

LTH

Link Theory Holdings Announces the Merger of Subsidiaries, Link International Co., Ltd. and Urbanholics Co., Ltd.

July 9, 2008 Tokyo, Japan - Link Theory Holdings Co., Ltd. (“LTH”) hereby makes the following announcement: the Board of Directors of Link International Co., Ltd. (a wholly-owned subsidiary of LTH) and Urbanholics Co., Ltd. (a wholly-owned subsidiary of Link International Co., Ltd.) at the respective meeting of the Board of Directors held on the date hereof, resolved to merge described as follows.

1. Purposes of the merger:

Our group has conducted a world-wide fashion brand business with its core brand, “Theory”, which was founded in New York. In Japan, Link International Co., Ltd. has operated “Theory” and other main brands. Since its establishment in July 2005, Urbanholics Co., Ltd. has carried out a contemporary casual fashion business such as “Joie”, a California casual brand, and “7 For All Mankind”, a premium denim brand.

In October 2007, the group announced mid-term plan “LTH 2010” which emphasizes to optimize the brand portfolio and to make growing and turnaround brands profitable, and Urbanholics Co., Ltd has showed a steady improvement in profitability. In order to accelerate its growth and to implement more efficient management by utilizing management resources of Link International Co., Ltd., we decided to form a merger of Link International Co., Ltd. and Urbanholics Co., Ltd.

2. Details of the merger:

(1) Schedule:

Resolution at the meeting of the board of directors	July 9, 2008
Conclusion of the merger contract	July 9, 2008
Resolution on authorization of the contract at the shareholders’ meeting	July 28, 2008 (Plan)
Effective date of the merger	August 31, 2008 (Plan)

(2) Type of the merger

Link International Co., Ltd. is the merging entity, and Urbanholics Co., Ltd. shall be merged and dissolved.

(3) Merger ratio and delivered money due to the merger

No merger ratio has been set as both entities are wholly-owned subsidiaries of LTH.

Also no additional issue of stock, no capital increase and no delivered money are planned due to the merger.

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3. Summary of entities concerned (as of February 29th, 2008)

(1) Company name	Link International Co., Ltd. (Merging Entity)	Urbanholics Co., Ltd. (Merged and Dissolved Entity)
(2) Main business	Sales of clothing	Sales of clothing
(3) Date of establishment	December 10th, 2003	July 8th, 2005
(4) Headquarters	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo
(5) Representative	President / COO Makoto Hata	Managing Director Makoto Hata
(6) Paid-in capital	10 million JPY	99 million JPY
(7) Number of shares issued	200 shares	1,980 shares
(8) Total assets	6,919 million JPY	452 million JPY
(9) Total net assets	2,183 million JPY	-405 million JPY
(10) Fiscal year-end	August 31st	August 31st
(11) Number of employees	105	66
(12) Principal shareholders and their percentage of ownership	LTH 100%	Link International Co., Ltd. 100%

4. Financial results of the last three fiscal years

(Millions in JPY)

Fiscal Year	Link International Co., Ltd. (Merging Entity)			Urbanholics Co., Ltd. (Merged and Dissolved Entity)		
	FY2005	FY 2006	FY 2007	FY2005	FY 2006	FY 2007
Net Sales	18,262	20,939	20,567	—	637	1,590
Operating Income	1,916	1,829	1,415	-2	-257	-154
Ordinary Income	2,406	2,020	1,491	-3	-256	-155
Net Income	1,466	1,165	510	-3	-265	-163

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5. Summary of merged company (pro-forma as of August 31st, 2008)

(1) Company name	Link International Co., Ltd.
(2) Main business	Sales of clothing
(3) Headquarters	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo
(4) Representative	President / COO Makoto Hata
(5) Paid-in capital	10 million JPY
(6) Shareholders	LTH 100%
(7) Fiscal year-end	August 31st

6. Impact on financial statements:

The merger is formed among consolidated subsidiaries and the impact of this merger on LTH consolidated financial statements for the fiscal year ending August 2008 shall be minimal.

INVESTOR RELATIONS

Link Theory Holdings Co., Ltd.

Shingo Watanabe

Manager, Group Management Division

+81.3.3407.7503

shingo.watanabe@link-theory.com