

# **Business results for year to August 2008 & outlook for year to August 2009**

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My name is Makoto Yoshitaka and I am the Senior Vice President and CFO at FAST RETAILING.

I would like to take you through our business results for the full year to August 2008 today and also our estimates for the year to end August 2009.

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**【A note on the display of group operations in this documentation】**

The structure of each group operation is as outlined below.

**UNIQLO Japan:** Figures for UNIQLO CO., LTD. are displayed.

**UNIQLO International:** Includes UNIQLO operations in UK, USA, China, Hong Kong, Korea & France.

**Japan Apparel:** Non-UNIQLO apparel retailers developed mainly for the Japanese market.

This includes G.U. CO., LTD., ONEZONE CORPORATION, CABIN CO., LTD.,

VIEWCOMPANY CO., LTD. (1H- equity method affiliate, 2H - consolidated subsidiary),

ASPESI JAPAN CO., LTD. (removed from consolidated account from Q4 (June-Aug 08))

**Global Brands:** Refers to non-UNIQLO brands already being developed globally or with global potential.

This includes FR FRANCE (COMPTOIRS DES COTONNIERS, PRINCESSE TAM.TAM),

and equity method affiliate LINK THEORY HOLDINGS CO., LTD

Net sales ¥586.4bln (+11.7% y/y )  
 Operating income : ¥87.4bln (+34.7% y/y )  
 Ordinary income : ¥85.6bln (+32.7% y/y )

Billions of yen

	Yr to Aug 07 Actual	Latest est. (4/10 Rev.)	Yr to Aug 2008		
			Actual	Y/y	v.Latest fcst
<b>Net sales</b>	525.2	<b>585.5</b>	<b>586.4</b>	+ 11.7%	+ 0.1%
(to net sales)	100.0%	100.0%	100.0%		
<b>Gross profit</b>	248.3	<b>287.1</b>	<b>293.6</b>	+ 18.2%	+ 2.3%
(to net sales)	47.3%	49.0%	50.1%	+2.8p	
<b>SG&amp;A</b>	183.4	<b>207.0</b>	<b>206.1</b>	+ 12.4%	0.4%
(to net sales)	34.9%	35.4%	35.2%	+0.3p	
<b>Operating income</b>	64.9	<b>80.1</b>	<b>87.4</b>	+ 34.7%	+ 9.2%
(to net sales)	12.4%	13.7%	14.9%	+2.5p	
<b>Ordinary income</b>	64.6	<b>79.1</b>	<b>85.6</b>	+ 32.7%	+ 8.3%
(to net sales)	12.3%	13.5%	14.6%	+2.3p	
<b>Other income</b>	1.8	<b>3.4</b>	<b>3.7</b>	+ 95.9%	+ 8.9%
(to net sales)	0.3%	0.6%	0.6%	0.3p	
<b>Net income</b>	31.7	<b>41.0</b>	<b>43.5</b>	+ 37.0%	+ 6.0%
(to net sales)	6.1%	7.0%	7.4%	+1.3p	

(Note ) Yr to Aug 08 Actual: Capital expenditure ¥21.0bln, depreciation ¥8.5bln

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First, let me explain our business performance for the year to end August 2008.

FAST RETAILING achieved an increase in both revenue and profit over the year with net sales rising 11.7% year on year to ¥586.4bln, operating income rising 34.7% to ¥87.4bln, and ordinary income rising 32.7% to ¥85.6bln.

The next slide takes us through the main factors behind this performance.

**Net sales** ¥586.4bln (+11.7% y/y )

UNIQLO Japan + ¥37.6bln

UNIQLO Intl + ¥12.3bln

Global Brands + ¥7.0bln

Increase in consolidated subsidiaries + ¥4.6bln (VIEWCOMPANY)

**Gross profit to net sales ratio** 50.1% (+2.8p y/y)

UNIQLO Japan gross margin improved + 3.1p

**SG&A to net sales ratio** 35.2% (+0.3p y/y)

More consolidated subsidiaries with high SG&A ratios

Increase in consolidated subsidiaries + ¥2.2bln (VIEWCOMPANY)

Increased goodwill amortization + ¥1.0bln

**Operating income ratio** 14.9% (+2.5p y/y)

**Ordinary income ratio** 14.6% (+2.3p y/y)

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Net sales rose 11.7%, or ¥61.2bln, compared to the previous year to a total ¥586.4bln.

The main factors behind this increase were: a ¥37.6bln increase in revenue at our UNIQLO Japan operation, a ¥12.3bln increase in revenue at UNIQLO International, a ¥7.0bln increase in revenue at Global Brands, and an additional contribution of ¥4.6bln from VIEWCOMPANY - newly consolidated from the second half.

Our gross profit to net sales ratio improved by 2.8 percentage points. This was due in the main to a 3.1 point improvement in gross margin at UNIQLO Japan.

SG&A costs rose ¥22.7bln year on year resulting in a slight increase in the SG&A to net sales ratio of 0.3 point.

Key factors here were the increased number of consolidated subsidiaries with comparatively high SG&A ratios, the impact of the transfer of VIEWCOMPANY from an equity-method affiliate to consolidated subsidiary from the second half, and the impact of the one-time amortization of goodwill when VIEWCOMPANY became a fully consolidated subsidiary. Goodwill amortization totaled ¥5.3bln. That represents an increase of ¥1.0bln compared to the previous year.

As a result, our operating income ratio improved 2.5 points year on year to 14.9%.

On non-operating income, net non-operating costs totaled ¥0.3bln last year, but totaled ¥1.7bln for the year through end August 2008. This was due in part to the effect of yen strengthening a year-on-year comparison. In the year to August 2007, we accounted a ¥1.8bln currency gain whereas in this year to end August 2008, we accounted a currency loss of ¥2.0bln.

# Breakdown by group operation

Billions of yen

		Yr to Aug 07		Yr to Aug 2008		
		Actual	Latest est. (4/10Rev.)	Actual		
					Y/y	v. Latest fcst
<b>UNIQLO Japan</b>	Net sales	<b>424.7</b>	459.2	<b>462.3</b>	+ 8.9%	+ 0.7%
	Operating income/loss	<b>64.0</b>	79.2	<b>86.4</b>	+ 35.0%	+ 9.0%
	(to net sales)	<b>15.1%</b>	17.3%	<b>18.7%</b>	+ 3.6p	+ 1.4p
<b>UNIQLO International</b>	Net sales	<b>16.9</b>	30.0	<b>29.3</b>	+ 72.6%	2.2%
	Operating income/loss	<b>1.1</b>	0.4	<b>0.3</b>	-	-
	(to net sales)	-	-	<b>1.2%</b>	-	-
<b>Japan Apparel</b>	Net sales	<b>46.0</b>	50.8	<b>49.4</b>	+ 7.4%	2.7%
	Operating income/loss	<b>3.5</b>	2.7	<b>2.8</b>	-	-
	(to net sales)	-	-	-	-	-
<b>Global Brands</b>	Net sales	<b>36.7</b>	43.0	<b>43.7</b>	+ 19.1%	+ 1.7%
	Operating income/loss	<b>7.2</b>	7.4	<b>7.7</b>	+ 7.7%	+ 4.3%
	(to net sales)	<b>19.6%</b>	17.3%	<b>17.7%</b>	1.9p	+ 0.4p

Due to the change in reporting period at French subsidiary PETIT VEHICULE S.A., we have accounted 14 months of results for the firm (07/07-08/08) in this period.

Applied exchange rate - Year to August 2008: 1USD=108.31 yen 1EUR=163.07 yen 1GBP=215.63 yen

Year to August 2007: 1USD=116.07 yen 1EUR=158.55 yen 1GBP=233.67 yen

Goodwill amortization for full year to end August 2008 ¥5.3bln

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This slide shows the net sales and operating income performance of our four group operations.

Taking UNIQLO Japan first, net sales rose 8.9% year on year and operating income increased by 35.0%.

UNIQLO International achieved overall net sales of ¥29.3bln, up 72.6% year on year. The operation generated an operating income of ¥0.3bln, the first time that UNIQLO International has posted a full year profit.

The Japan Apparel operation includes data from CABIN, G.U., ONEZONE and VIEWCOMPANY.

CABIN saw revenue fall somewhat but it still managed to generate a small operating profit. For the Japan Apparel segment as a whole, we have been able to reduce the extent of losses over the year.

As we have already mentioned, we merged business operations for the three firms G.U., ONEZONE and VIEWCOMPANY on September 1, and joint operations began on the same date under the name of GOV RETAILING.

Our Global Brands segment includes the brands COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM. Overall growth for the Global Brands segment has slowed somewhat over the year due to the worsening economic climate in Europe.

## Gross margin outperforms, revenue & profits soar

Billions of yen

	Yr to Aug 07 Actual	Latest est. (7/12 Rev.)	Yr to Aug 2008		
			Actual	Y/y	v.recent est.
<b>Net sales</b> <small>(to net sales)</small>	424.7 100.0%	459.2 100.0%	<b>462.3</b> 100.0%	+ 8.9%	+ 0.7%
<b>Gross profit</b> <small>(to net sales)</small>	192.6 45.4%	216.6 47.2%	<b>224.1</b> 48.5%	+ 16.3% (+ 0.0p)	+ 3.4% (+ 52.8p)
<b>SG&amp;A</b> <small>(to net sales)</small>	128.6 30.3%	137.4 29.9%	<b>137.6</b> 29.8%	+ 7.0% ( 5.3p)	+ 0.2% (+ 31.5p)
<b>Operating income</b> <small>(to net sales)</small>	64.0 15.1%	79.2 17.3%	<b>86.4</b> 18.7%	+ 35.0% (+ 5.3p)	+ 9.0% (+ 21.3p)

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Next, I would like to go into a little more detail regarding our UNIQLO Japan operation.

Both revenue and profit rose significantly at UNIQLO Japan in the year to August 2008, with net sales rising 8.9% year on year to ¥462.3bln and operating income rising 35.0% to ¥86.4bln. Net sales outperformed in the first six months to February 2008 with winter garments such as our HEATTECH range selling well.

Our gross profit margin outperformed expectations considerably in the second half thanks to the early launch of the spring/summer season's range, and some strict discounting control.

As a result, operating income rose by 35.0% compared to the previous year, outperforming target by 9%.

The next slide takes us through the elements behind this performance.

**Yr to Aug 08 Net sales ¥462.3bln (+8.9% y/y)**

- Increase of 10 direct-run stores (740 stores as of end Aug 08)
- Existing store sales + 2.9% y/y (+1.4% y/y for yr to Aug 07)
  - Customer nos. + 0.8% y/y      Successful marketing campaigns
  - Average purchase + 2.1% y/y      Reduced discounting, popularity of higher unit priced garments

Y/y change		Yr to Aug 2008			Yr 2008
		1H	2H	Full year	Sep.
Existing stores	Net Sales	+1.5%	+4.8%	+2.9%	+20.8%
	Customer Nos	0.9%	+2.9%	+0.8%	+10.4%
	Average purchase	+2.5%	+1.9%	+2.1%	+9.5%

Excluding 19 franchise stores

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Taking net sales first of all, net sales rose 8.9% for the year to August 2008.

Net sales from the net 10-new direct-run stores helped boost this total, as well as the 2.9% increase in existing store sales.

The 2.9% rise in existing store sales was due in part to a 0.8% increase in customer numbers and part thanks to a 2.1% increase in the average purchase per customer.

The total number of direct-run UNIQLO stores reached 740 at the end of August 2008. That is a net gain of 10 stores with 56 new stores being opened (22 of those large-format stores) and 46 stores closed.

Our successful marketing activities and campaigns helped boost customer numbers, and the hit products HEATTECH and Bra Tops also helped attract customers.

The average purchase per customer rose 2.1% year on year. We conducted less discounting over the year than in previous years, and comparatively high unit cost products proved popular during the year.

**Yr to Aug 08 Gross profit margin 48.5% (+3.1p y/y)**

**Stronger control over discounting**

**Concentrated on profit maximization**

**Incorporated store feedbacks in production figures, controlled discounting and limited-period sales**

**On-target sales resulted in less offloading of inventory**

**Early display of new season garments**

	Yr to Aug 07	Yr to Aug 08	
			Y/y
Full year	45.4%	48.5%	+ 3.1p
1H	44.5%	47.6%	+ 3.1p
2H	46.4%	49.5%	+ 3.1p

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Our gross profit margin improved 3.1 points year on year.

Some offloading of autumn inventory temporarily dampened margins in the first half through February 08. However, overall our gross profit margin improved thanks to some very detailed adjustment of sales prices and the great success of our HEATTECH innerwear range.

In the second half, we were able to improve our gross profit ratio. All merchandisers, sales and management staff each focused strongly on the task of maximizing profits, production volumes were adjusted to reflect feedbacks coming through from our stores, and we continued to keep a firm grip on discounting and limited-period promotional sales.

The fact that sales performed to target and subsequently reduced the need for inventory offload also contributed to this improved gross profit ratio.

The improvement in margins in the fourth quarter (May to August 2008) was particularly marked thanks to the successful launch of our autumn ranges.

## Yr to Aug 08 **SG&A to net sales 29.8%** ( 0.5p )

- Personnel 0.5p:** Reduced in-store working hours & recruiting costs
- Advertising & promotion 0.4p:** Airtime costs down (fewer campaigns)
- Store rents +0.3p:** More new stores in shopping centers, urban commercial facilities

Billions of yen

	Yr to Aug 07		Yr to Aug 08		Change	
	Actual	(to net sales)	Actual	(to net sales)		(to net sales)
<b>S&amp;A Total</b>	128.6	30.3%	137.6	29.8%	+ 9.0	0.5p
Personnel	47.8	11.3%	49.8	10.8%	+ 2.0	0.5p
Advertising	21.0	5.0%	21.3	4.6%	+ 0.2	0.4p
Rents	32.0	7.6%	36.6	7.9%	+ 4.5	+ 0.3p
Depreciation	2.1	0.5%	2.6	0.6%	+ 0.4	+ 0.1p
Others	25.4	6.0%	27.2	5.9%	+ 1.8	0.1p

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SG&A costs at the UNIQLO Japan operation came in roughly on target rising ¥9.0bln year on year to ¥137.6bln. This translates into a 0.5 point year-on-year improvement in the SG&A to net sales ratio.

Our personnel to net sales ratio shrank 0.5 points.

This was mainly due to improved in-store efficiency and a consequent reduction in hours worked. In addition, the introduction of the regional full-time employee system has helped reduce required recruitment and training times, and in so doing has helped reduce recruitment costs overall.

Our advertising and promotion to net sales ratio also fell 0.4 points year on year.

We conducted fewer campaigns during the year, and also fewer TV commercials which helped bring down airtime costs.

The store rents to net sales ratio increased 0.3 points.

This reflects the fact that we opened more new stores in shopping centers and urban commercial facilities.

## The operation posts its first operating profit

**Asia (27 stores at end Aug 07 39 stores at end Aug 08)**

China & Hong Kong – favorable expansion as sales & profit outperform  
 South Korea – Myeong-dong large store strong,  
 sales double, profitability improves

**Europe & US (12 stores end Aug 07 15 stores end Aug 08)**

US – profitability at global flagship improves, operation breaks even  
 UK – continued operating loss due to global flagship opening  
 and lower than expected sales

Billions of yen

		Yr to Aug 07	Yr to Aug 08			
			Actual	Latest est. (4/10 Rev.)	Actual	Y/y
UNIQLO International	Net sales	16.9	30.0	29.3	+72.6%	2.2%
	Operating loss (to net sales)	1.1	0.4	0.3	-	-
				1.2%		

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UNIQLO International enjoyed a 70% increase in net sales from ¥16.9bln to ¥29.3bln, and posted its first full year operating profit for the operation as a whole.

Operating income improved by ¥1.4bln.

Asian business in China, Hong Kong and South Korea outperformed on both sales and profit with operations expanding favorably. Profitability improved greatly at our US global flagship store and the UNIQLO USA operation came close to break even for the year.

UNIQLO UK continued to suffer losses with sales below target and opening costs for the UK global flagship store.

## CABIN profit, 3 firm merger restructure

**CABIN** Aggressive management restructure generates profit

**G.U.** On target

**ONEZONE** Increase in-house design products,  
close unprofitable stores

**VIEWCOMPANY** Became fully owned subsidiary from 2H,  
sales under perform

		Billions of yen				
		Yr to Aug 07	Yr to Aug 08			
			Actual	Latest est. (4/10 Rev.)	Actual	Y/y
<b>Japan Apparel</b>	Net sales	46.0	50.8	49.4	+ 7.4%	2.7%
	Operating loss (to net sales)	3.5	2.7	2.8	-	-

VIEWCOMPANY CO., LTD. 1H – equity method affiliate, 2H – consolidated subsidiary

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The operating loss at our Japan Apparel operation was reduced year on year as expected to ¥2.8bln.

CABIN boasted a modest operating profit thanks to cost cutting efforts and an improved gross margin.

G.U. performed roughly to plan.

We are improving profitability at ONEZONE by expanding the proportion of in-house design footwear, and closing unprofitable stores. However, fellow footwear developer VIEWCOMPANY under performed on sales and profits.

## Impacted by poor European economic climate

### COMPTOIR DES COTONNIERS:

Profit down as sales under perform

### PRINCESSE TAM.TAM:

Sales miss target, but profit meets expectations

Billions of yen

		Yr to Aug 07		Yr to Aug 08		
		Actual	Latest est. (4/10 Rev.)	Actual		
					Y/y	v.Latest est.
Global Brands	Net sales	36.7	43.0	43.7	+ 19.1%	+ 1.7%
	Operating loss	7.2	7.4	7.7	+ 7.7%	+ 4.3%
	(to net sales)	19.6%	17.3%	17.7%	1.9p	+ 0.4p

- 1 Our Global Brands sales and income figures include data from FR FRANCE (COMPTOIRS DES COTONNIERS, PRINCESSE TAM.TAM)
- 2 We have accounted as investment income a non-operating loss of ¥0.23bln for the period from September 2007 to August 2008 generated by our equity method affiliate LINK THEORY HOLDINGS CO., LTD..

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Our Global Brand segment has entered a period of adjustment influenced by the worsening economic climate in Europe.

Our COMPTOIR DES COTONNIERS operation achieved a 9% increase in revenue for the full year as the number of stores in Europe and Japan increased. However, the operation did see profits shrink somewhat as sales fell short of target.

PRINCESSE TAM.TAM fell just short of target on net sales, but profits came in roughly in line with expectations.

Due to a change in accounting period for PRINCESSE TAM.TAM developer PETIT VEHICULE, this year's FR consolidated accounts include 14 months worth of data for PRINCESSE TAM.TAM.

## Other income + ¥1.0bln

Revitalization - debt forgiveness gains	+ ¥0.3bln
Reversal of bad debt reserve	+ ¥0.2bln

## Other loss ¥4.7bln

Restructuring expenses (CABIN, ONEZONE, VIEWCOMPANY, etc.)	¥1.2bln
Store closure losses (ONEZONE, UNIQLO Japan, UNIQLO UK)	¥1.2bln
Fixed asset retirement (UNIQLO Japan, CABIN, etc.)	¥1.0bln
Impairment losses (ONEZONE, CABIN, etc.)	¥0.8bln

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Running through our other profit and loss.

We accounted an other profit of ¥1.0bln and an other loss of ¥4.7bln.

On the profit side, we accounted debt forgiveness gains from restructuring of ¥0.3bln, and a reversal of bad debt reserve of ¥0.2bln.

Several elements constitute the ¥4.7bln other loss accounted:

¥1.2bln in restructuring expenses incurred during the structural reform of CABIN, ONEZONE and VIEWCOMPANY,

¥1.2bln in store closure losses incurred when closing stores at ONEZONE, UNIQLO Japan and UNIQLO UK.,

¥1.0bln in fixed asset retirement at UNIQLO Japan, CABIN, etc.,

¥0.8bln in impairment losses accounted at ONEZONE, CABIN, etc..

The other loss incurred in relation to the merger between G.U., ONEZONE and VIEWCOMPANY totaled ¥1.8bln as originally expected.

Billions of yen

	End Aug 07	End Aug 08	Change
<b>Total assets</b>	359.7	<b>404.7</b>	44.9
<b>Current assets</b>	217.9	<b>263.6</b>	45.7
<b>Fixed assets</b>	141.7	<b>141.0</b>	0.7
<b>Liabilities</b>	116.4	<b>140.7</b>	24.2
<b>Net assets</b>	243.2	<b>264.0</b>	20.7

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Next, I would like to take you through the balance sheet.

Compared to end August 2007, current assets increased ¥45.7bln, fixed assets fell by ¥0.7bln. As a result, total assets rose ¥44.9bln to ¥404.7bln.

The next slide breaks down the balance sheet into greater detail.

## Increase in cash & equivalents, marketable securities

**+ ¥50.8bln (¥119.3bln ¥170.1bln)**

【UNIQLO Japan】 Increased operating cash flow, etc

## Reduced inventory assets **¥1.3bln (¥55.1bln ¥53.7bln)**

【UNIQLO Japan】 ¥3.6bln 【UNIQLO Intl】 +¥1.2bln

(Ref;) UNIQLO Japan inventory asset balance at end Aug 08: ¥36.2bln

(Winter inventory: ¥3.0bln Summer inventory: ¥1.0bln New stores: +¥1.0bln)

## Increase in tangible assets **+ ¥2.9bln (¥37.3bln ¥40.3bln)**

【UNIQLO Japan】 More stores +¥1.3bln 【FR】 Commercial facilities +¥1.2bln

## Reduction in forward exchange contracts (assets)

**¥10.9bln (¥17.5bln ¥6.6bln)**

【UNIQLO Japan】 Stronger yen trend. No impact on PL

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Current assets- cash and equivalents and marketable securities - increased by ¥50.8bln due to increased operating cash flow at UNIQLO Japan.

Inventory assets fell ¥1.3bln compared to end August 2007. Year-end inventory levels at UNIQLO Japan totaled ¥36.2bln, down ¥3.6bln compared to the previous period. Winter inventory at UNIQLO Japan fell ¥3.0bln, summer inventory fell ¥1.0bln, in-store inventory increased by ¥1.0bln due to the increase in the number of stores, and inventory at UNIQLO International increased ¥1.2bln as new stores were opened.

The tangible asset balance increased by ¥2.9bln compared to end August 2007.

¥1.3bln of this increase came from the increased number of UNIQLO Japan stores and ¥1.2bln was generated by the FR holding company's investment in the commercial facilities operation.

Forward exchange contracts fell ¥10.9bln compared to end August 2007. This is a function of the stronger yen trend and falls under hedge accounting, so has no impact on the main profit and loss.

Billions of yen

	Yr to Aug 08 Actual	Yr to Aug 09 Forecast	
			Y/y
<b>Net sales</b> (to net sales)	586.4 100.0%	<b>620.0</b> 100.0%	+ 5.7%
<b>Gross Profit</b> (to net sales)	293.6 50.1%	<b>310.0</b> 50.0%	+ 5.6% 0.1p
<b>SG&amp;A</b> (to net sales)	206.1 35.2%	<b>217.0</b> 35.0%	+ 5.2% 0.2p
<b>Operating income</b> (to net sales)	87.4 14.9%	<b>93.0</b> 15.0%	+ 6.3% + 0.1p
<b>Ordinary income</b> (to net sales)	85.6 14.6%	<b>93.0</b> 15.0%	+ 8.5% + 0.4p
<b>Net income</b> (to net sales)	43.5 7.4%	<b>48.0</b> 7.7%	+ 10.3% + 0.3p

(Note ) Year to August 2009 – estimate: capital expenditure: ¥18.0bln depreciation: ¥10.0bln

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Next, I would like to talk you through our consolidated business forecasts for the year through end August 2009.

We are predicting net sales to rise 5.7% year on year to ¥620.0bln. Operating income is seen rising 6.3% year on year to ¥93.0bln, ordinary income 8.5% to ¥93.0bln and net income 10.3% to ¥48.0bln.

Billions of yen

		Yr to Aug 08	Yr to Aug 09	
		Actual	Fcst	Y/y
<b>UNIQLO Japan</b>	<b>Net sales</b>	462.3	<b>482.0</b>	+ 4.3%
	<b>Operating income/loss</b> (to net sales)	86.4 18.7%	<b>90.0</b> 18.7%	+ 4.2% + 0.0p
<b>UNIQLO International</b>	<b>Net sales</b>	29.3	<b>41.0</b>	+ 39.7%
	<b>Operating income/loss</b> (to net sales)	0.3 1.2%	<b>1.0</b> 2.4%	+ 177.8% -
<b>Japan Apparel</b>	<b>Net sales</b>	49.4	<b>50.0</b>	+ 1.0%
	<b>Operating income/loss</b> (to net sales)	2.8 -	<b>1.0</b> -	- -
<b>Global Brands</b>	<b>Net sales</b>	43.7	<b>44.0</b>	+ 0.6%
	<b>Operating income/loss</b> (to net sales)	7.7 17.7%	<b>7.0</b> 15.9%	9.8% 1.8p

Goodwill amortization ¥4.7bln

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Next, I would like to take you through our business forecasts for the year to August 2009 for each of the four business segments in turn.

We are expecting both revenue and income to rise at our UNIQLO Japan operation.

We are expecting revenue at UNIQLO International to increase by roughly 40% as favorable expansion of store numbers in the Asian region continues. Profits are also expected to rise in the current business year.

We expect to be able to reduce the extent of losses at the Japan Apparel segment to roughly ¥1.0bln on the back of a measured earnings recovery at CABIN and GOV RETAILING.

We predict a slight rise in revenue but fall in profit for our Global Brands segment.

We expect goodwill amortization to fall by ¥0.6bln year on year to ¥4.7bln in the year to August 2009.

	Yr to Aug 08			Yr to Aug 09					
	Actual			Forecast			Y/y		
Net sales	462.3 ¥ bln			482.0 ¥ bln			+4.3%		
Existing store growth									
Full Year	+ 2.9%			+ 1.4%			1.5p		
1H	+ 1.5%			+ 1.8%			+ 0.3p		
2H	+ 4.8%			+ 1.0%			3.8p		
Gross profit margin									
Full Year	48.5%			48.0%			0.5p		
1H	47.6%			47.6%			+ 0.0p		
2H	49.5%			48.5%			1.0p		
Store nos. (direct-run)	Open	Close	Net	Open	Close	Net	Open	Close	Net
Full Year	56	46	+10	54	35	+19	2	11	+9
Large-format	22	0	+22	24	0	+24	+2	0	+2
Standard-format etc.	32	46	14	30	35	5	2	-11	+9
Specialty stores	2	0	+2	0	0	+0	2	0	2
1H	33	25	+8	25	19	+6	8	6	-2
Large-format	10	0	+10	11	0	+11	+1	0	1
Standard-format etc.	21	25	4	14	19	5	7	6	1
Specialty stores	2	0	+2	0	0	+0	2	0	2
2H	23	21	+2	29	16	+13	+6	5	+11
Large-format	12	0	12	13	0	+13	+1	0	+1
Standard-format etc.	11	21	10	16	16	+0	+5	5	+10
Specialty stores	0	0	+0	0	0	+0	+0	+0	+0

The small UNIQLO *ekinaka ekichika* booths in stations are included in the regular category of new direct-run stores. The specialty store category includes women's underwear BODY by UNIQLO stores, and UNIQLO KIDS.

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Let me now take you through the assumptions underlying our business forecasts for UNIQLO Japan.

We estimate existing store sales will increase 1.8% in the first six months and 1.0% in the second half, generating a full-year increase of 1.4% year on year.

We expect a net gain in total store numbers of 19 for the year with 54 new store openings and 35 store closures. We are planning to open 24 new large-format stores in the year through end August 2009.

We expect our gross margin to net sales ratio to remain flat over the first six months to February 2009 at 47.6%. However, we are predicting a fall of 1 point to 48.5% for the second half compared to the extremely high 49.5% level attained in the previous year.

Over the full year, we expect the gross margin to fall 0.5 point to 48.0%.

## Continued rise in revenue & profit

Billions of yen

	Yr to Aug 08	Yr to Aug 09	
	Actual	Forecast	Y/y
<b>Net sales</b>	462.3	<b>482.0</b>	+ 4.3%
(to net sales)	100.0%	100.0%	
<b>Gross profit</b>	224.1	<b>231.4</b>	+ 3.3%
(to net sales)	48.5%	48.0%	( 0.5p)
<b>SG&amp;A</b>	137.6	<b>141.3</b>	+ 2.6%
(to net sales)	29.8%	29.3%	( 0.5p)
<b>Net income</b>	86.4	<b>90.0</b>	+ 4.2%
(to net sales)	18.7%	18.7%	(+0.0p)

Data from UNIQLO CO., LTD.

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As a result, we estimate net sales at UNIQLO Japan will rise 4.3% to ¥482.0bln, and operating income will rise 4.2% year on year to ¥90.0bln.

We expect to be able to maintain our strict control over SG&A costs in the current year. While the actual total SG&A costs may increase, we expect the SG&A to net sales ratio to fall 0.5 point to 29.3% in the year to end August 2009.

Breaking this estimate down further, we forecast a 0.2 point fall in the personnel ratio and a 0.3 point fall in the ratio for other costs.

## Aggressive store development in Asia

Asia (39 stores at end Aug 08      78 stores by end Aug 09)

China, Hong Kong, South Korea: expect to double store numbers in favorable business expansion

Singapore: to open first store in Spring 2009

US & Europe (15 stores at end Aug 08      15 stores at end Aug 09)

US: Income to rise on increased revenue from SOHO global flagship

UK: Reduce losses as costs from global flagship store opening fall and becomes fully operational over the year, stronger inventory control

France: Prepare to open global flagship store

Billions of yen

		Yr to Aug 08	Yr to Aug 09	
		Actual	Forecast	Y/y
UNIQLO International	Net sales	29.3	41.0	+39.7%
	Operating income	0.3	1.0	+177.8%
	(to net sales)	1.2%	2.4%	+1.2p

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We are expecting revenue to increase at UNIQLO International over the coming year with net sales seen increasing 39.7% year on year to ¥41.0bln, and operating income rising ¥1.0bln year on year.

We are looking to further expand the scale of operations by continuing aggressive new store openings in the Asian region including China, Hong Kong and South Korea.

We also plan to enter a new area in the Asian region – namely Singapore with our first store set to open there in spring 2009.

We are aiming to boost revenue at our UNIQLO USA operation on even firmer sales at the SOHO global flagship store.

We expect to be able to reduce losses at the UNIQLO UK operation in the year through August 2009. The burden of flagship store opening costs will have passed, and the operation will be able to contribute a full year of net sales. We will also continue to work to strengthen inventory control.

Our French operation will post an expanded loss as we incur costs in relation to the imminent opening of our global flagship store there in Autumn 2009.

## Efficiency improvements reduce losses

**CABIN:** Cut costs by consolidating materials procurement

**GOV RETAILING:** Aim to reduce losses by half

– combining back office functions, and integrating production and purchasing as a group to improve efficiency

Billions of yen

		Yr to Aug 08 Actual	Yr to Aug 09	
			Forecast	Y/y
Japan Apparel	Net sales	49.4	50.0	+ 1.0%
	Operating income (to net sales)	2.8 -	1.0 -	- -

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We estimate net sales at the Japan Apparel segment will total ¥50.0bln with an operating loss of ¥1.0bln for the year to August 2009.

Continuing in the same vein as last year, we will be looking to focus business resources on core brands at CABIN and cut costs by unifying materials procurement within the group in order to boost profits.

G.U., ONEZONE, and VIEWCOMPANY will have got off to a new start as GOV RETAILING, following their business merger conducted September 1, 2008.

We will be looking to half losses at the three companies by amalgamating previously separate head office functions, and by unifying production and purchasing as a group in order to further reduce cost of goods sold.

## Restrict new European store openings

### COMPTOIR DES COTONNIERS:

Given expected slowdown in the European economy,  
forecasting a mild increase in revenue but small fall in profits

### PRINCESSE TAM.TAM:

Costs to rise due to store openings, system installation

Billions of yen

		Yr to Aug 08	Yr to Aug 09	
		Actual	Forecast	Y/y
Global Brands	Net sales	43.7	44.0	+ 0.6%
	Operating income	7.7	7.0	9.8%
	(to net sales)	17.7%	15.9%	1.8p

We are expecting to account as investment income a non-operating profit of ¥0.08bn for the period from September 2008 to August 2009 generated by our equity method affiliate LINK THEORY HOLDINGS CO., LTD..

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For our Global Brands segment, we estimate a slight increase in revenue but decrease in profit on the back of the slowdown in the European economic climate.

We forecast a slight increase in revenue and decrease in profit at COMPTOIR DES COTONNIERS. Given the worsening economic climate in Europe, we are looking to restrict new store openings to 21 compared to the 48 opened in the year to August 2008.

After adjusting for the effect from the change in business year end, we estimate PRINCESSE TAM.TAM will generate net sales roughly in line with the previous year while profit is expected to taper off slightly. New store costs and the cost of introducing new systems are factors behind the expected fall in profit at PRINCESSE TAM.TAM.

**Yr to Aug 08 – estimated annual dividend ¥130**  
**Yr to Aug 09 – estimate annual dividend ¥150**

	Dividend per share		
	Interim	Yr-end	Full year
Yr to Aug 07	70 yen	60 yen	130 yen
Yr to Aug 08	65 yen	65 yen	130 yen
Yr to Aug 09	75 yen	75 yen	150 yen

- 1 The payment of the year end dividend for the year to August 2008 is dependent upon decision at the FR board of directors meeting scheduled on November 10, 2008.
- 2 The dividend could change in the case of large fluctuations in business performance, access to funds<sub>2,3</sub>

Finally, I would like to explain our dividend policy.

For the year to end August 2008, we plan to offer a year-end dividend of 65 yen per share, bringing the overall annual dividend to 130 yen.

For the year to end August 2009, we are planning an interim dividend of 75 yen and a year-end dividend of 75 yen, bringing the total annual dividend to 150 yen.

The remaining slides in this presentation are compiled for your reference.

Please find estimates for consolidated performance and the UNIQLO Japan operation for the interim period through February 2009. In addition, we have provided a table of store opening and closure plans by group company.

That completes this presentation. Thank you.

# Group Forecast for 6 mths to Feb 09

Billions of yen

	6 mths to Feb 08		6 mths to Feb 09	
	Interim results		Interim fcst	
				Y/y
<b>Net sales</b>	316.4		<b>335.0</b>	+5.9%
(to net sales)		100.0%		100.0%
<b>Gross profit</b>	156.9		<b>166.0</b>	+5.8%
(to net sales)		0.0%		0.0%
				( 0.0p)
<b>SG&amp;A</b>	102.6		<b>110.0</b>	+7.2%
(to net sales)		0.0%		0.0%
				(+ 0.4p)
<b>Operating income</b>	54.2		<b>56.0</b>	+3.2%
(to net sales)		0.0%		0.0%
				( 0.4p)
<b>Ordinary income</b>	53.4		<b>56.0</b>	+4.8%
(to net sales)		0.0%		0.0%
				( 0.2p)
<b>Net income</b>	28.6		<b>32.0</b>	+11.7%
(to net sales)		0.0%		0.0%
				(+ 0.5p)

Billions of yen

	6 mths to Feb 08	6 mths to Feb 09	
	Interim results	Interim fcst	Y/y
<b>Net sales</b>	253.2	<b>265.0</b>	+ 4.6%
(to net sales)	100.0%	100.0%	
<b>Gross profit</b>	120.6	<b>126.1</b>	+ 4.5%
(to net sales)	47.6%	47.6%	0.1p
<b>SG&amp;A</b>	70.0	<b>72.0</b>	+ 2.7%
(to net sales)	27.7%	27.2%	0.5p
<b>Operating income</b>	50.5	<b>54.1</b>	+ 7.0%
(to net sales)	20.0%	20.4%	+ 0.4p

Data from UNIQLO CO., LTD.

## Store plans by group company (actual & fcst)

【Unit: stores】	Aug-07	Full year to Aug 08				Full year to Aug 09			
	Yr end	Actual			Yr end	Forecast			Yr end
		Open	Close	Change		Open	Close	Change	
<b>UNIQLO operation total</b>	<b>787</b>	<b>77</b>	<b>51</b>	<b>+ 26</b>	<b>813</b>	<b>95</b>	<b>36</b>	<b>+ 59</b>	<b>872</b>
UNIQLO Japan	748	59	48	+11	759	55	35	+20	779
Direct-run	730	56	46	+10	740	54	35	+19	759
Large-format	28	22	0	+22	50	24	0	+24	74
Standard-format	692	32	46	14	678	30	35	5	673
Specialty stores	10	2	0	+2	12	0	0	+0	12
FC	18	3	2	+1	19	1	0	+1	20
UNIQLO International	39	18	3	+15	54	40	1	+39	93
China	9	5	1	+4	13	20	0	+20	33
Hong Kong	4	4	0	+4	8	4	0	+4	12
South Korea	14	6	2	+4	18	13	0	+13	31
Singapore	-	-	-	-	-	2	0	+2	2
UK	11	2	0	+2	13	1	1	+0	13
US	1	0	0	+	1	0	0	0	1
France	-	1	0	+1	1	0	0	+0	1
<b>CABIN</b>	<b>211</b>	<b>11</b>	<b>32</b>	<b>21</b>	<b>190</b>	<b>39</b>	<b>15</b>	<b>24</b>	<b>214</b>
<b>G.U.</b>	<b>50</b>	<b>12</b>	<b>4</b>	<b>+ 8</b>	<b>58</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>55</b>
<b>ONEZONE</b>	<b>332</b>	<b>15</b>	<b>53</b>	<b>38</b>	<b>294</b>	<b>2</b>	<b>50</b>	<b>48</b>	<b>246</b>
<b>VIEWCOMPANY</b>	<b>-</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>105</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>101</b>
<b>COMPTOIR DES COTONNIER</b>	<b>305</b>	<b>48</b>	<b>5</b>	<b>+ 43</b>	<b>348</b>	<b>21</b>	<b>8</b>	<b>+ 13</b>	<b>361</b>
<b>PRINCESSE tam.tam</b>	<b>131</b>	<b>21</b>	<b>2</b>	<b>+ 19</b>	<b>150</b>	<b>12</b>	<b>0</b>	<b>+ 12</b>	<b>162</b>
<b>ASPESI</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,828</b>	<b>189</b>	<b>153</b>	<b>+ 36</b>	<b>1,958</b>	<b>177</b>	<b>124</b>	<b>+ 53</b>	<b>2,011</b>