



# **Fiscal Year Ending March 2010 Third Quarter Earnings Announcement**

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**UNITED ARROWS LTD.**



# Contents

## I. Overview of business results in 3Q

**P3-P11**

## II. Additional information on business results

**P12-P16**

## III. Progress of important measures, etc.

**P17-P24**

**\*In this material, a fractional sum less than one million yen is rounded down and percentage is calculated from raw data.**

[Cautionary statement]

Earnings forecasts and objective views contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of February 8, 2010, and therefore include risks and uncertainty. Actual earnings may differ materially from forecasts due to global economic trends, market conditions, exchange rate fluctuations and other factors. Investors are asked to refrain from making investment decisions based solely on this document.

[Indication of business in this material]

\*Abbreviation of each business and composition of business;

Main business; UNITED ARROWS: UA, green label relaxing: GLR, CHROME HEARTS: CH

Small Business Units (SBUs); Another Edition: AE, Jewel Changes : JC, Odette é Odile UNITED ARROWS: OEO, DRAWER: DRW,  
Cath Kidston: CK (\*SOUNDS GOOD closed in July 2009)

UA Lab; TOKISHIRAZU: TSZ

# I. Overview of business results in 3Q

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## 1. Overview of business results

(consolidated/non-consolidated, 9 months aggregate)

## 2. Sales overview

(consolidated/non-consolidated, 9 months aggregate)

## 3. B/S overview as of 3Q end

(consolidated/non-consolidated)

## 4. C/F overview of 3Q

(consolidated)

## 5. Plans of store openings/closings

(non-consolidated)

# 1. P/L overview (consolidated/non-consolidated, 9 months aggregate)

- Consolidated net sales rose 3.3% YoY to ¥61,742 million
- Reduction of SGA expenses:¥815 million on non-consolidated basis, ¥2 million on consolidated basis
- Operating income increased 27.5% YoY to ¥5,402 million
- Extraordinary loss declined due to refund of short swing profits by principal shareholder (¥138 million) and reduction of impairment loss (¥129 million). As a result, quarterly net income rose 41.7% YoY to ¥2,768 million.

(million yen)

	Consolidated results				<cf>	Non-consolidated results				<cf>		
	FYE March 2010 3Q (9 months aggregate)				Previous 3Q	FYE March 2010 3Q (9 months aggregate)				Previous 3Q		
	% of total		YoY		% of total	% of total		YoY		% of total		
	Results		+/-	%	Results	Results		+/-	%	Results		
Sales	61,742	100.0%	1,991	103.3%	59,750	100.0%	58,579	100.0%	923	101.6%	57,655	100.0%
Gross Profit	32,809	53.1%	1,163	103.7%	31,645	53.0%	31,033	53.0%	570	101.9%	30,462	52.8%
SGA Exp.	27,406	44.4%	(2)	100.0%	27,409	45.9%	25,106	42.9%	(815)	96.9%	25,922	45.0%
Operating Inc.	5,402	8.7%	1,166	127.5%	4,235	7.1%	5,926	10.1%	1,386	130.5%	4,539	7.9%
Non Op. P/L	41	0.1%	17	171.0%	24	0.0%	82	0.1%	12	118.2%	69	0.1%
Ordinary Inc.	5,444	8.8%	1,183	127.8%	4,260	7.1%	6,008	10.3%	1,399	130.4%	4,609	8.0%
Extraordinary P/L	(41)	-0.1%	270	-	(312)	-0.5%	(25)	0.0%	284	-	(310)	-0.5%
Net Income	2,768	4.5%	814	141.7%	1,953	3.3%	3,482	5.9%	1,003	140.5%	2,479	4.3%



# **For reference: P/L overview** **(consolidated/non-consolidated, 3 months aggregate)**

	Consolidated results				<cf>		Non-consolidated results				<cf>	
	FYE March 2010 3Q (3 months aggregate)				Previous 3Q		FYE March 2010 3Q (3 months aggregate)				Previous 3Q	
	% of total		YoY		% of total		% of total		YoY		% of total	
	Results		+/-	%	Results		Results		+/-	%	Results	
Sales	<b>23,546</b>	100.0%	465	102.0%	23,081	100.0%	<b>22,344</b>	100.0%	80	100.4%	22,264	100.0%
Gross Profit	<b>13,267</b>	56.3%	295	102.3%	12,972	56.2%	<b>12,548</b>	56.2%	54	100.4%	12,493	56.1%
SGA Exp.	<b>9,459</b>	40.2%	(130)	98.6%	9,590	41.6%	<b>8,675</b>	38.8%	(283)	96.8%	8,959	40.2%
Operating Inc.	<b>3,808</b>	16.2%	426	112.6%	3,381	14.7%	<b>3,872</b>	17.3%	338	109.6%	3,534	15.9%
Non Op. P/L	<b>(6)</b>	0.0%	(21)	-	15	0.1%	<b>12</b>	0.1%	(15)	45.5%	27	0.1%
Ordinary Inc.	<b>3,801</b>	16.1%	404	111.9%	3,397	14.7%	<b>3,885</b>	17.4%	323	109.1%	3,562	16.0%
Extraordinary P/L	<b>50</b>	0.2%	142	-	(92)	-0.4%	<b>66</b>	0.3%	156	-	(89)	-0.4%
Net Income	<b>2,150</b>	9.1%	362	120.3%	1,788	7.7%	<b>2,315</b>	10.4%	284	114.0%	2,031	9.1%



## 2. Sales overview (consolidated/non-consolidated, 9 months aggregate)

- Sales of UA and GLR business were lower than previous 3Q results, but was covered by sales of outlet stores and SBUs and UA Labs. As a result, non-consolidated sales increased ¥923 million YoY.
- Sales of GLR business were short of forecast (¥301 million), but was covered by other businesses. As a result, non-consolidated sales was higher than forecasts (¥467 million)
- Same store online sales increased 36.6% YoY due to rapid sales growth of ZOZOTOWN by STARTTODAY CO., LTD.

	FYE March 2010 2Q (9 months aggregate)					(million yen)	
	Results	YoY		vs Forecast		<cf> Previous 3Q	Forecast
		+/-	%	+/-	%		
Consolidated Total Sales	<b>61,742</b>	<b>1,991</b>	<b>103.3%</b>	<b>-</b>	<b>-</b>	<b>59,750</b>	<b>-</b>
Non-consolidated Total Sales	<b>58,579</b>	<b>923</b>	<b>101.6%</b>	<b>467</b>	<b>100.8%</b>	<b>57,655</b>	<b>58,111</b>
Total Business Unit Sales	<b>49,909</b>	(69)	99.9%	117	100.2%	49,978	49,791
UA	<b>27,417</b>	(340)	98.8%	333	101.2%	27,757	27,083
GLR	<b>10,623</b>	(97)	99.1%	(301)	97.2%	10,720	10,925
CH	<b>3,050</b>	62	102.1%	59	102.0%	2,987	2,991
SBUs and UA Labs	<b>8,817</b>	305	103.6%	25	100.3%	8,512	8,791
Outlet	<b>8,669</b>	992	112.9%	349	104.2%	7,677	8,320
Same store sales (retail & online)			98.1%			-	-
UA			96.6%			-	-
GLR			97.9%			-	-
CH			101.8%			-	-
SBUs and UA Labs			101.7%			-	-

\*For details of retail and online sales, please look at page 7.



## For reference: Sales overview (non-consolidated, 9 months aggregate)

(million yen)

	FYE March 2010 3Q (9 months aggregate)			(million yen)
	Results	YoY		<cf>
		+/-	%	Previous 3Q
Total Retail Sales	44,514	(1,599)	96.5%	46,114
UA	25,146	(1,036)	96.0%	26,183
GLR	9,399	(420)	95.7%	9,820
CH	3,050	69	102.3%	2,981
SBU's and UA Labs	6,918	(211)	97.0%	7,129
Same Store Retail Sales			95.2%	96.0%
UA			94.6%	-
GLR			95.0%	100.6%
CH			101.8%	95.2%
SBU's and UA Labs			94.8%	-

	FYE March 2010 3Q (9 months aggregate)			<cf>
	Results	YoY		Previous 3Q
		+/-	%	
Total Online Sales	4,574	1,382	143.3%	3,191
UA	1,871	523	138.9%	1,347
GLR	1,203	321	136.5%	882
CH	0	0	-	0
SBU's and UA Labs	1,498	537	155.9%	961
Same Store Online Sales			136.6%	-
UA			132.3%	-
GLR			129.7%	-
CH			0.0%	-
SBU's and UA Labs			148.9%	-

### 3. B/S overview as of 3Q end (consolidated/non-consolidated)

- **Major increase or decrease in consolidated B/S**

- **Current assets:** increase in cash ¥1.3 billion, decrease in inventory ¥0.5 billion
- **Noncurrent assets:** decrease in tangible fixed assets ¥0.8 billion, decrease in intangible fixed assets ¥0.3 billion, increase in investments and other assets ¥0.5 million
- **Current liabilities:** decrease in short term borrowings ¥5.0 billion
- **Noncurrent liabilities:** increase in long term borrowings ¥2.6 billion
- \* **Short and long term borrowings as of 3Q end:** ¥12 billion (decline of ¥1.7 billion YoY)

	Consolidated results			<cf>	Non-consolidated results			<cf>
	FYE March 2010 3Q			Previous 3Q	FYE March 2010 3Q			Previous 3Q
	% of total	YoY		% of total	% of total	YoY		% of total
	Results	+/-	%	Results	Results	+/-	%	Results
	100.0%			100.0%	100.0%			100.0%
Total assets	50,434	626	101.3%	49,808	49,696	937	101.9%	48,758
	65.8%			63.9%	64.0%			61.4%
Current assets	33,175	1,334	104.2%	31,840	31,787	1,827	106.1%	29,960
	34.2%			36.1%	36.0%			38.6%
Noncurrent assets	17,259	(708)	96.1%	17,967	17,908	(889)	95.3%	18,798
	45.6%			52.5%	41.7%			50.2%
Current liabilities	23,019	(3,108)	88.1%	26,127	20,709	(3,782)	84.6%	24,492
	5.4%			0.2%	5.5%			0.2%
Noncurrent liabilities	2,741	2,648	2929.9%	93	2,737	2,648	3059.0%	89
	48.9%			47.4%	52.8%			49.6%
Total net assets	24,673	1,086	104.6%	23,586	26,248	2,071	108.6%	24,176



## 4. C/F overview of 3Q (consolidated)

### • Major increase or decrease in consolidated C/F

C/F from operating activities:	decrease in inventory ¥2.2 Bn increase in income before taxes ¥1.4 Bn
C/F from investment activities:	decrease in payment for tangible fixed assets ¥2.3 Bn
C/F from financing activities:	decrease in increase/decrease in short term borrowings -¥7.3 Bn

(million yen)

	Consolidated results (FYE March 2010 3Q)		
	Results	Previous 3Q Results	+/-
Cash flows from operating activities	<b>3,708</b>	4,797	(1,089)
Cash flows from investment activities	<b>(1,389)</b>	2,426	(3,816)
Cash flows from financing activities	<b>(780)</b>	(6,206)	5,425
Increase/decrease in cash and cash equivalents	<b>1,537</b>	1,017	519
Cash and cash equivalents at beginning of term	<b>3,322</b>	347	2,975
Cash and cash equivalents at end of term	<b>4,859</b>	1,364	3,495

## 5. Plans of store openings/closings (non-consolidated)

- Results of store openings/closings up to 3Q: 7 stores opened, 8 stores closed, total 137 stores as of end of 3Q (Dec 31, 2009)
- Major changes from previous announcement: UA – reorganization of Shinsaibashi area (Osaka), closure of Liquor,woman&tears, GLR and DRAWER – new stores to be opened next term or onwards
- Expected store openings/closings up to 4Q: 10 stores opened, 10 store closure, total 138 stores as of end of 4Q (Mar 31, 2010)

Number of new stores by retail business (Non-consolidated)

			April 1, 2009	Up to 3Q Open	Up to 3Q Close	Dec 31, 2009	1H+2H	Open 1H	2H	Close	March 31, 2010
<b>Total</b>			<b>138</b>	<b>7</b>	<b>8</b>	<b>137</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>138</b>
Main Biz	<b>UA Total</b>		<b>45</b>	<b>3</b>	<b>1</b>	<b>47</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>48</b>
	UA	UA (Original)	14			14				1	13
		UA (New)	13		1	12	1		1	1	13
		B&Y	15	3		18	5	2	3		20
		UA LIS	3			3				1	2
	GLR		37		1	36				1	36
	CH		5			5					5
SBUs and UA Labs	<b>SBUs and UA Labs Total</b>		<b>51</b>	<b>4</b>	<b>6</b>	<b>49</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>6</b>	<b>49</b>
	SBU	Another Edition	14	1	1	14	1	1		1	14
		Jewel Changes	6	1		7	1	1			7
		<b>Odette é Odile</b>	<b>18</b>		<b>1</b>	<b>17</b>				<b>1</b>	<b>17</b>
		DRAWER	5			5					5
		SOUNDS GOOD	1		1	0				1	0
		Cath Kidston	3	2		5	2	1	1		5
	UA Lab	TOKISHIRAZU	4		3	1				3	1
	Outlet		15			15					15

\* Number of stores have increased as annex stores (which were excluded from store count) have turned into independent stores.

\* Liquor,woman&tears, which used to be a SBU (Small Business Unit) is now a UA LIS (Label Image Store) from FYE March 2010.

# For reference: Details of store openings, etc. (non-consolidated)

## Details of store openings/transfer/extension for FYE March 2010 (confirmed projects only)

Form	Biz	Brand	Store Name	Facility Name	Total space	Opening day (est*)
New	UA	B&Y	TAMAPLAZA WOMEN'S STORE	TAMA-PLAZA TERRACE GATE PLAZA	211	10/22/2009
New	U A	B&Y	SHINSAIBASHI ANNEX	Big Step	313	2/13/2010*
New	U A	B&Y	SHINSAIBASHI	DAIMARU SHINSAIBASHI NORTH	591	2/26/2010*
New	U A	New UA	SHINSAIBASHI	DAIMARU SHINSAIBASHI NORTH	409	2/26/2010*
New	SBU	Another Edition	Tachikawa	LUMINE TACHIKAWA	115	9/5/2009
New	SBU	Jewel Changes	Shibuya	Roadside	217	5/30/2009
New	SBU	Cath Kidston	Marunouchi	Marunouchi BRICK SQUARE	92	9/3/2009
New	SBU	Cath Kidston	Futakotamagawa	Tamagawa Takashimaya S-C	86	11/27/2009
Extension	UA	Original UA	SENDAI	SAKURANO SENDAI	699	4/24/2009
Extension	UA	Original UA	FUTAKOTAMAGAWA	Tamagawa Takashimaya S-C	524	9/17/2009
Extension	UA	B&Y	SHIBUYA KOENDORI	Roadside	970	8/29/2009
Transfer/ Extension	GLR	GLR	amu plaza kokura	AMU PLAZA KOKURA	396	4/11/2009
Transfer/ Extension	G L R	GLR	namba parks	NAMBA PARKS	561	3/11/2010*
Renewal	UA	Original UA	SHINJUKU	LUMINE Shinjuku LUMINE I	792	9/4/2009
Renewal	UA	B&Y	MACHIDA	LUMINE MACHIDA	419	8/20/2009
Renewal	S . B . U .	Odette é Odile	shinjuku	LUMINE Shinjuku LUMINE I	32	2/5/2010
Close	UA	New UA	SHIBUYA KOENDORI	Roadside	320	7/26/2009
Close	U A	Original UA	SHINSAIBASHI	Big Step	186	2/11/2010*
Close	U A	Original UA	SHINSAIBASHI MIDOSUJI	Roadside	150	2/11/2010*
Close	GLR	GLR	fujii daimaru	Fujii Daimaru	127	10/4/2009
Close	SBU	Another Edition	Shinsaibashi	SHINSAIBASHI OPA KIREIKAN	134	7/31/2009
Close	SBU	Odette é Odile	yurakucho hankyu	YURAKUCHO HANKYU	67	8/16/2009
Close	SBU	SOUNDS GOOD	SHINJUKU	LUMINE Shinjuku LUMINE	164	7/26/2009
Close	UA Lab	TOKISHIRAZU	HARAJUKU	Roadside	73	7/26/2009
Close	UA Lab	TOKISHIRAZU	OSAKA	SHINSAIBASHI OPA KIREIKAN	120	7/31/2009
Close	UA Lab	TOKISHIRAZU	NAGOYA	Nagoya PARCO	100	8/16/2009
Close	UA	UA Label Image Store	Liquor,woman&tears	FROM-1st	65	2/24/2010*

## Details of store openings/transfer/extension for FYE March 2011 (confirmed projects only)

Form	Biz	Brand	Store Name	Facility Name	Total space	Opening day (est*)
New	CH	CH	GINZA	Roadside	N/A	April 2010*

\*Store space is approximately 80% to 85% of total space.

## **II. Additional information on business results**

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**1. Trend of inventories (non-consolidated)**

**2. Trend of gross margin (non-consolidated)**

**3. Details of SGA expenses (non-consolidated)**

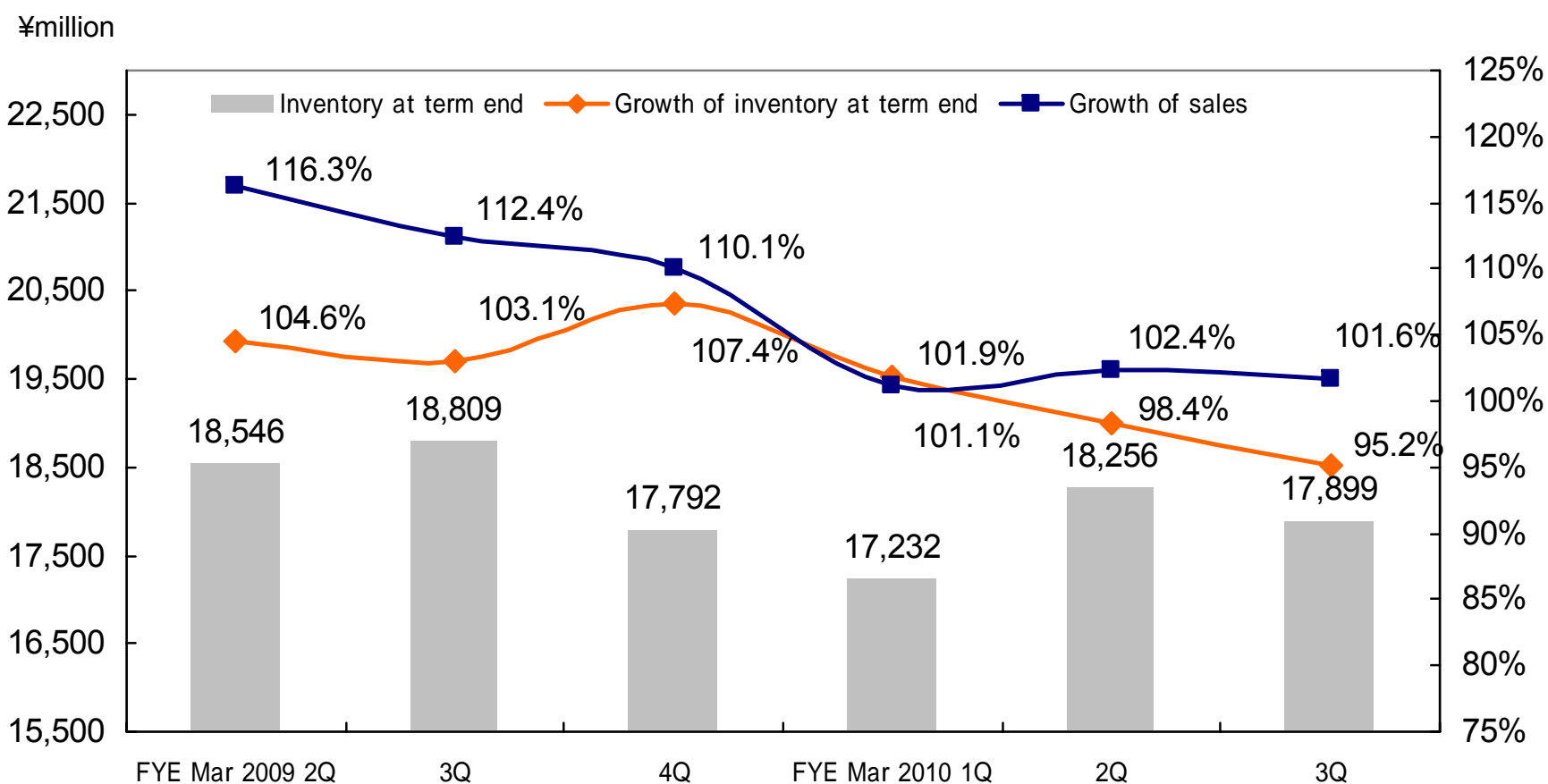
**4. Progress of subsidiaries**



# 1. Trend of inventories (non-consolidated)

- Inventory at 3Q end declined 4.8% YoY to ¥17,899 million
- Inventory at 4Q end will be around the same level as previous 4Q end

## Historical inventory and sales



## 2. Trend of gross margin (non-consolidated)

- Gross margin of total company up to 3Q (9 months aggregate) was 53.0% (+0.1 point YoY)
- Business unit total: gross margin declined 0.3 points due to increase in bargain sales and mark downs
- Outlet: gross margin improved 6.3 points due to early transfer of items at regular stores to outlet stores
- Other COGS: increase in abolition loss

### Trend in Gross Margin

	3Q FYE March 2010 (9 months aggregate)		3Q FYE March 2010 (3 months aggregate)		FYE March 2010 (est)	
	Results	YoY	Results	YoY	Forecast	YoY
<b>Total Company</b>	<b>53.0%</b>	0.1%	<b>56.2%</b>	0.0%	51.2%	0.3%
Total Business Units	57.6%	-0.3%	59.9%	0.3%	57.4%	0.8%
Outlet	30.8%	6.3%	33.2%	1.8%	24.1%	2.1%
Other COGS (Mn yen)	375	33	(19)	63	1,244	332
cf: Composition of outlet sales to total sales	14.8%	1.5%	14.3%	0.5%	13.8%	0.8%

\*Other COGS: product valuation loss and abolition loss, etc.

### 3. Details of SGA expenses (non-consolidated)

- SGA expenses to sales up to 3Q (9 months aggregate): 42.9% (declined 2.1 points YoY)
- All costs other than rent were reduced

#### Details of SGA expenses by 3Q (non-consolidated)

(million yen)

		FYE March 2010 3Q (9 months aggregate)						Details
		Results		Previous results		vs previous results		
			vs sales		vs sales	+/-	%	
Total SGA expenses		25,106	42.9%	25,922	45.0%	(815)	96.9%	
	Advertisement	661	1.1%	959	1.7%	(297)	69.0%	Reduction of sales promotion costs (126), interior costs (41)
	Personnel	9,213	15.7%	9,304	16.1%	(91)	99.0%	Reduction of personnel costs due to decline in number of employees (66)
	Rent	7,349	12.5%	7,063	12.3%	285	104.0%	Increase in rent due to higher online sales (265)
	Depreciation	763	1.3%	872	1.5%	(108)	87.5%	Decline in depreciation of existing equipment (119), increase in stores posting impairment loss (66)
	Others	7,119	12.2%	7,722	13.4%	(602)	92.2%	Decline in cost for furniture (217) and distribution outsourcing costs (66)

#### Details of SGA expenses during 3Q (non-consolidated)

	FYE March 2010 3Q (3 months aggregate)					
	Results		Previous results		vs previous results	
		vs sales		vs sales	+/-	%
<b>Total SGA expenses</b>	8,675	38.8%	8,959	40.2%	(283)	96.8%
Advertisement	246	1.1%	304	1.4%	(57)	80.9%
Personnel	3,105	13.9%	3,171	14.2%	(66)	97.9%
Rent	2,643	11.8%	2,540	11.4%	102	104.0%
Depreciation	263	1.2%	312	1.4%	(49)	84.2%
Others	2,417	10.8%	2,630	11.8%	(213)	91.9%

## 4. Progress of subsidiaries

- Sales of 3 subsidiaries were short of forecast (around 80% of target sales)
- Profit of new subsidiaries (PERENNIAL UA and COEN) were slightly short of forecasts. Necessary measures to increase sales and reduce costs are already under procedure.

	Number of stores			Future measures
	during 3Q	end of 3Q	end of 4Q (est)	
<b>FIGO</b> CO., LTD.	-1	11	11	<ul style="list-style-type: none"> <li>• Close Felisi Omotesando store (Dec 29, 2009)</li> <li>• Open Felisi Ikebukuro store in Seibu Department Store (Feb 1, 2010)</li> <li>• Close 3 Corthay stores (Shinjuku, Osaka and Fukuoka)</li> </ul>
<b>PERENNIAL</b> UNITED ARROWS	4	6	6	<ul style="list-style-type: none"> <li>• Open store in Colette Mare (Minatomirai, Yokohama) in March 2010</li> <li>• Restructure product planning by revising price, monthly product planning and strengthening quick response during the season</li> <li>• Carry out drastic measures to improve profitability</li> </ul>
<b>c o e n</b>	11	27	27	<ul style="list-style-type: none"> <li>• Brand recognition and operation of existing stores are improving</li> <li>• Improvement in fine-tuning of product planning from fall/winter items</li> <li>• Customers buying at stores are increasing due to events coupled with shopping facility</li> </ul>



## **III. Progress of key challenges, etc.**

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**1. Summary of 3Q results**

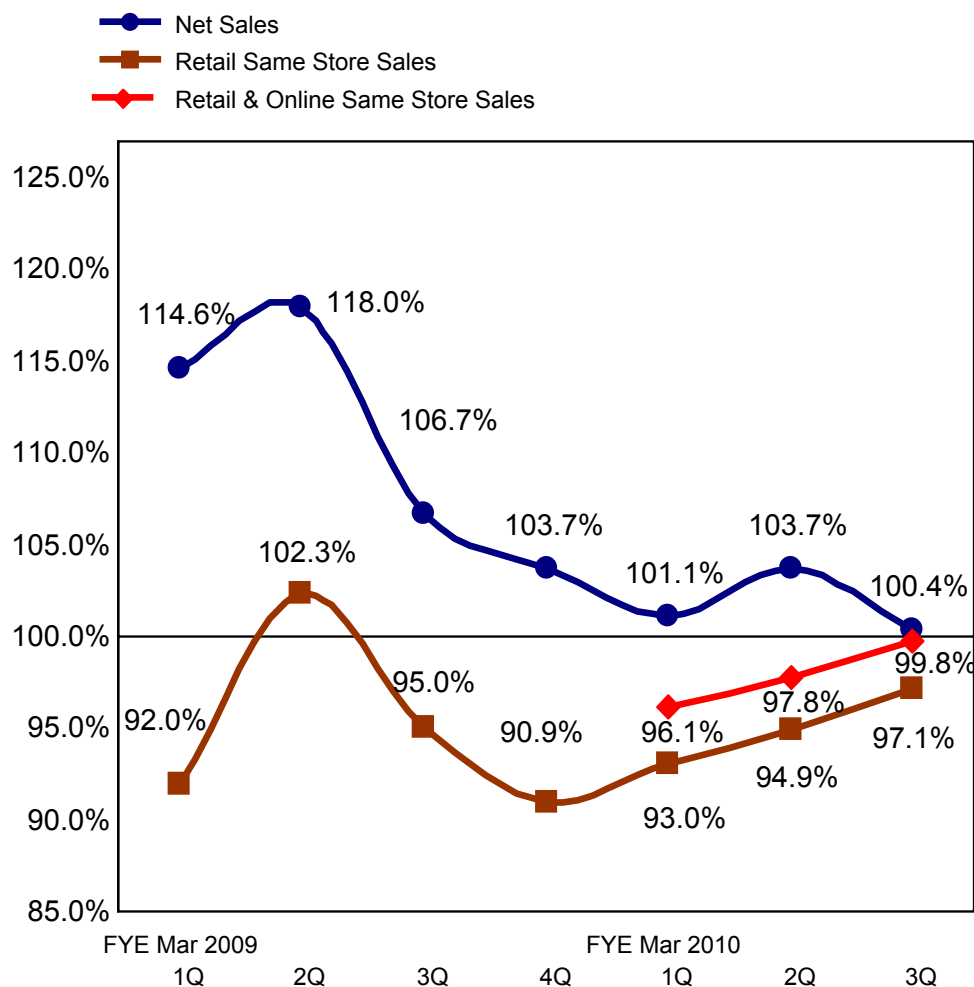
**2. Progress in key challenges**

**Cf: Key measures for GLR business**



# 1. Summary of 3Q results

## Historical same store sales (YoY, non-consolidated)



## Summary of 3Q financial results (9 months aggregate)

	results (in million yen)	YoY
Consolidated net sales	61,742	103.3%
Non-consolidated net sales	58,579	101.6%
Business Unit Total	49,909	99.9%
Retail	44,514	96.5%
Online	4,574	143.3%
Outlet	8,669	112.9%
Consolidated gross profit	32,809	103.7%
Consolidated ordinary income	5,444	127.8%
Consolidate net income	2,768	141.7%

## 2. Progress in key challenges

**For reference: Key challenges for FYE March 2010**

### **Management Policy**

**Improve profitability within this fiscal year without regard of growth of sales**

### **Key challenges**

**1. Generate higher gross profits by controlling product procurement and inventory reduction**

**2. Optimize the entire value chain by reviewing business processes for all business activities**

**3. Optimize HR system by reviewing headquarter and business head office business processes**

**4. Achieve optimal allocation of business resources by establishing a business management control cycle**

**Improve gross margin**

**Control SGA expense to sales ratio**

**Improve CF and B/S**

**Improve earnings and profitability**

# 1. Generate higher gross profits by controlling product procurement and inventory reduction

## Measures

- Create and promote optimal procurement plan by controlling amount of necessary procurement and inventory    Optimize inventory level and improve gross margin
- = Build and manage product planning platform and production platform

## Progress

### 1) Product planning platform

#### □ Progress up to 3Q

- Build and use platform to improve important business indicators
- Improvement in gross margin, purchase cost ratio, final sales ratio at regular stores compared to previous 3Q

#### □ Plans up to 4Q

- Fine-tune procurement by weekly control of spring/summer 2010 items
- Visualize process of product planning operation, manage/improve/define workflow

### 2) Production platform

#### □ Progress up to 3Q

- Review and standardize production processes to establish optimal organization
- Reexamine efficiency of factories in China to reduce costs related to manufacturing and logistics

#### □ Plans up to 4Q

- Clarify factories that are used by each brand, find new factories
- Choose major business partners and share information between brands
- Complete structure of production organization

## 2. Optimize the entire value chain by reviewing business processes for all business activities

### Measures

- Clarify problems and review business processes of all operations related to products
- Restructure business models and standardize operation to optimize the entire value chain
- Five priority businesses: product planning, production, distribution, accounting, HR

### Progress

#### □ Progress up to 3Q

- Analyze and define business processes by reviewing current operations
- Review business measures and examine ways to improve

#### □ Plans up to 4Q

- Restructure business models and standardize operation
- Create manual for new business processes and test

### 3. Optimize HR system by reviewing headquarter and business head office business processes

#### Measures

- Revise and redefine business processes in the headquarters and business head offices
- Cut headquarter cost by placing optimal number of headcount to new operation

#### Progress

##### □ Progress up to 3Q

- Review business processes in the headquarters and merchandise supervision division
- Examine optimal number of headcount

##### □ Plans up to 4Q

- Solve problems within departments in the headquarters
- Create and carry out staff replacement plan

## 4. Achieve optimal allocation of business resources by establishing a business management control cycle

### Measures

- Create accurate annual forecasts and mid-term business strategies
- Analyze quarterly cost of headquarters and business head offices
- Review investments that were made until FYE March 2009 and improve accuracy of investment decisions in FYE March 2010

### Progress

#### □ Progress up to 3Q

- Discuss and decide business management control cycle
- Make solutions and tackle problems of each brand based on qualitative and quantitative analysis
- Analyze headquarter costs and check progress of cost reduction
- Review investments that were made until FYE March 2009 and decide investment policies for FYE March 2011

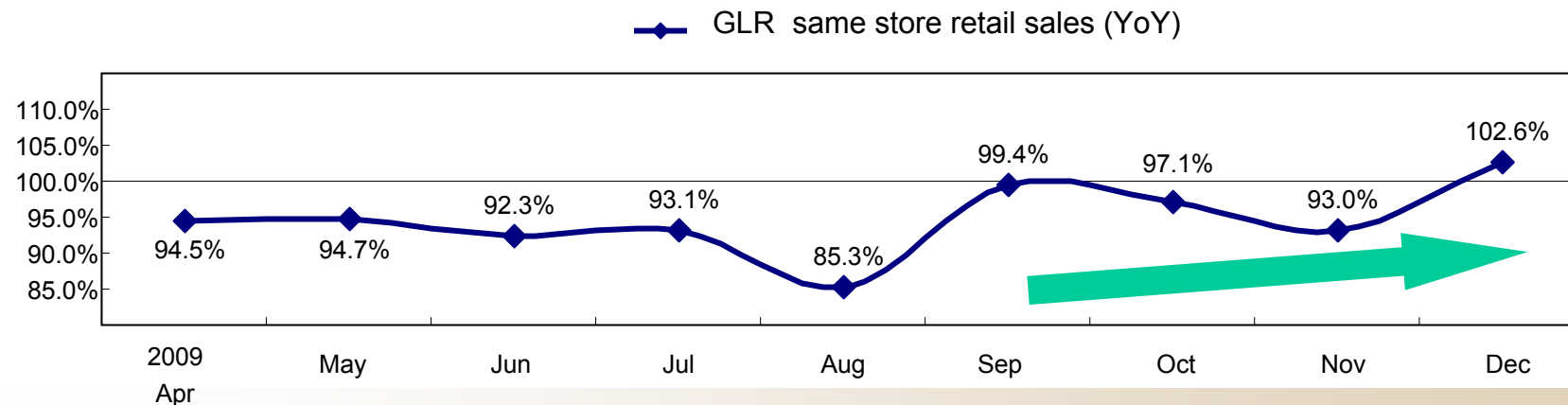
#### □ Plans up to 4Q

- Create mid-term business strategies, business strategies and forecasts for FYE March 2011

## For reference: Key measures for GLR business

- Project with up-and-coming Japanese designers “DEAR GUEST PROJECT”  
First project with designer of ‘KAON’, Kaoru Yoneyama  
Exclusive items sold from mid February at 36 GLR stores and all online stores  
Advance reservation at online stores
- Trade-in campaign (old business suit for ¥3,000 discount ticket to buy new business suit)  
Suits brought to stores will be recycled, and earnings will be donated to NPO  
(From February 11 to February 28)
- Men’s business suits fair  
Gift tie for purchase of suit and shirt  
(From March 6 to March 31)

### Same store retail sales of GLR business







# **FYE March 2010**

## **3Q Earnings Announcement**

### **Appendix**

1. Term end B/S (consolidated/non-consolidated)
2. Full term P/L results and forecast (consolidated/non-consolidated)
3. Quarterly P/L (consolidated/non-consolidated)
4. Full term SGA expenses (non-consolidated)
5. Full term sales results and forecast (consolidated/non-consolidated)
6. Quarterly Sales (consolidated/non-consolidated)
7. Same store sales by business (non-consolidated)
8. Historical full term store openings/CAPEX and forecast (non-consolidated)



# 1. Term end B/S (consolidated/non-consolidated)

Consolidated B/S		(million yen)					
	FYE March 2007	FYE March 2008			FYE March 2009		
	Results composition	Results composition	+/- YoY		Results composition	+/- YoY	
Total Assets	38,132 100.0%	43,362 100.0%	5,229		<b>46,821</b> 100.0%	3,458	
Current Assets	23,478 61.6%	27,283 62.9%	3,805		<b>29,460</b> 62.9%	2,176	
Fixed Assets	14,654 38.4%	16,078 37.1%	1,424		<b>17,360</b> 37.1%	1,282	
Current Liabilities	16,646 43.7%	20,140 46.4%	3,494		<b>19,854</b> 42.4%	(285)	
Fixed Liabilities	3,850 10.1%	510 1.2%	(3,340)		<b>3,962</b> 8.5%	3,451	
Total Net Assets	17,635 46.2%	22,711 52.4%	5,075		<b>23,004</b> 49.1%	292	

Non-consolidated B/S		(million yen)					
	FYE March 2007	FYE March 2008			FYE March 2009		
	Results composition	Results composition	+/- YoY		Results composition	+/- YoY	
Total Assets	37,489 100.0%	42,733 100.0%	5,244		<b>45,901</b> 100.0%	3,167	
Current Assets	22,041 58.8%	25,638 60.0%	3,597		<b>27,868</b> 60.7%	2,230	
Fixed Assets	15,448 41.2%	17,095 40.0%	1,647		<b>18,032</b> 39.3%	937	
Current Liabilities	16,021 42.7%	19,453 45.5%	3,432		<b>18,077</b> 39.4%	(1,376)	
Fixed Liabilities	3,845 10.3%	506 1.2%	(3,338)		<b>3,958</b> 8.6%	3,451	
Total Net Assets	17,622 47.0%	22,773 53.3%	5,151		<b>23,865</b> 52.0%	1,092	



## 2. Full term P/L (consolidated/non-consolidated)

Consolidated P/L						(million yen)			
	FYE March 2008		FYE March 2009			FYE March 2010 (est)			
	Results	vs Sales	Results	vs Sales	YoY +/- %	Forecast	vs Sales	YoY +/- %	
Total Sales	72,221	100.0%	79,665	100.0%	7,443 110.3%	82,644	100.0%	2,979 103.7%	
Gross Profit	36,891	51.1%	40,647	51.0%	3,755 110.2%	42,207	51.1%	1,560 103.8%	
SGA Exp.	31,960	44.3%	36,327	45.6%	4,366 113.7%	37,728	45.7%	1,400 103.9%	
Operating Inc.	4,930	6.8%	4,319	5.4%	(610) 87.6%	4,478	5.4%	159 103.7%	
Non-operating Profit/Loss	86	0.1%	(36)	0.0%	(123) -	(178)	-0.2%	(142) -	
Ordinary Inc.	5,017	6.9%	4,283	5.4%	(734) 85.4%	4,300	5.2%	16 100.4%	
Extraordinary Profit/Loss	1,798	2.5%	(1,224)	-1.5%	(3,023) -	(476)	-0.6%	747 -	
Net Income	3,800	5.2%	1,274	1.6%	(2,525) 33.5%	1,943	2.4%	668 152.5%	

Non-consolidated P/L						(million yen)			
	FYE March 2008		FYE March 2009			FYE March 2010 (est)			
	Results	vs Sales	Results	vs Sales	YoY +/- %	Forecast	vs Sales	YoY +/- %	
Total Sales	69,560	100.0%	76,582	100.0%	7,021 110.1%	76,906	100.0%	324 100.4%	
Gross Profit	35,423	50.9%	38,965	50.9%	3,542 110.0%	39,371	51.2%	405 101.0%	
SGA Exp.	30,686	44.1%	34,127	44.6%	3,440 111.2%	34,380	44.7%	253 100.7%	
Operating Inc.	4,737	6.8%	4,838	6.3%	101 102.1%	4,990	6.5%	152 103.1%	
Non-operating Profit/Loss	101	0.1%	27	0.0%	(73) 27.4%	(90)	-0.1%	(118) -	
Ordinary Inc.	4,839	7.0%	4,866	6.4%	27 100.6%	4,900	6.4%	33 100.7%	
Extraordinary Profit/Loss	1,816	2.6%	(1,219)	-1.6%	(3,035) -	(461)	-0.6%	758 -	
Net Income	3,875	5.6%	2,074	2.7%	(1,800) 53.5%	2,529	3.3%	455 122.0%	



### 3-1. Quarterly P/L (consolidated)

(million yen)

	FYE March 2010											
	1Q			2Q			3Q			4Q		
	(Apr to Jun)			(Jul to Sep)			(Oct to Dec)			(Jan to Mar)		
	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY
Net Sales	19,080	100.0%	102.0%	19,115	100.0%	106.4%	23,546	100.0%	102.0%	-	-	-
Gross profit	10,510	55.1%	103.3%	9,030	47.2%	106.2%	13,267	56.3%	102.3%	-	-	-
SGA exp.	9,093	47.7%	100.4%	8,853	46.3%	101.1%	9,459	40.2%	98.6%	-	-	-
Operating profit	1,416	7.4%	127.4%	177	0.9%	-	3,808	16.2%	112.6%	-	-	-
Non-op. P/L	6	0.0%	-	41	0.2%	198.2%	(6)	0.0%	-	-	-	-
Ordinary profit	1,423	7.5%	129.4%	219	1.1%	-	3,801	16.1%	111.9%	-	-	-
Extraordinary P/L	(16)	-0.1%	-	(75)	-0.4%	-	50	0.2%	-	-	-	-
Net income	668	3.5%	138.3%	(49)	-0.3%	-	2,150	9.1%	120.3%	-	-	-

	FYE March 2009											
	1Q			2Q			3Q			4Q		
	(Apr to Jun)			(Jul to Sep)			(Oct to Dec)			(Jan to Mar)		
	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY
Net Sales	18,698	100.0%	114.3%	17,971	100.0%	117.4%	23,081	100.0%	106.6%	19,914	100.0%	105.3%
Gross profit	10,170	54.4%	112.8%	8,502	47.3%	114.1%	12,972	56.2%	107.8%	9,001	45.2%	107.4%
SGA exp.	9,058	48.4%	123.8%	8,760	48.7%	114.8%	9,590	41.6%	111.9%	8,918	44.8%	105.6%
Operating profit	1,111	5.9%	65.4%	(257)	-1.4%	-	3,381	14.7%	97.5%	83	0.4%	-132.9%
Non-op. P/L	(12)	-0.1%	-	21	0.1%	139.1%	15	0.1%	417.6%	(60)	-0.3%	-
Ordinary profit	1,099	5.9%	63.7%	(236)	-1.3%	-	3,397	14.7%	97.8%	22	0.1%	-
Extraordinary P/L	(114)	-0.6%	-	(105)	-0.6%	-	(92)	-0.4%	-	(912)	-4.6%	-
Net income	483	2.6%	19.5%	(317)	-1.8%	-	1,788	0.2%	93.2%	(679)	-3.4%	-



## 3-2. Quarterly P/L (non-consolidated)

(million yen)

	FYE March 2010											
	1Q (Apr to Jun)			2Q (Jul to Sep)			3Q (Oct to Dec)			4Q (Jan to Mar)		
	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY
Net Sales	18,151	100.0%	101.1%	18,083	100.0%	103.7%	22,344	100.0%	100.4%	-	-	-
Gross profit	9,992	55.0%	102.3%	8,492	47.0%	103.6%	12,548	56.2%	100.4%	-	-	-
SGA exp.	8,315	45.8%	96.2%	8,115	44.9%	97.6%	8,675	38.8%	96.8%	-	-	-
Operating profit	1,676	9.2%	149.4%	376	2.1%	-	3,872	17.3%	109.6%	-	-	-
Non-op. P/L	20	0.1%	1371.9%	49	0.3%	122.1%	12	0.1%	45.5%	-	-	-
Ordinary profit	1,697	9.3%	151.0%	426	2.4%	-	3,885	17.4%	109.1%	-	-	-
Extraordinary P/L	(16)	-0.1%	-	(75)	-0.4%	-	66	0.3%	-	-	-	-
Net income	979	5.4%	171.2%	187	1.0%	-	2,315	10.4%	114.0%	-	-	-
FYE March 2009												
	1Q (Apr to Jun)			2Q (Jul to Sep)			3Q (Oct to Dec)			4Q (Jan to Mar)		
	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY
	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY	Results	vs Sales	YoY
Net Sales	17,954	100.0%	114.6%	17,437	100.0%	118.0%	22,264	100.0%	106.7%	18,926	100.0%	103.7%
Gross profit	9,769	54.4%	112.8%	8,199	47.0%	114.8%	12,493	56.1%	107.6%	8,503	44.9%	106.2%
SGA exp.	8,646	48.2%	123.3%	8,316	47.7%	113.2%	8,959	40.2%	108.2%	8,204	43.4%	102.0%
Operating profit	1,122	6.3%	68.3%	(117)	-0.7%	-	3,534	15.9%	106.0%	298	1.6%	-
Non-op. P/L	1	0.0%	5.0%	40	0.2%	220.4%	27	0.1%	272.6%	(41)	-0.2%	-
Ordinary profit	1,123	6.3%	67.2%	(76)	-0.4%	-	3,562	16.0%	106.5%	257	1.4%	3165.8%
Extraordinary P/L	(115)	-0.6%	-	(104)	-0.6%	-	(89)	-0.4%	-	(909)	-4.8%	-
Net income	571	3.2%	23.1%	(123)	-0.7%	-	2,031	9.1%	108.2%	(404)	-2.1%	-



## 4. Full term SGA expenses (non-consolidated)

(million yen)

	FYE March 2008	FYE March 2009		FYE March 2010 (est)	
	vs Sales	vs Sales	%	vs Sales	%
	Results	Results	+/- YoY	Forecast	+/- YoY
Total SGA Expenses	44.1% 30,686	44.6% 34,127	111.2% 3,440	44.7% 34,380	100.7% 253
Advertisement	1.7% 1,183	1.5% 1,184	100.0% 0	1.4% 1,098	92.8% (85)
Personnel	15.2% 10,592	15.9% 12,172	114.9% 1,580	16.4% 12,619	103.7% 446
Rent	11.9% 8,287	12.4% 9,505	114.7% 1,218	12.5% 9,622	101.2% 116
Depreciation	1.2% 854	1.6% 1,187	138.9% 332	1.5% 1,143	96.3% (44)
Others	14.0% 9,768	13.2% 10,077	103.2% 309	12.9% 9,897	98.2% (180)
Non-operating P/L	0.1% 101	0.0% 27	27.4% (73)	-0.1% (90)	- (118)
Non-operating profit	0.4% 247	0.3% 208	84.1% (39)	0.1% 99	48.0% (108)
Non-operating loss	0.2% 145	0.2% 180	123.8% 34	0.2% 190	105.8% 10



## 5. Historical full term sales and forecast (consolidated/non-consolidated)

	FYE March 2008	FYE March 2009			(million yen)		
	Results	Results	YoY +/-	%	Forecast	YoY +/-	%
<b>Consolidated Total Sales</b>	72,221	79,665	7,443	110.3%	<b>82,644</b>	2,979	103.7%
<b>Non-consolidated Total Sales</b>	69,560	76,582	7,021	110.1%	<b>76,906</b>	324	100.4%
Business Unit Total	62,173	66,588	4,414	107.1%	<b>66,284</b>	(303)	99.5%
UA	35,118	36,802	1,684	-	<b>35,655</b>	(1,146)	96.9%
GLR	13,264	14,422	1,158	108.7%	<b>14,758</b>	335	102.3%
CH	3,310	3,818	507	115.3%	<b>3,873</b>	55	101.4%
SBU and UALabs	10,480	11,544	1,064	-	<b>11,996</b>	452	103.9%
<b>Outlet</b>	<b>7,387</b>	<b>9,993</b>	<b>2,606</b>	<b>135.3%</b>	<b>10,621</b>	<b>627</b>	<b>106.3%</b>
Same store sales	-	-			<b>97.8%</b>		
UA	-	-			<b>95.9%</b>		
GLR	-	-			<b>101.0%</b>		
CH	-	-			<b>101.1%</b>		
SBU and UALabs	-	-			<b>98.5%</b>		

\*Cath Kidston is included in SBUs and UA Labs from FYE March 2009 (previously included in UA business) and data of FYE March 2008 has been retroactively calculated.

\*Liquor, woman&tears and Personal Styling Department is included in UA business from FYE March 2010 (previously SBUs and UA Labs) and data of FYE March 2009 has been retroactively calculated.



## 6. Quarterly sales (consolidated/non-consolidated)

(million yen)

		FYE March 2010											
		1Q (Apr to Jun)			2Q (Jul to Sep)			3Q (Oct to Dec)			4Q (Jan to Mar)		
		Results	+/- YoY	YoY	Results	+/- YoY	YoY	Results	+/- YoY	YoY	Results	+/- YoY	YoY
<b>Consolidated net sales</b>		19,080	382	102.0%	19,115	1,143	106.4%	23,546	465	102.0%	-	-	-
<b>Non-consolidated net sales</b>		18,151	197	101.1%	18,083	645	103.7%	22,344	80	100.4%	-	-	-
Business unit total		15,302	(159)	99.0%	15,468	138	100.9%	19,138	(48)	99.7%	-	-	-
UA		8,202	(218)	97.4%	8,272	46	100.6%	10,942	(168)	98.5%	-	-	-
GLR		3,482	(98)	97.3%	3,161	(60)	98.1%	3,979	61	101.6%	-	-	-
CH		969	(13)	98.6%	963	3	100.3%	1,117	73	107.1%	-	-	-
SBUs and UA Labs		2,648	170	106.9%	3,070	149	105.1%	3,098	(14)	99.5%	-	-	-
Outlet		2,849	357	114.4%	2,615	506	124.0%	3,205	128	104.2%	-	-	-
Same store sales	retail & online			96.1%			97.8%			99.8%			-
	retail			93.0%			94.9%			97.1%			-
	online			138.0%			133.4%			138.0%			-
UA	retail & online			94.0%			96.7%			98.4%			-
	retail			92.1%			94.4%			96.4%			-
	online			125.8%			132.5%			137.6%			-
GLR	retail & online			97.8%			95.3%			100.2%			-
	retail			93.8%			93.3%			97.5%			-
	online			146.4%			116.7%			127.4%			-
CH	retail & online			96.4%			100.3%			107.8%			-
	retail			96.4%			100.3%			107.8%			-
	online			0.0%			0.0%			0.0%			-
SBUs and UA Labs	retail & online			100.3%			102.9%			101.7%			-
	retail			93.5%			96.2%			94.7%			-
	online			148.5%			148.2%			150.0%			-

		FYE March 2009											
		1Q (Apr to Jun)			2Q (Jul to Sep)			3Q (Oct to Dec)			4Q (Jan to Mar)		
		Results	+/- YoY	YoY	Results	+/- YoY	YoY	Results	+/- YoY	YoY	Results	+/- YoY	YoY
<b>Consolidated net sales</b>		18,698	2,343	114.3%	17,971	2,665	117.4%	23,081	1,429	106.6%	19,914	1,005	105.3%
<b>Non-consolidated net sales</b>		17,954	2,293	114.6%	17,437	2,663	118.0%	22,264	1,394	106.7%	18,926	669	103.7%
Business unit total		15,462	1,298	109.2%	15,329	2,175	116.5%	19,186	656	103.5%	16,609	283	101.7%
UA		8,420	251	-	8,225	830	-	11,111	452	-	9,044	150	-
GLR		3,580	629	121.3%	3,221	627	124.2%	3,918	(79)	98.0%	3,702	(19)	99.5%
CH		983	184	123.1%	960	96	111.1%	1,043	65	106.6%	830	162	124.3%
SBUs and UA Labs		2,478	232	-	2,920	621	-	3,113	219	-	3,032	(9)	-
Outlet		2,491	995	166.5%	2,108	487	130.1%	3,077	737	131.5%	2,316	385	120.0%
Same store sales	retail			92.0%			102.3%			95.0%			90.9%
	UA			-			-			-			-
	GLR			100.4%			109.3%			95.5%			95.9%
CH	retail			104.1%			94.5%			89.4%			70.5%
	SBUs and UA Labs			-			-			-			-





## 7-1. Same store sales by business (non-consolidated)

### UA

(%)

#### Same store retail & online sales YoY

	FYE March 2010			FYE March 2010 (by month)								
	1Q	2Q	3Q	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Same store retail sales	94.0	96.7	98.4	96.2	93.8	92.2	92.2	96.2	102.2	98.5	92.1	104.4
Same store online sales	92.1	94.4	96.4	93.9	92.0	90.5	89.4	93.3	101.0	97.1	90.2	101.9
	125.8	132.5	137.6	142.0	130.5	113.0	136.7	139.4	121.9	123.4	131.1	157.4

#### Same store retail sales by category, etc. (YoY)

Men's	89.4	94.1	95.7	89.7	89.3	89.1	87.5	94.5	102.7	99.0	86.5	101.9
Women's	93.7	92.3	94.7	95.9	93.3	92.0	90.1	90.8	95.5	92.5	91.3	100.5
CHROME HEARTS	110.1	105.9	109.3	114.9	115.3	101.3	96.5	89.8	138.5	115.3	117.9	102.2
Miscellaneous	96.7	111.2	116.2	114.7	92.4	83.9	105.6	108.7	117.8	112.1	119.4	116.8
Number of customers	94.9	97.3	101.8	97.8	94.8	92.6	93.7	99.1	101.5	97.6	95.6	110.5
Ave. customer spending	97.1	97.0	94.7	96.0	97.0	97.8	95.4	94.2	99.6	99.4	94.4	92.3

### GLR

(%)

#### Same store retail & online sales YoY

	FYE March 2010			FYE March 2010 (by month)								
	1Q	2Q	3Q	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Same store retail sales	97.8	95.3	100.2	98.3	98.0	97.0	94.2	88.7	101.7	100.3	95.0	105.7
Same store online sales	93.8	93.3	97.5	94.5	94.7	92.3	93.1	85.3	99.4	97.1	93.0	102.6
	146.4	116.7	127.4	149.2	142.8	147.0	107.1	121.4	125.2	132.3	114.2	138.1

#### Same store retail sales by category, etc. (YoY)

Men's	91.7	92.7	90.7	90.4	94.2	90.5	93.7	88.2	94.7	88.9	83.8	99.3
Women's	95.6	96.9	109.6	96.6	95.0	95.2	93.2	87.9	107.7	109.5	107.9	111.9
Miscellaneous	95.3	81.2	85.2	102.2	95.8	88.8	89.9	67.7	81.8	82.9	83.1	89.3



## 7-2. Same store sales by business (non-consolidated)

### CH

(%)

#### Same store retail & online sales YoY

	FYE March 2010			FYE March 2010 (by month)								
	1Q	2Q	3Q	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Same store retail sales	96.4	100.3	107.8	97.2	91.8	101.0	90.2	91.3	121.8	118.2	106.0	103.3
Same store online sales	96.4	100.3	107.8	97.2	91.8	101.0	90.2	91.3	121.8	118.2	106.0	103.3
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

#### Same store retail sales by category, etc. (YoY)

Number of customers	103.1	115.9	114.5	103.1	106.4	99.8	97.8	101.7	159.3	132.1	114.0	106.0
Ave. customer spending	93.5	86.6	94.1	94.3	86.2	101.2	92.3	89.8	76.5	89.4	93.0	97.5

#### \*For reference: Total company sales of CH (including UA business) YoY

Total company sales	101.0	101.3	106.9	106.5	96.6	100.8	91.2	90.7	125.2	114.3	108.2	102.3
Same store sales	99.5	101.5	108.1	101.6	96.7	101.0	91.5	91.0	125.2	117.5	108.7	103.0

### SBU's and UA Labs

(%)

#### Same store retail & online sales YoY

	FYE March 2010			FYE March 2010 (by month)								
	1Q	2Q	3Q	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Same store retail sales	100.3	102.9	101.7	97.8	101.9	101.0	96.4	106.8	107.7	97.4	98.3	110.7
Same store online sales	93.5	96.2	94.7	91.6	95.4	93.3	89.8	98.9	101.5	91.5	90.9	102.7
	148.5	148.2	150.0	142.7	152.1	150.4	138.3	155.5	155.6	135.0	152.3	165.5

#### Same store retail sales by category, etc. (YoY)

Men's	84.0	100.7	101.8	83.1	90.2	79.3	94.0	95.7	123.8	90.5	101.8	114.1
Women's	94.4	95.9	94.9	91.4	96.5	95.1	89.3	98.9	101.3	92.2	90.8	103.0
Number of customers	101.2	95.9	98.1	102.7	104.2	96.5	92.5	96.9	101.0	94.3	95.1	105.2

## 8. Historical full term store openings/CAPEX and forecast (non-consolidated)

	FYE March 2008	FYE March 2009	FYE March 2010 (est)
Number of store openings, employees, etc.			(/ term end)
Number of store openings	34	20	10 / 138
UA	9	11	6 / 48
GLR	9	1	0 / 36
CH	2	0	0 / 5
SBUs and UA Labs	14	8	4 / 49
Removal (inc. brand transfer)	10	10	10
Term end retail stores	128	138	138
Outlet stores	11	15	0 / 15
Term end employees	2,567	2,692	2,788
Term end part-timers			
CAPEX and Depreciation			
Operating CAPEX	2,310	2,988	655
Land	-	-	-
Others	522	286	371
CAPEX Total	2,832	3,275	1,026
Guarantee Deposits	908	328	(8)
Depreciation (as of P/L)	854	1,187	1,143

\* Part-time workers have been converted to full-time workers in August 2007, and are indicated together from FYE March 2008.

\* Total employees include full-time workers and contract workers (and part-time workers from FYE March 2008) and do not include those who are sent to subsidiaries.