

Consolidated Financial Results for the First Quarter Ended November 30, 2008

January 8, 2009

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

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1. Consolidated operating results (September 1, 2008 – November 30, 2008)

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2009 1 st Quarter	16,026	(11.7)	1,166	(38.1)	400	(61.1)	23	(98.2)
FY2008 1 st Quarter	18,149	9.6	1,885	23.5	1,029	(39.3)	1,303	81.1

	Net income per share		Diluted net income per share	
	(Yen)		(Yen)	
FY2009 1 st Quarter	148	46	148	36
FY2008 1 st Quarter	8,600	54	8,150	71

(2) Consolidated financial position

	Total assets	Net assets	Net assets ratio	Net assets per share	
	(Millions of yen)	(Millions of yen)	(%)	(Yen)	
FY2009 1 st Quarter	38,600	11,205	29.0	70,339	82
FY2008	40,310	11,225	27.8	70,495	46

(Notes) Shareholders' equity at the end of the term FY2009 1st Quarter ¥11,178 million FY2008 ¥11,203 million

2. Dividends

(Record date)	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2009	—	—	—	—	0 00
FY2008	—	—	—	—	0 00
FY2009 (forecast)	—	—	—	—	0 00

3. Consolidated forecasts for the FY2009 (September 1, 2008 - August 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	
Interim	30,700	(1.1)	1,000	(28.5)	750	74.6	30	(91.7)	188	77
Annual	61,000	1.9	2,400	16.7	1,900	379.7	250	—	1,573	12

4. Other

- (1) Transfer of important subsidiaries during the term (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): No
- (2) Simplified accounting treatment and accounting treatment specific to the preparation of quarterly financial statements have been applied: Yes
- (3) Changes in accounting methods, procedures and presentation in the making of these quarterly financial statements (Key items mentioned in “Significant items for the preparation of consolidated financial statements”)
 - 1) Change in line with revision of accounting standards: Yes
 - 2) Other changes: No
- (4) Number of shares outstanding
 - 1) Number of shares outstanding at end of the term FY2009 1st quarter 158,920 shares FY2008 158,920 shares
 - 2) Number of treasury shares at end of the term FY2009 1st quarter - shares FY2008 - shares
 - 3) Average number of treasury shares during the term FY2009 1st quarter 158,920 shares FY2008 151,608 shares

(Note)

Effective from this fiscal year, ASBJ Statement No.12, “Accounting Standard for Quarterly Financial Reporting,” and ASBJ Guidance No.14, Guidance on Accounting Standard for Quarterly Financial Reporting,” have been applied.

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.

Consolidated Balance Sheets

(Millions of yen)

	FY2009 As of November 30, 2008	FY2008 As of August 31, 2008
Category	Amount	Amount
(Assets)		
I Current assets		
1. Cash and deposits	3,180	5,312
2. Notes and accounts receivable	5,675	4,736
3. Inventories	8,165	8,100
4. Deferred tax assets	1,194	1,170
5. Other	889	916
Allowance for doubtful accounts	(107)	(110)
Total current assets	18,997	20,126
II Fixed assets		
1. Property and equipment		
(1) Buildings and structures, net	3,764	3,888
(2) Other, net	1,389	1,356
Total property and equipment, net	5,153	5,245
2. Intangible assets		
(1) Trademarks	4,484	4,809
(2) Goodwill	5,203	5,421
(3) Other	313	367
Total intangible assets	10,001	10,598
3. Investments and other assets		
(1) Investment securities	2	2
(2) Leasehold deposits paid	1,259	1,277
(3) Deferred tax assets	2,726	2,628
(4) Other	770	760
Allowance for doubtful accounts	(310)	(330)
Total investments and other assets	4,447	4,339
Total fixed assets	19,602	20,183
Total assets	38,600	40,130

(Millions of yen)

	FY2009 As of November 30, 2008	FY2008 As of August 31, 2008
Category	Amount	Amount
(Liabilities)		
I Current liabilities		
1. Accounts payable-trade	4,161	4,289
2. Short-term borrowings	3,983	3,302
3. Current portion of long-term debt	1,281	1,349
4. Accounts payable-other	1,899	1,898
5. Accrued income taxes	544	138
6. Accrued directors' bonuses	77	—
7. Accrued employees' bonuses	506	524
8. Other	494	583
Total current liabilities	12,950	12,087
II Long-term liabilities		
1. Convertible bond with warrants	10,741	13,253
2. Long-term debt	1,591	1,707
3. Accrued directors' and statutory auditors' retirement benefits	189	189
4. Accrued employees' retirement benefits	675	726
5. Other	1,245	1,120
Total long-term liabilities	14,444	16,997
Total liabilities	27,394	29,084

(Millions of yen)

	FY2009 As of November 30, 2008	FY2008 As of August 31, 2008
Category	Amount	Amount
(Net assets)		
I Shareholders' equity		
1. Common stock	6,396	6,396
2. Capital surplus	4,479	4,479
3. Retained earnings	1,299	1,303
Total shareholders' equity	12,176	12,180
II Valuation, translation adjustments and other		
1. Unrealized holding gain on securities	(1)	(0)
2. Unrealized gain and loss on hedging instruments	(28)	18
3. Translation adjustments	(968)	(995)
Total valuation, translation adjustments and other	(998)	(977)
III Share warrant	14	7
IV Minority interests	12	14
Total net assets	11,205	11,225
Total liabilities and net assets	38,600	40,310

Consolidated statements of operations

(Millions of yen)

	FY2009 (For the three months ended November 30, 2008)
Category	Amount
I Net sales	16,026
II Cost of sales	7,220
Gross profit	8,806
III Selling, general and administrative expenses	7,639
Operating income	1,166
IV Non-operating income	
1. Interest and dividend income	7
2. Insurance dividend income	2
3. Gain on sales of supplies	2
4. Other	9
Non-operating income total	22
V Non-operating expenses	
1. Interest expense	29
2. Foreign exchange loss	756
3. Other	2
Non-operating expenses total	788
Ordinary income	400
VI Extraordinary income	
1. Gain on sales of property and equipment	0
2. Gain on bond redemption	206
Extraordinary income total	206
VII Extraordinary loss	
1. Loss on sales or disposal of property and equipment	1
2. Loss on disposal of finished goods	1
3. Loss on cancellation of lease contracts	2
4. Loss related to lawsuits	47
5. Other	4
Extraordinary loss total	57
Income before income taxes and minority interests	550
Income taxes-current	671
Income taxes-deferred	(143)
Income taxes total	528
Minority interests	2
Net income	23

Consolidated statements of cash flows

(Millions of yen)

	FY2009 Q1 (Three months ended November 30, 2008)
Category	Amount
I Cash flows from operating activities	
Income before income taxes and minority interests	550
Depreciation	327
Amortization of goodwill	78
Decrease in accrued directors' bonuses	(67)
Increase in accrued employees' bonuses	138
Increase in allowance for doubtful accounts	14
Increase in accrued employees' retirement benefits	33
Interest and dividend income	(7)
Gain on bond redemption	(206)
Interest expense	29
Foreign exchange loss	746
Amortization of trademarks	206
Gain on sales of property and equipment	(0)
Loss on disposal property and equipment	0
Loss on disposal of finished goods	1
Loss on cancellation of lease contracts	2
Loss related to lawsuits	47
Increase in accounts receivable	(1,159)
Increase in inventories	(368)
Decrease in accounts payable-trade	(23)
Increase in accounts payable-other	81
Increase in accrued expenses	27
Increase in accrued consumption taxes	37
Other	(216)
Subtotal	274
Interest and dividends received	1
Interest paid	(27)
Loss on cancellation of lease contracts	(2)
Income taxes paid	(204)
Other	(68)
Net cash used in operating activities	(27)

(Millions of yen)

	FY2009 Q1 (Three months ended November 30, 2008)
Category	Amount
II Cash flows from investing activities	
Purchases of property and equipment	(227)
Proceeds from sales of property and equipment	1
Purchases of intangible assets	(11)
Purchases of investment securities	(0)
Short-term loans made	(0)
Collection of short-term loans receivable	5
Payments of long-term prepaid expenses	(59)
Net cash used in investing activities	(292)
III Cash flows from financing activities	
Increase in short-term borrowings	753
Repayment of long-term debt	(183)
Cash dividends paid	(0)
Payment for bonds redemption	(2,303)
Other	(3)
Net cash used in financing activities	(1,736)
IV Effect of exchange rate changes on cash and cash equivalents	(75)
V Net change in cash and cash equivalents	(2,132)
VI Cash and cash equivalents at beginning of term	5,312
VII Cash and cash equivalents at end of term	3,180

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 the three months ended November 30, 2008, is summarized as follows.

FY2009, 1st Quarter (Three months ended November 30, 2008) (Millions of yen)

	Japan	North America	Europe	Other	Total	Eliminations and/or corporate	Consolidated
Net sales:							
External customers	5,755	7,456	2,693	120	16,026	—	16,026
Inter-segment	60	595	—	—	656	(656)	—
Total	5,816	8,051	2,693	120	16,682	(656)	16,026
Operating income (loss)	1,048	563	(138)	(27)	1,444	(278)	1,166

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

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

c. Overseas Sales

Overseas sales information, which is classified by location of the Group's customers, for the three months ended November 30, 2008, is summarized as follows:

FY2009, 1st Quarter (Three months ended November 30, 2008) (Millions of yen)

	North America	Europe	Other	Total
Overseas sales	7,348	2,690	368	10,406
Consolidated net sales	—	—	—	16,026
Overseas sales as a percentage of consolidated net sales (%)	45.9	16.8	2.3	64.9

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 United Kingdom, and "Other" includes primarily South 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.

Sales by Brand

Sales by brand, which is classified by brand of the Group's entities, for the three months ended November 30, 2008, is summarized as follows.

(Millions of yen)

Brand	FY2009 (Three months ended November, 2008)
	Amount
Theory Women's	10,510
Theory Men's	1,623
Rosner	1,951
Helmut Lang	721
Other	1,219
Total	16,026

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

Note 2: "Other" includes primarily PLS+T and Urbanholics.

(Reference information)

Summary of FY 2008 1st quarter statements of operations

(Millions of yen)

	FY 2008, Q1 (Three months ended November 30, 2007)	
Category	Amount	
I Net sales		18,149
II Cost of sales		8,414
Gross profit		9,734
III Selling, general and administrative expenses		7,849
Operating income		1,885
IV Non-operating income		
1. Interest and dividend income	7	
2. Insurance dividend income	7	
3. Gain on sales of supplies	6	
4. Other	10	31
V Non-operating expenses		
1. Interest expense	79	
2. Foreign exchange loss	800	
3. Other	7	887
Ordinary income		1,029
VI Extraordinary income		
1. Gain on sales of property and equipment	2	
2. Dividend income	1,035	
3. Other	0	1,037
VII Extraordinary loss		
1. Loss on sales or disposal of property and equipment	0	
2. Loss on disposal of finished goods	0	
3. Loss on cancellation of lease contracts	2	
4. Loss related to lawsuits	17	
5. Other	0	21
Income before income taxes and minority interests		2,045
Income taxes		743
Minority interests		(2)
Net income		1,303

Summary of FY 2008 1st quarter consolidated statements of cash flows

(Millions of yen)

	FY 2008, Q1 (Three months ended November 30, 2007)
Category	Amount
I Cash flows from operating activities	
Income before income taxes and minority interests	2,045
Depreciation	297
Amortization of goodwill	85
Increase in accrued employees' bonuses	85
Increase in allowance for doubtful accounts	18
Increase in accrued employees' retirement benefits	5
Decrease in allowance for restructuring expenses	(77)
Interest and dividend income	(1,042)
Interest expense	79
Foreign exchange gain loss	802
Amortization of trademarks	226
Loss on disposal of finished goods	0
Gain on sales of property and equipment	(2)
Loss on sales or disposal of property and equipment	0
Loss on cancellation of lease contracts	2
Loss related to lawsuits	17
Increase in accounts receivable	(2,612)
Decrease in inventories	75
Decrease in accounts payable—trade	(129)
Decrease in accounts payable—other	(124)
Increase in accrued expenses	12
Decrease in accrued consumption taxes	(11)
Other	(239)
Subtotal	(483)
Interest and dividends received	6
Interest paid	(52)
Loss on cancellation of lease contracts	(2)
Income taxes refunded	36
Other	(245)
Net cash used in operating activities	(739)

(Millions of yen)

	FY 2008, Q1 (Three months ended November 30, 2007)
Category	Amount
II Cash flows from investing activities	
Purchases of property and equipment	(319)
Proceeds from sales of property and equipment	12
Purchases of intangible assets	(65)
Purchases of investment securities	(0)
Proceeds from distribution of investments securities	1,625
Other	(20)
Net cash provided by investing activities	1,232
III Cash flows from financing activities	
Decrease in short-term borrowings	(951)
Proceeds from long-term debt	1,600
Repayment of long-term debt	(2,351)
Cash dividends paid	(0)
Net cash used in financing activities	(1,702)
IV Effect of exchange rate changes on cash and cash equivalents	(19)
V Net change in cash and cash equivalents	(1,229)
VI Cash and cash equivalents at beginning of term	5,672
VII Cash and cash equivalents at end of term	4,442