(Mil. JPY)

	FYE2007 2nd half results	FYE2007 2nd half forecast	FYE2006 2nd half results	against forecast (%)	against last year (%)
Net Sales	15,825	14,939	11,590	105.9%	136.5%
Gross Profit	8,544	8,085	6,449	105.7%	132.5%
(Gross profit margin)	54.0%	54.1%	55.6%	-0.1	-1.7
SG&A	6,789	6,465	4,874	105.0%	139.3%
(to net sales)	42.9%	43.3%	42.1%	-0.4	0.8
Operating Income	1,754	1,620	1,574	108.3%	111.4%
(Operating margin)	11.1%	10.8%	13.6%	0.2	-2.5
Ordinary Income	1,996	1,208	1,318	165.2%	151.4%
Income before taxes	1,807	1,208	1,318	149.5%	137.0%

(Note) Includes royalty income, excludes amortization of acquisition premium from SG&A, excludes mgmt fee paid to hold ie. 110 mil., since this fiscal year

Exchange rate (JPY) 120.15 118.00 115.68

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■ Performance by Region (Europe, 2nd half)

Exceeded operating income forecast by reducing expenses

(Mil. JPY)

	FYE2007 2nd half results	FYE2007 2nd half forecast	FYE2006 2nd half results	against forecast (%)	against last year (%)
Net Sales	4,010	4,086	4,335	98.1%	92.5%
Gross Profit	1,342	1,641	1,833	81.8%	73.2%
(Gross profit margin)	33.5%	40.2%	42.3%	-6.7	-8.8
SG&A	2,396	2,801	2,263	85.6%	105.9%
(to net sales)	59.8%	68.6%	52.2%	-8.8	7.6
Operating Income	-1,054	-1,160	-429	-	-
(Operating margin)	-26.3%	-28.4%	-9.9%	2.1	-16.4
Ordinary Income	-1,111	-1,264	-483	-	-
Income before taxes	-1,457	-1,670	-483	-	-

(Note) Excludes amortization of acquisition premium from SG&A

Exchange rate (JPY) 159.69 156.00 142.28

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■ Non-Operating & Extraordinary Items (Mil. JPY) (12 months)

Non-operating income

Non-Operating Income total	1,084
(Main items)	
Foreign exchange gain	918
Interest and dividend income	83

Extraordinary loss

Extraordinary loss total	6,160
(Main items)	
Impairment loss	5,032
Allowance for restructuring expense	262
Loss for terminating business	172
Tahari litigation expense	90

Non-operating expenses

Non-Operating expenses total	435
(Main items)	
Interest expense	319

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■ Consolidated Balance Sheet (vs Feb.07)

Tangible assets increase due to investment in US retail stores
AP increase due to start-up phase of Fall/Winter season

(Mil. JPY)

	Aug-07	ratio	Feb-07	ratio	Aug-06	ratio	Change from Feb-07 (amount)
Current assets	20,950	47.2%	21,519	49.0%	29,205	53.3%	-569
Fixed assets	23,482	52.8%	22,370	51.0%	25,580	46.7%	1,112
Total assets	44,432	100.0%	43,889	100.0%	54,786	100.0%	542
Current liabilities	12,793	28.8%	11,122	25.3%	13,274	24.2%	1,670
Long-term liabilities	19,000	42.8%	19,394	44.2%	23,656	43.2%	-394
Total liabilities	31,793	71.6%	30,516	69.5%	36,930	67.4%	1,276
Net assets	12,638	28.4%	13,372	30.5%	17,855	32.6%	-733
Total liabilities and net assets	44,432	100.0%	43,889	100.0%	54,786	100.0%	542

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■ Consolidated Cash Flow (2nd half)

Operating CF: +1,364mil. due to decrease in inventories

Financing CF: -1,744mil. due to investment in US retail stores

(Mil. JPY)

	FYE2007 2nd half results	FYE2006 2nd half results	Change (amount)
Cash flows from operating activities	1,364	-1,334	2,698
Income (loss) before income taxes	-363	625	-988
(Increase) decrease in accounts receivable	-688	-957	269
(Increase) decrease in inventories	19	-1,974	1,994
Increase (decrease) in accounts payable	1,199	1,327	-128
Cash flows from investing activities	-1,744	-3,839	2,095
Purchases of property and equipment	-1,672	-1,193	-479
Purchases of intangible assets	-81	-2,664	2,583
Cash flows from financing activities	-1,098	14,182	-15,281
Increase (decrease) in short-term borrowings	-549	1,969	-2,519
Increase (decrease) in long-term borrowings	-577	-1,040	462
Proceeds from issuance of convertible bond with warrants	-	13,247	-13,247
Cash and cash equivalents at beginning of fiscal period	7,098	4,769	2,329
Net change in cash and cash equivalents	-1,426	9,020	-10,447
Cash and cash equivalents at end of fiscal period	5,672	13,789	-8,117

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II FYE2008 Earnings Forecasts

Hidetsugu Onishi, Group CFO
Link Theory Holdings Co., Ltd.

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■ Looking Forward to FYE2008

Building the foundation for profitable growth

- Turn around Rosner business
- Improve profitability of Japan & US businesses



Build the foundation for profitable growth after 2009

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■ FYE2008 Forecast (Consolidated)

Maintain sales growth, return to profitability

(Mil. JPY)

	FYE2008 forecast	FYE2007 results	Change (amount)	against last year (%)
Net Sales	66,000	59,419	6,580	111.1%
Gross Profit	35,025	30,342	4,682	115.4%
(Gross profit margin)	53.1%	51.1%	-	2.0
SG&A	33,125	29,876	3,248	110.9%
(to net sales)	50.2%	50.3%	-	-0.1
Operating Income	1,900	466	1,433	407.4%
(Operating margin)	2.9%	0.8%	-	2.1
Ordinary Income	740	1,115	-375	66.3%
Net Income	50	-5,617	5,667	-
EBITDA	4,502	2,949	1,553	152.7%
EBITDA margin	6.8%	5.0%	-	1.9

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■ Ordinary Income, Effective Tax Rate

Foreign exchange P/L leads to decrease in ordinary income
European sub's can't book deferred tax assets due to losses

(Breakdown of decrease in ordinary income)				(Income taxes)	(Mil. JPY)
	FYE2008 forecast	FYE2007 results	Change (amount)		FYE2008 forecast
Operating income	1,900	466	1,434	Income before income taxes	1,290
Ordinary income	740	1,115	-375	Income taxes (a)	1,240
(Reason of decreasing ordinary income)				Net income	50
Forex P/L (FYE2007)		918	-918	(Effective tax rate)	96.1%
Forex P/L (FYE2008)	-902		-902	Effect of European sub's deferred tax assets	573
Effect of forex P/L			-1,820	Effect of goodwill's deferred tax assets	140
(FYE2008 Consolidated ordinary income)				Effect total (b)	713
	1st half	2nd half	FYE2008 forecast	Income taxes in case LTH can book deferred tax assets (a) - (b)	527
Operating income	825	1,075	1,900	Adjusted effective tax rate	40.8%
Ordinary income	-145	885	740		
Forex P/L	-830	-71	-902		

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■ FYE2008 Forecast (Japan)

Gross profit margin improves through stringent inventory control

	FYE2008 forecast	FYE2007 results	Change (amount)	against last year (%)	(Ref) FYE2008 forecast (incl. Group Mgmt. exp.)
Net Sales	22,643	22,121	521	102.4%	22,643
Gross Profit	11,969	11,227	741	106.6%	11,969
(Gross profit margin)	52.9%	50.8%	-	2.1	52.9%
SG&A	10,045	9,616	428	104.5%	11,049
(to net sales)	44.4%	43.5%	-	0.9	48.8%
Operating Income	1,924	1,611	312	119.4%	919
(Operating margin)	8.5%	7.3%	-	1.2	4.1%
Ordinary Income	2,151	1,914	236	112.4%	1,146
Income before taxes	1,859	1,281	577	145.1%	854

Group Mgmt expenses 1,004 705
(Note1) Excludes Mgmt fee from net sales paid by subsidiaries
(Note2) Excludes LTH Group Mgmt exp. from SG&A

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■FYE2008 Forecast (US)

Expansion in Theory business, profit improvement in new businesses

(Mil. JPY)

	FYE2008 forecast	FYE2007 results	Change (amount)	against last year (%)
Net Sales	35,046	29,520	5,525	118.7%
Gross Profit	18,974	15,688	3,285	120.9%
(Gross profit margin)	54.1%	53.1%	-	1.0
SG&A	15,623	13,320	2,302	117.3%
(to net sales)	44.6%	45.1%	-	-0.5
Operating Income	3,351	2,368	982	141.5%
(Operating margin)	9.6%	8.0%	-	1.5
Ordinary Income	2,152	2,763	-611	77.9%
Income before taxes	3,000	2,519	480	119.1%

(Note) Includes royalty income, excludes amortization of acquisition premium from SG&A
Exchange rate (JPY) 116.00 118.57

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■FYE2008 Forecast (Europe)

First step toward profitability as operating loss narrows

(Mil. JPY)

	FYE2008 forecast	FYE2007 results	Change (amount)	against last year (%)
Net Sales	9,585	8,815	769	108.7%
Gross Profit	3,885	3,221	663	120.6%
(Gross profit margin)	40.5%	36.5%	-	4.0
SG&A	5,182	4,711	470	110.0%
(to net sales)	54.1%	53.4%	-	0.6
Operating Income	-1,297	-1,489	192	-
(Operating margin)	-13.5%	-16.9%	-	3.4
Ordinary Income	-1,481	-1,558	77	-
Income before taxes	-1,481	-6,819	5,338	-

(Note) Excludes amortization of acquisition premium from SG&A (no amount in FYE2008)
Exchange rate (JPY) 165.00 154.79

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■ Store Opening Plan

Open 19 stores group-wide in FYE2008

	Number of stores as of Aug.2007	Store openings in FYE2008 1st half		Number of stores as of Feb.2008	Store openings in FYE2008 2nd half		Expected number of stores in Aug.2008
			(Net increase)			(Net increase)	
Japan	178	8	6	184	3	3	187
Theory women's	49	2	2	51	0	0	51
Theory men's	30	2	2	32	0	0	32
Theory luxe	38	0	0	38	0	0	38
Theory accessory	2	0	0	2	0	0	2
Theory petit	8	0	0	8	0	0	8
Outlet	8	0	0	8	1	1	9
Helmut Lang	5	0	0	5	0	0	5
Proof (Kulson)	14	0	0	14	0	0	14
Other	24	4	2	26	2	2	28
US	31	4	3	34	1	1	35
Europe	3	1	1	4	0	0	4
Asia	4	2	2	6	0	0	6
Total	216	15	12	228	4	4	232

(Note) Japan includes 1 store of Theory Café.

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■ Planned PP&E Investments in FYE2008

1.5bn JPY cash investment group-wide

■ US

900mil. JPY for opening/renovating retail stores, and investment in systems

■ Japan

900mil. JPY for HQ transfer, opening/renovating retail stores, and investment in systems (300mil. cash investment)

■ Europe

300mil. JPY, including 1st Theory store in London


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III New Mid-term Plan “LTH2010” ~To Achieve Profitable Growth

Link Theory Holdings Co., Ltd.
Ricky C. Sasaki, President and CEO

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■ Looking Back “LTH 100 Billion Plan”

- Impairment of Rosner trademark and goodwill derived from the Co's sluggish performance after acquisition
 - Rosner acquisition significantly affected LTH consolidated financials
- 
- LTH 100 Billion Plan focused primarily on sales growth, not on profitability

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■Mid-term Management Policy

Theme	Initiatives
Growth with sound profitability	<ul style="list-style-type: none"> ■ Optimize brand portfolio <ul style="list-style-type: none"> ● Define core brand vs. growing brand ● Continually redefine growing brand ■ Making growing and turnaround brand profitable ■ Steady growth of Theory

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■Financial Target

Financial target at FYE2010

- | | |
|--|--|
| ■ Consolidated net sales 80bn JPY | Adding 20bn from FYE2007
Continue double digit growth |
| ■ Consolidated operating income 6bn JPY
(operating margin 7.5%) | Operating margin in FYE2007:
0.8% |



Improve profitability and achieve record operating income in FYE2010,
surpassing 4.6bn in FYE2006

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■ Consolidated Mid-term Outlook

Achieve 6bn operating income in FYE2010 by improving profitability group-wide

(100Mil. JPY)							
	FYE2007 results	FYE2008 forecast	change%	FYE2009 plan	change%	FYE2010 plan	change%
Net Sales	594	660	11.1%	735	11.4%	800	8.8%
Japan	221	226	2.4%	240	6.0%	258	7.3%
US	295	350	18.7%	391	11.6%	425	8.5%
Europe	88	96	8.7%	116	20.5%	129	12.0%
Asia	5	5	-9.9%	7	50.7%	8	16.5%
Elimination	-15	-17	-	-19	-	-19	-
Gross Profit	303	350	15.4%	392	11.8%	427	9.0%
(Gross profit margin)	51.1%	53.1%	-	53.3%	-	53.4%	-
Operating Income (before goodwill amortization)	20	31	58.2%	52	66.8%	72	38.2%
Japan	16	19	19.4%	23	22.0%	27	13.1%
US	24	34	41.5%	41	21.9%	52	27.6%
Europe	-15	-13	-	-3	-	3	-
Asia	0	0	-	0	-	0	-
Elimination/Group Mgmt exp.	-5	-8	-	-9	-	-9	-
Goodwill amortization	15	12	-18.1%	12	0.0%	12	0.0%
Operating Income	5	19	307.4%	40	110.5%	60	50.0%
(Operating margin)	0.8%	2.9%	-	5.4%	-	7.5%	-

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■ Mid-term Outlook by Brand

Bring growing & turnaround brands into the black by FYE2010

		(100Mil. JPY)			
Brand classification	Name of brand	FYE2007 Net Sales results	FYE2010 Net Sales target	FYE2010 Operating Income target	Timing of turning black
Core brand	Theory	475	592	114	
Growing brand	Helmut Lang	4	60	2	FYE2010
	Premise	3	21	2	FYE2009
	PLS+T	10	24	3	Already in black
	Japanese casual brands such as Joie	16	22	3	FYE2008
Turnaround brand	Rosner	78	87	4	FYE2010
	Elimination/indirect expenses	9	-7	-69	
Consolidated total		594	800	60	

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■ Optimize Brand Portfolio

Continually redefine brand portfolio

- Keep balance between core brand and growing brand
 - Core brand: seek aggressive growth of Theory in Europe
 - Growing brand: Focus on Helmut Lang, Premise and Casual business in Japan
- Continually redefine growing brand
 - Put 1st priority on profitability
- Turnaround brand
 - Focus on turning around Rosner business

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■ Turning Growing Brand into the Black

Bring all growing brands into the black by FYE2010

- Helmut Lang
 - ~Target to turn profitable: FYE2010~
 - US: Expand business with premium department stores
 - Europe: Continue wholesale from US
 - Japan: Initiate store dissemination through licensing from 2009
- Premise
 - ~Target to turn profitable: FYE2009~
 - Expand business with premium department stores to help cover expenses
- Casual business in Japan
 - ~Target to turn profitable: FYE2008~
 - Strengthen P/L monitoring by brand, including closure of non-performing stores

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■ Turning Turnaround Brand into the Black

Bring Rosner into the black by FYE2010

- 2008 Spring Summer season
 - Getting back to the original Rosner aesthetic to recapture confidence from clients
- 2008 Fall Winter season
 - Seek significant sales recovery
- Seek COGs reduction through 3rd parties purchase of goods, additional expenses reduction

Outlook of Rosner

(100Mil. JPY)

	FYE2007 results	FYE2008 forecast	change%	FYE2009 plan	change%	FYE2010 plan	change%
Net Sales	78	78	0.6%	84	7.7%	87	3.1%
Gross Profit	27	30	11.0%	35	14.3%	37	5.8%
(Gross Profit Margin)	35.1%	38.7%	-	41.1%	-	42.1%	-
Operating Income(note)	-9	-7	-	0	-	4	-
(Operating Margin)	-11.9%	-8.9%	-	0.3%	-	4.5%	-

(Note) Before allocating indirect expenses

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■ Steady Growth of Theory

Seek continuous contribution to profit

- Europe
 - ~Seek aggressive growth~
 - Accelerate growth, conducting advertising in UK & France in 2008
- US
 - Seek continuous growth in wholesales & retail
- Japan
 - Limited opportunity to open new stores; maintain and improve efficiency of existing stores through store renovation and floor expansion

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Appendix.

■ Performance by Region (Japan, 12months)

Increased discount sales in 1st half results in lower gross profit margin

(Mil. JPY)

	FYE2007 results	FYE2006 results	against last year (%)	(Ref) FYE2007 results (excl. Group Mgmt. exp.)
Net Sales	22,121	21,176	104.5%	22,121
Gross Profit	11,227	11,110	101.1%	11,227
(Gross profit margin)	50.8%	52.5%	-1.7	50.8%
SG&A	10,321	9,421	109.6%	9,616
(to net sales)	46.7%	44.5%	2.2	43.5%
Operating Income	905	1,688	53.6%	1,611
(Operating margin)	4.1%	8.0%	-3.9	7.3%
Ordinary Income	1,208	1,770	68.3%	1,914
Income before taxes	575	1,646	35.0%	1,281

(Note) Includes Group mgmt exp. in LTH, excludes Mgmt fee, ie. 220 mil., from net sales paid by subsidiaries since this fiscal year

■ Performance by Region (US, 12months)

Net sales: wholesale & retail business continued growth

Gross profit margin decreased due to increased discount sales in 1st half

	FYE2007 results	FYE2006 results	against last year (%)	Dif. (last year)	Dif.		against last year (dollar base) (%)
					by Forex	other than Forex	
Net Sales	29,520	22,097	133.6%	7,423	888	6,534	129.6%
Gross Profit	15,688	12,079	129.9%	3,608	472	3,136	126.0%
(Gross profit margin)	53.1%	54.7%	-1.5	-	-	-	-1.5
SG&A	13,099	8,712	150.4%	4,386	394	3,992	145.8%
(to net sales)	44.4%	39.4%	4.9	-	-	-	4.9
Operating Income	2,588	3,367	76.9%	-778	77	-856	74.6%
(Operating margin)	8.8%	15.2%	-6.5	-	-	-	-6.5
Ordinary Income	2,984	3,243	92.0%	-259	670	-929	89.2%
Income before taxes	2,740	3,244	84.5%	-504	663	-1,167	81.9%

(Note) Includes royalty income, excludes amortization of acquisition premium from SG&A, excludes mgmt fee paid to holding co., ie. 220 mil., since this fiscal year

Exchange rate (JPY) 118.57 115.00

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■ Performance by Region (Europe, 12months)

Gross profit margin remained low due to increased discount sales

4.9bn impairment loss for Rosner

	FYE2007 results	FYE2006 results	against last year (%)	Dif. (last year)	Dif.		against last year (euro base) (%)
					by Forex	other than Forex	
Net Sales	8,815	4,981	177.0%	3,834	743	3,090	162.0%
Gross Profit	3,221	2,129	151.3%	1,091	271	820	138.5%
(Gross profit margin)	36.5%	42.8%	-6.2	-	-	-	-6.2
SG&A	4,711	2,764	170.4%	1,947	397	1,549	156.1%
(to net sales)	53.4%	55.5%	-2.0	-	-	-	-2.0
Operating Income	-1,489	-634	-	-855	-125	-729	-
(Operating margin)	-16.9%	-12.7%	-4.2	-	-	-	-4.2
Ordinary Income	-1,558	-707	-	-850	25	-876	-
Income before taxes	-6,819	-707	-	-6,111	-417	-5,693	-

(Note) Excludes amortization of acquisition premium from SG&A, just 8 months results was consolidated last year

Exchange rate (JPY) 154.79 141.74

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■ Sales Breakdown by Brand (12months)

	Japan	US	Europe	Asia	Total
Theory women's	26.1%	40.2%	1.5%	0.8%	68.7%
Theory men's	3.7%	5.4%	0.0%	0.0%	9.1%
Rosner	0.0%	0.0%	12.7%	0.0%	12.7%
Urbanholics	2.6%	0.0%	0.0%	0.0%	2.6%
Proof (Kulson)	2.1%	0.0%	0.0%	0.0%	2.2%
Others	2.5%	1.6%	0.6%	0.0%	4.7%
Total	37.1%	47.2%	14.8%	0.8%	100.0%

(Note) Urbanholics includes sales of 7 For All Mankind, Joie etc.

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■ SG&A (12months)

(Mil. JPY)

	FYE2007 results	FYE2006 results	against last year (%)
Personnel	13,410	10,030	133.7%
Warehouse & Distribution	1,237	1,210	102.2%
Selling	3,925	2,504	156.7%
Advertisement & Promotions	1,187	846	140.3%
Rent	3,902	2,780	140.3%
Depreciation and amortization	2,483	1,699	146.1%
Outsourcing	1,172	1,080	108.6%
Others	2,557	2,141	119.5%
SG&A total	29,876	22,293	134.0%

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■ Consolidated Cash Flow (12months)

Operating CF: +1,771mil. due to decrease in inventories etc.

	FYE2007 results	FYE2006 results	(Mil. JPY) Change (amount)
Cash flows from operating activities	1,771	-754	2,526
Income (loss) before income taxes	-5,039	3,117	-8,157
(Increase) decrease in inventories	774	-2,816	3,590
Impairment loss	5,032	-	5,032
Cash flows from investing activities	-3,294	-16,760	13,465
Purchases of property and equipment	-3,278	-2,022	-1,255
Purchases of intangible assets	-164	-2,819	2,654
Purchases of its own stock by a subsidiary	-	-6,896	6,896
Purchases of subsidiary's stock resulting in changes in scope of consolidation	-	-5,018	5,018
Cash flows from financing activities	-6,681	20,452	-27,134
Increase (decrease) in short-term borrowings	-99	2,542	-2,641
Increase (decrease) in long-term borrowings	-6,554	4,714	-11,268
Proceeds from issuance of convertible bond with warrants	-	13,247	-13,247
Cash and cash equivalents at beginning of fiscal period	13,789	10,818	2,971
Net change in cash and cash equivalents	-8,117	2,971	-11,088
Cash and cash equivalents at end of fiscal period	5,672	13,789	-8,117

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Disclaimer

- Forecasts and outlook described in this presentation is based on information available at present. As actual financial results may change according to future conditions and factors, LTH doesn't assure or guarantee the achievement of the forecasts and outlook.

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