

Consolidated Financial Results for the First Half Ended February 29, 2008

April 9, 2008

Company name: Link Theory Holdings Co., Ltd. Code:3373 Tokyo Stock Exchange (Mothers)
 (URL <http://www.link-theory.com/>)

Representative: Chikara Sasaki, President & CEO

Contact person: Hidetsugu Onishi, Director & Group CFO TEL +81-3-3407-7502

(in millions of yen, with fractional amounts discarded)

1. Consolidated operating results (September 1, 2007 – February 29, 2008)

(1) Consolidated financial results

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------------------|-------------------|------|-------------------|--------|-------------------|--------|-------------------|---------|
| | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) |
| FY 2008, 1 st Half | 31,045 | 4.8 | 1,399 | — | 429 | 2.2 | 360 | — |
| FY 2007, 1 st Half | 29,610 | 38.6 | 114 | (95.4) | 420 | (84.2) | (4,640) | (409.4) |
| FY 2007 | 59,419 | — | 466 | — | 1,115 | — | (5,617) | — |

| | Net income per share | | Diluted net income per share | |
|-------------------------------|----------------------|-----|------------------------------|----|
| | (Yen) | | (Yen) | |
| FY 2008, 1 st Half | 2,347 | 76 | 2,254 | 43 |
| FY 2007, 1 st Half | (30,672) | 50) | — | — |
| FY 2007 | (37,111) | 17) | — | — |

(2) Consolidated financial position

| | Total assets | Net assets | Net assets ratio | Net assets per share | |
|-------------------------------|-------------------|-------------------|------------------|----------------------|----|
| | (Millions of yen) | (Millions of yen) | (%) | (Yen) | |
| FY 2008, 1 st Half | 40,555 | 12,401 | 30.5 | 77,948 | 07 |
| FY 2007, 1 st Half | 43,889 | 13,372 | 30.3 | 87,823 | 77 |
| FY 2007 | 44,432 | 12,638 | 28.4 | 83,278 | 00 |

(Net assets excl. minority interests) FY2008, 1st half 12,386 millions FY2007, 1st half 13,295 millions FY2007 12,625 millions

(3) Consolidated cash flows

| | 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 2008, 1 st Half | 700 | 756 | (1,949) | 5,159 |
| FY 2007, 1 st Half | 407 | (1,549) | (5,582) | 7,098 |
| FY 2007 | 1,771 | (3,294) | (6,681) | 5,672 |

2. Dividends

| (Record date) | Dividend per share | | | | |
|-------------------|--------------------|-----------|-----------|----------|------------|
| | End of Q1 | End of Q2 | End of Q3 | Year-end | Annual |
| FY2007 | (Yen) — | (Yen) — | (Yen) — | (Yen) — | (Yen) 0 00 |
| FY2008 | — | — | — | — | 0 00 |
| FY2008 (forecast) | — | — | — | — | |

5. Consolidated Balance Sheets

(Millions of yen)

| Category | FY 2007, 1 st half As of February 28, 2007 | | FY 2008, 1 st half As of February 29, 2008 | | FY 2007 As of August 31, 2007 | |
|------------------------------------|--|-------|--|-------|----------------------------------|-------|
| | Amount | (%) | Amount | (%) | Amount | (%) |
| (Assets) | | | | | | |
| I Current assets | | | | | | |
| 1. Cash and deposits | 7,101 | | 5,159 | | 5,672 | |
| 2. Notes and accounts receivable | 3,200 | | 3,317 | | 3,997 | |
| 3. Inventories | 8,309 | | 8,192 | | 8,118 | |
| 4. Deferred tax assets | 1,482 | | 1,488 | | 1,738 | |
| 5. Other | 1,606 | | 795 | | 1,632 | |
| Allowance for doubtful accounts | (180) | | (64) | | (209) | |
| Total current assets | 21,519 | 49.0 | 18,889 | 46.6 | 20,950 | 47.2 |
| II Fixed assets | | | | | | |
| 1. Property and equipment | 4,501 | | 5,609 | | 5,881 | |
| 2. Intangible assets | | | | | | |
| (1) Trademarks | 6,905 | | 5,598 | | 6,520 | |
| (2) Goodwill | 6,641 | | 5,981 | | 6,638 | |
| (3) Other | 305 | | 291 | | 306 | |
| Total intangible assets | 13,851 | | 11,871 | | 13,465 | |
| 3. Investments and other assets | | | | | | |
| (1) Investment securities | 597 | | 2 | | 618 | |
| (2) Leasehold deposits paid | 997 | | 1,267 | | 1,028 | |
| (3) Deferred tax assets | 2,219 | | 2,668 | | 2,223 | |
| (4) Other | 393 | | 584 | | 440 | |
| Allowance for doubtful accounts | (191) | | (338) | | (176) | |
| Total investments and other assets | 4,017 | | 4,184 | | 4,135 | |
| Total fixed assets | 22,370 | 51.0 | 21,666 | 53.4 | 23,482 | 52.8 |
| Total assets | 43,889 | 100.0 | 40,555 | 100.0 | 44,432 | 100.0 |

(Millions of yen)

| Category | FY 2007, 1 st half As of February 28, 2007 | | FY 2008, 1 st half As of February 29, 2008 | | FY 2007 As of August 31, 2007 | |
|--|--|-------|--|-------|----------------------------------|-------|
| | Amount | (%) | Amount | (%) | Amount | (%) |
| (Liabilities) | | | | | | |
| I Current liabilities | | | | | | |
| 1. Accounts payable—trade | 3,521 | | 3,985 | | 4,834 | |
| 2. Short-term borrowings | 3,651 | | 2,308 | | 3,217 | |
| 3. Current portion of long-term debt | 950 | | 971 | | 1,196 | |
| 4. Accounts payable—other | 1,326 | | 1,565 | | 1,831 | |
| 5. Accrued income taxes | 602 | | 422 | | 367 | |
| 6. Deferred tax liabilities | 8 | | — | | 2 | |
| 7. Accrued employees' bonuses | 375 | | 454 | | 548 | |
| 8. Allowance for restructuring expenses | 189 | | — | | 280 | |
| 9. Other | 496 | | 490 | | 514 | |
| Total current liabilities | 11,122 | 25.3 | 10,199 | 25.1 | 12,793 | 28.8 |
| II Long-term liabilities | | | | | | |
| 1. Convertible bond with warrants | 13,261 | | 13,255 | | 13,258 | |
| 2. Long-term debt | 4,252 | | 2,608 | | 3,662 | |
| 3. Accrued directors' and statutory auditors' retirement benefits | 189 | | 189 | | 189 | |
| 4. Accrued employees' retirement benefits | 667 | | 709 | | 694 | |
| 5. Other | 1,024 | | 1,191 | | 1,196 | |
| Total long-term liabilities | 19,394 | 44.2 | 17,954 | 44.3 | 19,000 | 42.8 |
| Total liabilities | 30,516 | 69.5 | 28,153 | 69.4 | 31,793 | 71.6 |
| (Net assets) | | | | | | |
| I Shareholders' equity | | | | | | |
| 1. Common stock | 6,354 | 14.5 | 6,396 | 15.8 | 6,369 | 14.3 |
| 2. Capital surplus | 7,941 | 18.1 | 4,479 | 11.0 | 7,956 | 17.9 |
| 3. Retained earnings (accumulated deficit) | (1,031) | (2.4) | 1,856 | 4.6 | (2,008) | (4.5) |
| Total shareholders' equity | 13,264 | 30.2 | 12,732 | 31.4 | 12,317 | 27.7 |
| II Valuation, translation adjustments and other | | | | | | |
| 1. Unrealized holding gain (loss) on securities | 0 | 0.0 | (0) | (0.0) | (0) | (0.0) |
| 2. Unrealized gain and loss on hedging instruments | 26 | 0.1 | (42) | (0.0) | 10 | 0.0 |
| 3. Translation adjustments | 4 | 0.0 | (302) | (0.8) | 297 | 0.7 |
| Total valuation, translation adjustments and other | 30 | 0.1 | (345) | (0.8) | 308 | 0.7 |
| III Minority interests | 77 | 0.2 | 14 | 0.0 | 13 | 0.0 |
| Total net assets | 13,372 | 30.5 | 12,401 | 30.6 | 12,638 | 28.4 |
| Total liabilities and net assets | 43,889 | 100.0 | 40,555 | 100.0 | 44,432 | 100.0 |

6. Consolidated statements of operations

(Millions of yen)

| Category | FY 2007, 1 st Half (Six months ended February 28, 2007) | | | FY 2008, 1 st Half (Six months ended February 29, 2008) | | | FY 2007 (Year ended August 31, 2007) | | |
|--|--|--------|-------|--|--------|-------|--------------------------------------|--------|-------|
| | Amount | | (%) | Amount | | (%) | Amount | | (%) |
| I Net sales | | 29,610 | 100.0 | | 31,045 | 100.0 | | 59,419 | 100.0 |
| II Cost of sales | | 14,861 | 50.2 | | 14,224 | 45.8 | | 29,076 | 48.9 |
| Gross profit | | 14,748 | 49.8 | | 16,821 | 54.2 | | 30,342 | 51.1 |
| III Selling, general and administrative expenses | | 14,634 | 49.4 | | 15,421 | 49.7 | | 29,876 | 50.3 |
| Operating income | | 114 | 0.4 | | 1,399 | 4.5 | | 466 | 0.8 |
| IV Non-operating income | | | | | | | | | |
| 1. Interest and dividend income | 41 | | | 16 | | | 83 | | |
| 2. Foreign exchange gain | 442 | | | — | | | 918 | | |
| 3. Insurance dividend income | — | | | 14 | | | — | | |
| 4. Gain on sales of supplies | — | | | 7 | | | — | | |
| 5. Other | 29 | 513 | 1.7 | 18 | 57 | 0.2 | 82 | 1,084 | 1.8 |
| V Non-operating expenses | | | | | | | | | |
| 1. Interest expense | 195 | | | 122 | | | 319 | | |
| 2. Foreign exchange loss | — | | | 895 | | | — | | |
| 3. Stock issuance expenses | 0 | | | 2 | | | 0 | | |
| 4. Other | 11 | 207 | 0.7 | 7 | 1,027 | 3.3 | 115 | 435 | 0.7 |
| Ordinary income | | 420 | 1.4 | | 429 | 1.4 | | 1,115 | 1.9 |
| VI Extraordinary income | | | | | | | | | |
| 1. Gain on sales of property and equipment | 1 | | | 3 | | | 4 | | |
| 2. Dividend income | — | | | 1,014 | | | — | | |
| 3. Reversal of allowance for doubtful accounts | — | | | 35 | | | — | | |
| 4. Reversal of allowance for restructuring expenses | — | | | 78 | | | — | | |
| 5. Other | — | 1 | 0.0 | — | 1,132 | 3.6 | 0 | 4 | 0.0 |
| VII Extraordinary loss | | | | | | | | | |
| 1. Loss on sales or disposal of property and equipment | 18 | | | 18 | | | 52 | | |
| 2. Loss on business restructuring | 102 | | | 160 | | | 172 | | |
| 3. Loss on disposal of finished goods | 1 | | | 0 | | | 2 | | |
| 4. Loss on cancellation of lease contracts | 12 | | | 11 | | | 29 | | |
| 5. Loss on extinguishment of debt financing | 37 | | | — | | | 38 | | |
| 6. Loss on allowance for restructuring expenses | 181 | | | — | | | 262 | | |
| 7. Impairment loss on fixed assets | 4,734 | | | — | | | 5,032 | | |
| 8. Loss related to lawsuits | — | | | 36 | | | 90 | | |
| 9. Loss related to transfer of headquarter | — | | | 55 | | | — | | |
| 10. Other | 10 | 5,098 | 17.2 | 29 | 313 | 1.0 | 480 | 6,160 | 10.4 |

| Category | FY 2007, 1 st Half (Six months ended February 28, 2007) | | | FY 2008, 1 st Half (Six months ended February 29, 2008) | | | FY 2007 (Year ended August 31, 2007) | | |
|--|--|---------|--------|--|-------|-----|--------------------------------------|---------|-------|
| | Amount | | (%) | Amount | | (%) | Amount | | (%) |
| Income (loss) before income taxes and minority interests | | (4,676) | (15.8) | | 1,248 | 4.0 | | (5,039) | (8.5) |
| Income taxes-current | 1,071 | | | 1,261 | | | 1,886 | | |
| Income taxes-deferred | (1,092) | (20) | (0.1) | (376) | 885 | 2.9 | (1,276) | 609 | 1.0 |
| Minority interests | | (14) | (0.0) | | 2 | 0.0 | | (32) | (0.0) |
| Net income (loss) | | (4,640) | (15.7) | | 360 | 1.1 | | (5,617) | (9.5) |

7. Consolidated statements of changes in net assets

FY 2007, 1st Half (Six months ended February 28, 2007)

(Millions of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance as of August 31, 2006 | 6,335 | 7,922 | 3,703 | 17,961 |
| Changes during the term | | | | |
| Issuance of common stock | 18 | 18 | | 37 |
| Cash dividends paid | | | (94) | (94) |
| Net loss | | | (4,640) | (4,640) |
| Net changes in items other than those in shareholders' equity | | | | |
| Total changes during the term | 18 | 18 | (4,735) | (4,697) |
| Balance as of February 28, 2007 | 6,354 | 7,941 | (1,031) | 13,264 |

| | 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, 2006 | 0 | 33 | (227) | (194) | 88 | 17,855 |
| Changes during the term | | | | | | |
| Issuance of common stock | | | | | | 37 |
| Cash dividends paid | | | | | | (94) |
| Net loss | | | | | | (4,640) |
| Net changes in items other than those in shareholders' equity | 0 | (6) | 231 | 225 | (11) | 214 |
| Total changes during the term | 0 | (6) | 231 | 225 | (11) | (4,482) |
| Balance as of February 28, 2007 | 0 | 26 | 4 | 30 | 77 | 13,372 |

FY 2008, 1st Half (Six months ended February 29, 2008)

(Millions of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance as of August 31, 2007 | 6,369 | 7,956 | (2,008) | 12,317 |
| Changes during the term | | | | |
| Issuance of common stock | 27 | 27 | | 54 |
| Decrease in capital surplus | | (3,503) | 3,503 | — |
| Net income | | | 360 | 360 |
| Net changes in items other than those in shareholders' equity | | | | |
| Total changes during the term | 27 | (3,476) | 3,864 | 414 |
| Balance as of February 29, 2008 | 6,396 | 4,479 | 1,856 | 12,732 |

| | Valuation, translation adjustments and other | | | | Minority interests | Total net assets |
|---|--|---|-------------------------|--|--------------------|------------------|
| | Unrealized holding gain (loss) on securities | Unrealized gain and loss on hedging instruments | Translation adjustments | Total valuation, translation adjustments and other | | |
| Balance as of August 31, 2007 | (0) | 10 | 297 | 308 | 13 | 12,638 |
| Changes during the term | | | | | | |
| Issuance of common stock | | | | | | 54 |
| Decrease in capital surplus | | | | | | — |
| Net income | | | | | | 360 |
| Net changes in items other than those in shareholders' equity | (0) | (53) | (600) | (653) | 1 | (652) |
| Total changes during the term | (0) | (53) | (600) | (653) | 1 | (237) |
| Balance as of February 29, 2008 | (0) | (42) | (302) | (345) | 14 | 12,401 |

FY 2007 (Year ended August 31, 2007)

(Millions of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance as of August 31, 2006 | 6,335 | 7,922 | 3,703 | 17,961 |
| Changes during the term | | | | |
| Issuance of common stock | 33 | 33 | | 67 |
| Cash dividends paid | | | (94) | (94) |
| Net loss | | | (5,617) | (5,617) |
| Net changes in items other than those in shareholders' equity | | | | |
| Total changes during the term | 33 | 33 | (5,711) | (5,644) |
| Balance as of August 31, 2007 | 6,369 | 7,956 | (2,008) | 12,317 |

| | Valuation, translation adjustments and other | | | | Minority interests | Total net assets |
|---|--|---|-------------------------|--|--------------------|------------------|
| | Unrealized holding gain (loss) on securities | Unrealized gain and loss on hedging instruments | Translation adjustments | Total valuation, translation adjustments and other | | |
| Balance as of August 31, 2006 | 0 | 33 | (227) | (194) | 88 | 17,855 |
| Changes during the term | | | | | | |
| Issuance of common stock | | | | | | 67 |
| Cash dividends paid | | | | | | (94) |
| Net loss | | | | | | (5,617) |
| Net changes in items other than those in shareholders' equity | (0) | (22) | 525 | 503 | (75) | 427 |
| Total changes during the term | (0) | (22) | 525 | 503 | (75) | (5,216) |
| Balance as of August 31, 2007 | (0) | 10 | 297 | 308 | 13 | 12,638 |

8. Consolidated statements of cash flows

(Millions of yen)

| | FY 2007, 1 st Half (Six months ended February 28, 2007) | FY 2008, 1 st Half (Six months ended February 29, 2008) | FY 2007 (Year ended August 31, 2007) |
|---|--|--|--------------------------------------|
| Category | Amount | Amount | Amount |
| I Cash flows from operating activities | | | |
| Income (loss) before income taxes and minority interests | (4,676) | 1,248 | (5,039) |
| Depreciation | 435 | 614 | 989 |
| Amortization of goodwill | 249 | 168 | 432 |
| Increase (decrease) in accrued employees' bonuses | 10 | (67) | 171 |
| Increase in allowance for doubtful accounts | 143 | 53 | 143 |
| Increase (decrease) in accrued employees' retirement benefits | 10 | 11 | (0) |
| Increase (decrease) in allowance for restructuring expenses | 181 | (196) | 262 |
| Interest and dividend income | (41) | (1,031) | (83) |
| Interest expense | 195 | 122 | 319 |
| Foreign exchange (gain) loss | (385) | 900 | (796) |
| Amortization of trademarks | 587 | 444 | 1,061 |
| Stock issuance expenses | 0 | 2 | 0 |
| Gain on sales of property and equipment | (1) | (3) | (4) |
| Reversal of allowance for doubtful accounts | — | (35) | — |
| Reversal of allowance for restructuring expenses | — | (78) | — |
| Loss on sales or disposal of property and equipment | 18 | 18 | 52 |
| Loss on business restructuring | 102 | 160 | 172 |
| Loss on disposal of finished goods | 1 | 0 | 2 |
| Loss on cancellation of lease contracts | 12 | 11 | 29 |
| Loss on extinguishment of debt financing | 37 | — | 38 |
| Impairment loss on fixed assets | 4,734 | — | 5,032 |
| Loss related to lawsuits | — | 36 | 90 |
| Loss related to transfer of headquarter | — | 55 | — |
| Loss on write-downs of supplies | — | — | 351 |
| Decrease in accounts receivable | 734 | 550 | 46 |
| Decrease (increase) in inventories | 754 | (477) | 774 |
| Decrease in accounts payable—trade | (1,337) | (676) | (138) |
| Decrease in accounts payable—other | (448) | (166) | (77) |
| (Decrease) increase in accrued expenses | (282) | (1) | 7 |
| Increase (decrease) in accrued consumption taxes | 190 | (92) | 212 |
| Other | 385 | 165 | 446 |
| Subtotal | 1,609 | 1,737 | 4,494 |

(Millions of yen)

| | FY 2007, 1 st Half (Six months ended February 28, 2007) | FY 2008, 1 st Half (Six months ended February 29, 2008) | FY 2007 (Year ended August 31, 2007) |
|--|--|--|--------------------------------------|
| Category | Amount | Amount | Amount |
| Interest and dividends received | 44 | 14 | 86 |
| Interest paid | (217) | (140) | (351) |
| Loss on cancellation of lease contracts | (20) | (30) | (51) |
| Income taxes paid | (878) | (551) | (2,048) |
| Other | (130) | (329) | (359) |
| Net cash provided by operating activities | 407 | 700 | 1,771 |
| II Cash flows from investing activities | | | |
| Decrease in time deposits | — | — | 2 |
| Purchases of property and equipment | (1,605) | (731) | (3,278) |
| Proceeds from sales of property and equipment | 6 | 13 | 88 |
| Purchases of intangible assets | (83) | (81) | (164) |
| Proceeds from sales of intangible assets | — | — | 0 |
| Purchases of investment securities | (0) | (0) | (1) |
| Proceeds from distribution of investments securities | — | 1,592 | — |
| Proceeds from sales of golf-club memberships | — | — | 1 |
| Proceeds from reduction in purchase price of a subsidiary's stock | 150 | — | 154 |
| Other | (16) | (36) | (96) |
| Net cash (used in) provided by investing activities | (1,549) | 756 | (3,294) |
| III Cash flows from financing activities | | | |
| Increase (decrease) in short-term borrowings | 450 | (763) | (99) |
| Proceeds from long-term debt | — | 1,600 | — |
| Repayment of long-term debt | (5,976) | (2,838) | (6,554) |
| Proceeds from issuance of common stock | 37 | 51 | 66 |
| Cash dividends paid | (94) | (0) | (94) |
| Net cash used in financing activities | (5,582) | (1,949) | (6,681) |
| IV Effect of exchange rate changes on cash and cash equivalents | 34 | (19) | 86 |
| V Net change in cash and cash equivalents | (6,690) | (512) | (8,117) |
| VI Cash and cash equivalents at beginning of term | 13,789 | 5,672 | 13,789 |
| VII Cash and cash equivalents at end of term | 7,098 | 5,159 | 5,672 |

9. Segment Information

a. Business Segments

Business segment information has not been presented because the apparel segment accounted for more than 90% of the Company's consolidated net sales and operating income.

b. Geographical Segments

Geographical segment information, which is classified by location of the Group's entities, for FY2007, 1st half, FY2008, 1st half, and FY2007, is summarized as follows.

FY 2007, 1st Half (Six months ended February 28, 2007)

(Millions of yen)

| | Japan | North America | Europe | Other | Total | Eliminations and/or corporate | Consolidated |
|-------------------------|--------|---------------|--------|-------|--------|-------------------------------|--------------|
| Net sales: | | | | | | | |
| External customers | 11,585 | 13,015 | 4,805 | 204 | 29,610 | — | 29,610 |
| Inter-segment | 153 | 679 | — | — | 833 | (833) | — |
| Total | 11,738 | 13,695 | 4,805 | 204 | 30,443 | (833) | 29,610 |
| Operating expenses | 10,467 | 13,605 | 5,477 | 229 | 29,779 | (283) | 29,495 |
| Operating income (loss) | 1,270 | 90 | (671) | (25) | 663 | (549) | 114 |

Note 1: Segments have been divided according to geographical proximity.

Note 2: "North America" includes primarily the United States, "Europe" includes primarily Germany, and "Other" includes primarily Korea, China (including Hong Kong) and Taiwan.

Note 3: Operating expenses which cannot be allocated to a particular segment and are reported under "Eliminations and/or corporate" amounted to ¥533 million and mainly consisted of administrative expenses such as accounting, human resources and general affairs.

FY 2008, 1st Half (Six months ended February 29, 2008)

(Millions of yen)

| | Japan | North America | Europe | Other | Total | Eliminations and/or corporate | Consolidated |
|-------------------------|--------|---------------|--------|-------|--------|-------------------------------|--------------|
| Net sales: | | | | | | | |
| External customers | 11,295 | 15,332 | 4,223 | 194 | 31,045 | — | 31,045 |
| Inter-segment | 452 | 861 | — | — | 1,314 | (1,314) | — |
| Total | 11,748 | 16,193 | 4,223 | 194 | 32,359 | (1,314) | 31,045 |
| Operating expenses | 9,847 | 15,319 | 4,684 | 189 | 30,041 | (395) | 29,645 |
| Operating income (loss) | 1,900 | 873 | (460) | 4 | 2,318 | (919) | 1,399 |

Note 1: Segments have been divided according to geographical proximity.

Note 2: "North America" includes primarily the United States, "Europe" includes primarily Germany, and "Other" includes primarily Korea, China (including Hong Kong) and Taiwan.

Note 3: Operating expenses which cannot be allocated to a particular segment and are reported under "Eliminations and/or corporate" amounted to ¥603 million and mainly consisted of administrative expenses such as accounting, human resources and general affairs.

FY 2007 (Year ended August 31, 2007)

(Millions of yen)

| | Japan | North America | Europe | Other | Total | Eliminations and/or corporate | Consolidated |
|-------------------------|--------|---------------|---------|-------|--------|----------------------------------|--------------|
| Net sales: | | | | | | | |
| External customers | 22,045 | 28,057 | 8,815 | 500 | 59,419 | — | 59,419 |
| Inter-segment | 297 | 1,463 | — | — | 1,760 | (1,760) | — |
| Total | 22,342 | 29,520 | 8,815 | 500 | 61,179 | (1,760) | 59,419 |
| Operating expenses | 20,149 | 28,437 | 10,542 | 506 | 59,635 | (682) | 58,952 |
| Operating income (loss) | 2,193 | 1,083 | (1,726) | (6) | 1,544 | (1,077) | 466 |

Note 1: Segments have been divided according to geographical proximity.

Note 2: “North America” includes primarily the United States, “Europe” includes primarily Germany, and “Other” includes primarily Korea, China (including Hong Kong) and Taiwan.

Note 3: Operating expenses which cannot be allocated to a particular segment and are reported under “Eliminations and/or corporate” amounted to ¥1,067 million and mainly consisted of administrative expenses such as accounting, human resources and general affairs.

c. Overseas Sales

Overseas sales information, which is classified by location of the Group's customers, for FY2007, 1st half, FY2008, 1st half, and FY2007, is summarized as follows:

FY 2007, 1st Half (Six months ended February 28, 2007)

(Millions of yen)

| | North America | Europe | Other | Total |
|--|---------------|--------|-------|--------|
| Overseas sales | 13,001 | 4,822 | 204 | 18,028 |
| Consolidated net sales | — | — | — | 29,610 |
| Overseas sales as a percentage of consolidated net sales (%) | 43.9 | 16.3 | 0.7 | 60.9 |

Note 1: Segments have been divided according to geographical proximity.

Note 2: "North America" includes primarily the United States and Canada, "Europe" includes primarily Germany, the Netherlands and Sweden, and "Other" includes primarily Korea, China (including Hong Kong) and Taiwan.

Note 3: Overseas sales include sales of the Company and its consolidated subsidiaries which occurred in countries or areas outside Japan.

FY 2008, 1st Half (Six months ended February 29, 2008)

(Millions of yen)

| | North America | Europe | Other | Total |
|--|---------------|--------|-------|--------|
| Overseas sales | 14,860 | 4,302 | 859 | 20,022 |
| Consolidated net sales | — | — | — | 31,045 |
| Overseas sales as a percentage of consolidated net sales (%) | 47.9 | 13.8 | 2.8 | 64.5 |

Note 1: Segments have been divided according to geographical proximity.

Note 2: "North America" includes primarily the United States and Canada, "Europe" includes primarily Germany, the Netherlands and Sweden, and "Other" includes primarily Korea, China (including Hong Kong) and Taiwan.

Note 3: Overseas sales include sales of the Company and its consolidated subsidiaries which occurred in countries or areas outside Japan.

FY 2007 (Year ended August 31, 2007)

(Millions of yen)

| | North America | Europe | Other | Total |
|--|---------------|--------|-------|--------|
| Overseas sales | 28,041 | 8,832 | 634 | 37,508 |
| Consolidated net sales | — | — | — | 59,419 |
| Overseas sales as a percentage of consolidated net sales (%) | 47.2 | 14.8 | 1.1 | 63.1 |

Note 1: Segments have been divided according to geographical proximity.

Note 2: "North America" includes primarily the United States and Canada, "Europe" includes primarily Germany, the Netherlands and Sweden, and "Other" includes primarily Korea, China (including Hong Kong) and Taiwan.

Note 3: Overseas sales include sales of the Company and its consolidated subsidiaries which occurred in countries or areas outside Japan.

10. Sales

(1) Sales by brand

(Millions of yen)

| Brand | FY 2007, 1 st Half (Six months ended February 28, 2007) | | FY 2008, 1 st Half (Six months ended February 29, 2008) | | FY 2007 (Year ended August 31, 2007) | |
|----------------|--|-------|--|-------|--------------------------------------|-------|
| | Amount | % | Amount | % | Amount | % |
| Theory Women's | 20,029 | 67.7 | 20,740 | 66.8 | 40,845 | 68.7 |
| Theory Men's | 2,875 | 9.7 | 3,109 | 10.0 | 5,410 | 9.1 |
| Rosner | 4,155 | 14.0 | 3,326 | 10.7 | 7,542 | 12.7 |
| Urbanholics | 744 | 2.5 | 734 | 2.4 | 1,530 | 2.6 |
| Proof (Kulson) | 829 | 2.8 | 351 | 1.1 | 1,285 | 2.2 |
| Other | 976 | 3.3 | 2,783 | 9.0 | 2,803 | 4.7 |
| Total | 29,610 | 100.0 | 31,045 | 100.0 | 59,419 | 100.0 |

Note 1: Consumption tax is not included in above amount.

Note 2: "Kulson" was succeeded to "Proof" from the year ended August 31, 2007 and sales for the both are included in above amount. Proof suspends its operations as of the end of 2007 Fall/Winter season.

Note 3: "Other" includes primarily Premise, Helmut Lang and PLS+T.

(2) Sales by channel

(Millions of yen)

| Channel | FY 2007, 1 st Half (Six months ended February 28, 2007) | | FY 2008, 1 st Half (Six months ended February 29, 2008) | | FY 2007 (Year ended August 31, 2007) | |
|-----------------|--|-------|--|-------|--------------------------------------|-------|
| | Amount | % | Amount | % | Amount | % |
| Retail sales | 13,765 | 46.4 | 14,302 | 46.0 | 26,978 | 45.3 |
| Wholesale sales | 15,372 | 52.0 | 16,255 | 52.4 | 31,635 | 53.3 |
| Other | 471 | 1.6 | 487 | 1.6 | 805 | 1.4 |
| Total | 29,610 | 100.0 | 31,045 | 100.0 | 59,419 | 100.0 |

Note 1: Consumption tax is not included in above amount.

Note 2: "Retail sales" includes sales at directly-managed stores. Sales at directly-managed stores located in department stores are based on wholesale price to the department stores.

Note 3: "Other" includes primarily sales to employees.