

Consolidated Financial Results for the First Half Ended February 28, 2009

April 8, 2009

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
 Scheduled date of submission of Securities Report: April 14, 2009

1. Consolidated operating results (September 1, 2008 – February 28, 2009)

(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 1st Half	27,107	—	606	—	(2,287)	—	(4,490)	—
FY2008 1st Half	31,045	4.8	1,399	—	429	2.2	360	—

	Net income per share		Diluted net income per share	
	(Yen)	(Yen)	(Yen)	(Yen)
FY2009 1st Half	(28,257)	41)	—	—
FY2008 1st Half	2,347	76	2,254	43

(2) Consolidated financial position

	Total assets	Net assets	Net assets ratio	Net assets per share	
	(Millions of yen)	(Millions of yen)	(%)	(Yen)	(Yen)
FY2009 1st Half	31,806	6,625	20.7	41,179	75
FY2008	40,310	11,225	27.8	70,495	46

(Notes) Shareholders' equity at the end of the term FY2009 1st Half ¥6,595million 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)
Annual	47,475	(20.7)	(16)	—	(2,860)	—	(4,859)	—	(30,573 98)

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: Yes

(4) Number of shares outstanding

1) Number of shares outstanding at end of the term	FY2009 1st Half	160,160 shares	FY2008	158,920 shares
2) Number of treasury shares at end of the term	FY2009 1st Half	- shares	FY2008	- shares
3) Average number of treasury shares during the term	FY2009 1st Half	158,926 shares	FY2008 1st Half	153,667 shares

(Note)

- The company revised its consolidated forecast that was previously announced on October 8, 2008, as per “Link Theory Holdings Announces Revisions on Interim and Full-Year Forecast for Fiscal 2009” released on January 28, 2009.
- 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 1st Half As of February 28, 2009	FY2008 As of August 31, 2008
Category	Amount	Amount
(Assets)		
I Current assets		
1. Cash and deposits	4,078	5,312
2. Notes and accounts receivable	2,491	4,736
3. Inventories	5,811	8,100
4. Deferred tax assets	1,056	1,170
5. Other	1,004	916
Allowance for doubtful accounts	(55)	(110)
Total current assets	14,387	20,126
II Fixed assets		
1. Property and equipment		
(1) Buildings and structures, net	3,258	3,888
(2) Other, net	1,096	1,356
Total property and equipment, net	4,355	5,245
2. Intangible assets		
(1) Trademarks	3,763	4,809
(2) Goodwill	4,503	5,421
(3) Other	245	367
Total intangible assets	8,513	10,598
3. Investments and other assets		
(1) Investment securities	2	2
(2) Leasehold deposits paid	1,194	1,277
(3) Deferred tax assets	2,998	2,628
(4) Other	463	760
Allowance for doubtful accounts	(108)	(330)
Total investments and other assets	4,550	4,339
Total fixed assets	17,418	20,183
Total assets	31,806	40,310

(Millions of yen)

	FY2009 1st Half As of February 28, 2009	FY2008 As of August 31, 2008
Category	Amount	Amount
(Liabilities)		
I Current liabilities		
1. Accounts payable-trade	2,888	4,289
2. Short-term borrowings	4,307	3,302
3. Current portion of long-term debt	1,149	1,349
4. Accounts payable-other	1,319	1,898
5. Accrued income taxes	385	138
6. Accrued directors' bonuses	36	—
7. Accrued employees' bonuses	295	524
8. Other	435	583
Total current liabilities	10,817	12,087
II Long-term liabilities		
1. Convertible bond with warrants	10,740	13,253
2. Long-term debt	1,441	1,707
3. Accrued directors' and statutory auditors' retirement benefits	189	189
4. Accrued employees' retirement benefits	14	726
5. Allowance for rent guarantee expense	805	—
6. Other	1,171	1,120
Total long-term liabilities	14,363	16,997
Total liabilities	25,180	29,084

(Millions of yen)

	FY2009 1 st Half As of February 28, 2009	FY2008 As of August 31, 2008
Category	Amount	Amount
(Net assets)		
I Shareholders' equity		
1. Common stock	6,470	6,396
2. Capital surplus	4,553	4,479
3. Retained earnings	(3,186)	1,303
Total shareholders' equity	7,837	12,180
II Valuation, translation adjustments and other		
1. Unrealized holding gain on securities	(1)	(0)
2. Unrealized gain and loss on hedging instruments	(6)	18
3. Translation adjustments	(1,234)	(995)
Total valuation, translation adjustments and other	(1,242)	(977)
III Share warrant	21	7
IV Minority interests	8	14
Total net assets	6,625	11,225
Total liabilities and net assets	31,806	40,310

Consolidated statements of operations (1st Half)

(Millions of yen)

	FY2009 1 st Half (For the six months ended February 28, 2009)
Category	Amount
I Net sales	27,107
II Cost of sales	12,733
Gross profit	14,374
III Selling, general and administrative expenses	13,768
Operating income	606
IV Non-operating income	
1. Interest and dividend income	14
2. Insurance dividend income	6
3. Gain on sales of supplies	18
4. Other	25
Non-operating income total	64
V Non-operating expenses	
1. Interest expense	69
2. Foreign exchange loss	2,885
3. Stock issuance expenses	0
4. Other	2
Non-operating expenses total	2,958
Ordinary income	(2,287)
VI Extraordinary income	
1. Gain on sales of property and equipment	8
2. Reversal of allowance for restructuring expenses	17
3. Gain on bond redemption	206
Extraordinary income total	232
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	16
4. Loss related to transfer of business	1,674
5. Loss related to lawsuits	656
6. Other	295
Extraordinary loss total	2,646
Income before income taxes and minority interests	(4,700)
Income taxes-current	522
Income taxes-deferred	(727)

	FY2009 1 st Half (For the six months ended February 28, 2009)
Category	Amount
Income taxes total	(204)
Minority interests	(4)
Net loss	(4,490)

Consolidated statements of operations (2st Quarter)

(Millions of yen)

	FY2009 2 nd Quarter (For the three months ended February 28, 2009)
Category	Amount
I Net sales	11,081
II Cost of sales	5,513
Gross profit	5,567
III Selling, general and administrative expenses	6,128
Operating income	(560)
IV Non-operating income	
1. Interest and dividend income	6
2. Insurance dividend income	4
3. Gain on sales of supplies	15
4. Other	15
Non-operating income total	42
V Non-operating expenses	
1. Interest expense	39
2. Foreign exchange loss	2,129
3. Stock issuance expenses	0
4. Other	0
Non-operating expenses total	2,169
Ordinary income	(2,688)
VI Extraordinary income	
1. Gain on sales of property and equipment	8
2. Reversal of allowance for restructuring expenses	17
Extraordinary income total	26
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	14
4. Loss related to transfer of business	1,674
5. Loss related to lawsuits	609
6. Other	290
Extraordinary loss total	2,588
Income before income taxes and minority interests	(5,250)
Income taxes-current	(149)
Income taxes-deferred	(584)

	FY2009 2 nd Quarter (For the three months ended February 28, 2009)
Category	Amount
Income taxes total	(733)
Minority interests	(2)
Net loss	(4,514)

Consolidated statements of cash flows

(Millions of yen)

	FY2009 1 st Half (Six months ended February 28, 2009)
Category	Amount
I Cash flows from operating activities	
Income before income taxes and minority interests	(4,700)
Depreciation	637
Amortization of goodwill	148
Increase in accrued directors' bonuses	5
Decrease in accrued employees' bonuses	(119)
Increase in allowance for doubtful accounts	7
Increase in accrued employees' retirement benefits	35
Interest and dividend income	(14)
Gain on bond redemption	(206)
Reversal of allowance for transfer of business	(17)
Interest expense	69
Foreign exchange loss	2,738
Stock issuance expenses	0
Amortization of trademarks	392
Gain on sales of property and equipment	(7)
Loss on disposal property and equipment	0
Loss on disposal of finished goods	1
Loss on cancellation of lease contracts	16
Loss related to lawsuits	656
Loss related to transfer of business	1,674
Decrease in accounts receivable	1,256
Decrease in inventories	67
Decrease in accounts payable-trade	(789)
Decrease in accounts payable-other	(293)
Increase in accrued expenses	11
Increase in accrued consumption taxes	81
Other	409
Subtotal	2,061
Interest and dividends received	16
Interest paid	(58)
Loss on cancellation of lease contracts	(12)

	FY2009 1 st Half (Six months ended February 28, 2009)
Category	Amount
Income taxes paid	(472)
Other	(809)
Net cash provided by operating activities	725
II Cash flows from investing activities	
Purchases of property and equipment	(367)
Proceeds from sales of property and equipment	7
Purchases of intangible assets	(19)
Purchases of investment securities	(0)
Short-term loans made	(5)
Collection of short-term loans receivable	5
Payments of long-term prepaid expenses	(93)
Net cash used in investing activities	(474)
III Cash flows from financing activities	
Increase in short-term borrowings	1,373
Repayment of long-term debt	(465)
Proceeds from issuance of new shares due to the exercise of warrants	147
Cash dividends paid	(0)
Payment for bonds redemption	(2,303)
Other	(18)
Net cash used in financing activities	(1,267)
IV Effect of exchange rate changes on cash and cash equivalents	(93)
V Net change in cash and cash equivalents	(1,110)
VI Cash and cash equivalents at beginning of term	5,312
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	(124)
VII Cash and cash equivalents at end of term	4,078

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 six months ended February, 2009, is summarized as follows.

FY2009, 1st Half (Six months ended February 28, 2009)

(Millions of yen)

	Japan	North America	Europe	Other	Total	Eliminations and/or corporate	Consolidated
Net sales:							
External customers	10,739	12,920	3,213	234	27,107	—	27,107
Inter-segment	386	1,018	—	—	1,405	(1,405)	—
Total	11,126	13,938	3,213	234	28,512	(1,405)	27,107
Operating income (loss)	1,785	629	(918)	(26)	1,469	(863)	606

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 six months ended February 28, 2009, is summarized as follows:

FY2009, 1st Half (Six months ended February 28, 2009)

(Millions of yen)

	North America	Europe	Other	Total
Overseas sales	12,735	3,203	703	16,642
Consolidated net sales	—	—	—	27,107
Overseas sales as a percentage of consolidated net sales (%)	47.0	11.8	2.6	61.4

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 six months ended February 28, 2009, is summarized as follows.

(Millions of yen)

Brand	FY2009 1 st Half (Six months ended February 28, 2009)
	Amount
Theory Women's	18,778
Theory Men's	2,961
Rosner	2,251
Helmut Lang	1,104
Other	2,010
Total	27,107

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 half statements of operations

(Millions of yen)

	FY 2008, 1 st Half (Six months ended February, 2008)	
Category	Amount	
I Net sales		31,045
II Cost of sales		14,224
Gross profit		16,821
III Selling, general and administrative expenses		15,421
Operating income		1,399
IV Non-operating income		
1. Interest and dividend income	16	
2. Insurance dividend income	14	
3. Gain on sales of supplies	7	
4. Other	18	57
V Non-operating expenses		
1. Interest expense	122	
2. Foreign exchange loss	895	
3. Stock issuance expenses	2	
3. Other	7	1,027
Ordinary income		429
VI Extraordinary income		
1. Gain on sales of property and equipment	3	
2. Dividend income	1,014	
3. Reversal of allowance for doubtful accounts	35	
4. Reversal of allowance for restructuring expenses	78	1,132
VII Extraordinary loss		
1. Loss on sales or disposal of property and equipment	18	
2. Loss on business restructuring	160	
3. Loss on disposal of finished goods	0	
4. Loss on cancellation of lease contracts	11	
8. Loss related to lawsuits	36	
9. Loss related to transfer of headquarter	55	
10. Other	29	313
Income before income taxes and minority interests		1,248
Income taxes-current	1,261	
Income taxes-deferred	(376)	885
Minority interests		2
Net income		360

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

(Millions of yen)

	FY 2008, 1 st Half (Six months ended February 29, 2008)
Category	Amount
I Cash flows from operating activities	
Income before income taxes and minority interests	1,248
Depreciation	614
Amortization of goodwill	168
Decrease in accrued employees' bonuses	(67)
Increase in allowance for doubtful accounts	53
Increase in accrued employees' retirement benefits	11
Decrease in allowance for restructuring expenses	(196)
Interest and dividend income	(1,031)
Interest expense	122
Foreign exchange loss	900
Amortization of trademarks	444
Stock issuance expenses	2
Gain on sales of property and equipment	(3)
Reversal of allowance for doubtful accounts	(35)
Reversal of allowance for restructuring expenses	(78)
Loss on sales or disposal of property and equipment	18
Loss on business restructuring	160
Loss on disposal of finished goods	0
Loss on cancellation of lease contracts	11
Loss related to lawsuits	36
Loss related to transfer of headquarter	55
Decrease in accounts receivable	550
Increase in inventories	(477)
Decrease in accounts payable—trade	(676)
Decrease in accounts payable—other	(166)
Decrease in accrued expenses	(1)
Decrease in accrued consumption taxes	(92)
Other	165
Subtotal	1,737

(Millions of yen)

	FY 2008, 1 st Half (Six months ended February 29, 2008)
Category	Amount
Interest and dividends received	14
Interest paid	(140)
Loss on cancellation of lease contracts	(30)
Income taxes paid	(551)
Other	(329)
Net cash provided by operating activities	700
II Cash flows from investing activities	
Purchases of property and equipment	(731)
Proceeds from sales of property and equipment	13
Purchases of intangible assets	(81)
Purchases of investment securities	(0)
Proceeds from distribution of investments securities	1,592
Other	(36)
Net cash provided by investing activities	756
III Cash flows from financing activities	
Decrease in short-term borrowings	(763)
Proceeds from long-term debt	1,600
Repayment of long-term debt	(2,838)
Proceeds from issuance of common stock	51
Cash dividends paid	(0)
Net cash used in financing activities	(1,949)
IV Effect of exchange rate changes on cash and cash equivalents	(19)
V Net change in cash and cash equivalents	(512)
VI Cash and cash equivalents at beginning of term	5,672
VII Cash and cash equivalents at end of term	5,159