May 11, 2011

Consolidated Financial Summary
For Fiscal 2011, the Fiscal Year Ended March 31, 2011

Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)
English Translation of the Original Japanese-Language Report

Corporate Name:	UNITED ARROWS LTD.
Securities Traded:	Tokyo Stock Exchange, First Section
Code Number:	7606
URL:	http://www.united-arrows.co.jp
Representative:	Osamu Shigematsu,
	Representative Director, President
Contact:	Takeo Nakazawa, Department Manager,
	Finance & Accounting Department
Telephone:	+81-3-5785-6325
Scheduled date of Shareholders' Meeting:	June 23, 2011
Scheduled Date of Dividend Payment:	June 24, 2011
Scheduled Reporting Date:	June 24, 2011
Supplementary Information:	Yes

Note: Figures smaller than ¥100 million are rounded down.

1. Consolidated Business Results for the Fiscal Year Ended March 2011 (From April 1, 2010 to March 31, 2011)

(1)Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal 2011	90,571	8.5	7,384	49.4	7,240	43.7
Fiscal 2010	83,504	4.8	4,942	14.4	5,037	17.6

	Net Income		Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	¥ million	%	yen	yen
Fiscal 2011	3,596	156.2	97.02	96.65
Fiscal 2010	1,403	10.2	33.26	-

	Net Income / Net Worth	Ordinary Profit / Total Assets	Operating Profit / Total Sales
	%	%	%
Fiscal 2011	18.7	15.8	8.2
Fiscal 2010	6.1	10.8	5.9

Note: Comprehensive income Fiscal 2011 ¥3,605 million (161.5%) Fiscal 2010 ¥1,378 million (-%)

(Reference) Profit or loss from equity method investment Fiscal 2011 ¥ -million Fiscal 2010 ¥ -million

Note: As there were no shares that had a dilutive effect in fiscal 2010, net income per share after adjusting for dilutive effect data is not identified for this period.

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	yen
Fiscal 2011	45,716	15,103	33.0	478.39
Fiscal 2010	46,163	23,327	50.5	552.68

(Reference) Net worth Fiscal 2011 ¥ 15,103million Fiscal 2010 ¥ 23,327million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of Period
	¥ million	¥ million	¥ million	¥ million
Fiscal 2011	6,923	(2,069)	(3,443)	5,471
Fiscal 2010	7,933	(1,992)	(5,202)	4,061

2. Conditions of Dividend Payment

	Dividend per Share					Dividend Payment (Annual)	Dividend Payout Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1Q End	2Q End	3Q End	Fiscal Year End	Annual			
	yen	yen	yen	yen	yen	¥ million	%	%
Fiscal 2010	-	10.00	-	18.00	28.00	1,181	84.2	5.1
Fiscal 2011	-	10.00	-	19.00	29.00	1,022	29.9	6.8
Fiscal 2012 (Forecast)	-	10.00	-	21.00	31.00		-	

Note: Forecast consolidated dividend payout ratio for fiscal 2012: 22.4% to 23.7%

3. Projected Consolidated Performance of the Fiscal Year Ending March 2012
(From April 1, 2011 to March 31, 2012)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	yen
Interim Period	-	-	-	-	-	-	-	-	-
Full Fiscal Year	95,547 –96,493	5.5 –6.5	7,724 –8,124	4.6 –10.0	7,678 –8,078	6.0 –11.6	4,195 –4,423	16.6 –23.0	131.01 –138.13

Note: As of the date of this report, the Company decided to forego the disclosure of consolidated performance forecasts for the interim period (April 1, 2011 to September 30, 2011) of the fiscal year ending March 31, 2012. This was mainly attributable to concerns surrounding the shortage of power during the peak summer period as a result of the recent Great East Japan Earthquake and uncertainties with respect to such issues as the need to implement energy conservation measures at commercial facilities and the impact on consumer spending and behavior. For these reasons, the Company has also decided to provide a consolidated performance forecast range for the full fiscal 2012 year.

4. Others

(1) Changes in Significant Subsidiaries during the Current Quarter

(Changes in special subsidiaries that caused a change in scope of consolidation): No

(2) Changes in Accounting Principles, Procedures, Methods of Presentation and Other Items

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1: No

(3) Number of Stocks Issued and Outstanding (Common Stocks)

1. Number of stocks issued at term end (including treasury stock)

   Fiscal 2011 42,800,000 stocks

   Fiscal 2010 42,800,000 stocks

2. Number of treasury stock

   Fiscal 2011 11,229,180 stocks

   Fiscal 2010 591,970 stocks

3. Average number of stocks issued and outstanding for the period

   Fiscal 2011 37,074,729 stocks

Fiscal 2010 42,208,050 stocks

(For reference) Overview of Non-consolidated Business Results

1. Non-consolidated Business Results for the Fiscal Year Ended March 2011 (From April 1, 2010 to March 31, 2011)

(1) Non-consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit	
	¥ million	%	¥ million	%	¥ million	%
Fiscal 2011	85,090	8.2	7,126	23.0	7,061	18.8
Fiscal 2010	78,657	2.7	5,792	19.7	5,943	22.1

	Net Income		Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	¥ million	%	yen	yen
Fiscal 2011	2,919	45.2	78.74	78.44
Fiscal 2010	2,011	(3.0)	47.65	-

Note: As there were no shares that had a dilutive effect in fiscal 2010, net income per share after adjusting for dilutive effect data is not identified for this period.

(2) Non-consolidated Financial Situation

	Total Assets	Net Assets	Equity Ratio	Net Asset per Share
	¥ million	¥ million	%	yen
Fiscal 2011	45,197	15,894	35.2	503.46
Fiscal 2010	46,410	24,796	53.4	587.48

(Reference) Net worth Fiscal 2011 ¥15,894 million Fiscal 2010 ¥24,796 million

2. Projected Non-consolidated Performance of the Fiscal Year Ending March 2012 (From April 1, 2011 to March 31, 2012)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income		Net Income per Share
	¥million	%	¥million	%	¥million	%	¥million	%	yen
Interim Period	-	-	-	-	-	-	-	-	-
Full Fiscal Year	89,112 –90,057	4.7 –5.8	7,124 –7,524	0.0 –5.6	7,100 –7,500	0.6 –6.2	3,826 –4,054	31.1 –38.9	119.49 –126.61

*Note on the status of audit procedure implementation

This Financial Results Report is not subject to the audit procedures prescribed under the Financial Instruments and Exchange Act of Japan. As of the date this Financial Results Report was disclosed, however, audit procedures applicable to financial statements prescribed under the aforementioned Financial Instruments and Exchange Act were in the process of being carried out.

*Explanation regarding appropriate use of projected business performance

The above projection was made based on information available at present. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the figures stated above due to any possible factor. Please refer to the attached documents starting from the next page for the preconditions and further information for the projected figures.

Ⅱ Qualitative Information, Financial Results, etc.

1. Business Performance

(1) Qualitative Information on Consolidated Business Performance

In fiscal 2011, the fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011), the Japanese economy continued to confront harsh operating conditions. Despite signs of a positive turnaround spurred by improvements in overseas economies, the positive flow-on effects of wide-ranging pump-priming measures implemented by the government and a recovery in corporate-sector earnings, this difficult environment was attributable to a variety of factors including persistent appreciation in the value of the yen, severe employment conditions, concerns surrounding a downturn in overseas economies and uncertainty with respect to the impact of the recent Great East Japan Earthquake.

In the apparel retail industry, the UNITED ARROWS Group's principal field of activity, consumer behavior continued to reflect a high defensive spending sentiment. In addition to adopting a cautious approach toward consumption, consumers focused increasingly on low-priced items. Buffeted by an ongoing harsh operating environment, sales declined as a result of the record-breaking heat wave, warm weather conditions that extended through to the beginning of December, the impact of the Great East Japan Earthquake and other factors.

Under these circumstances, UNITED ARROWS Group took steps toward implementing initiatives and opening stores commensurate with the growth stage of each Group company and business while endeavoring to enhance corporate value guided by its overarching basic policy of establishing a sustainable earnings structure and securing a firm foothold for future growth.

To this end, UNITED ARROWS steadfastly implemented the following three priority measures.

1. Establish a store management system and maximize customer satisfaction by ensuring the implementation of the Company's basic sales policy and enhancing collaboration between product and sales divisions

   Note: The Company's basic sales policy entails taking a systematic approach to sales activities at stores, encompassing the sales activities of highly knowledgeable and skilled sales personnel, store environment and CRM activities.

2. Improve profitability by completing and optimizing the product platform and ensuring the implementation of the basic product policy based on an ideal merchandising balance

   Notes:

   1) UNITED ARROWS defines its product platform as the combination of its product planning and production platforms. This platform forms the basis of the Company's policy for product procurement and manufacturing, the launch of new products and efficient inventory management.

   2) The Company's basic product policy serves to define and promote a systematic approach toward the concepts that form the fundamentals of the fashion business, including the Company's product lineup and product development philosophies.

3. Improve productivity and revamp the Company's organizational structure, which enables the pursuit of customer satisfaction by standardizing all necessary business processes and ensuring correct operational practices

In addressing the first of the aforementioned three priority measures, and guided by its basic sales policy, the UNITED ARROWS continued to strengthen its detailed customer service as well as sales and marketing capabilities by conducting ongoing on-the-job training including role-playing exercises as well as training to improve the skills of store managers. In addition, steps were taken to reinforce the cooperation between product and sales divisions in an effort to ensure that the feedback from sales divisions is accurately reflected in the Company's merchandise mix and product development.

Under the second priority measure, the Company continued to ramp up its review and analysis of important business indicators including Company-wide product procurement, sales, gross profit and inventory with the aim of promoting the increased use and acceptance of its product platform. At the same time, the Company compiled manuals outlining its business processes and increased the visibility of operating schedules.

Turning to the third priority measure, the UNITED ARROWS undertook a review and individual consideration of business processes and rules as they relate to a dozen or so cross-divisional items and issues, ordered in priority. The goal here is to improve the business system processes across divisions. In addition, the Company worked diligently to uncover and again consider on an individual basis those factors that place a burden on store operations. In this manner, every effort is being made to improve store operating processes. As a part of this endeavor, the Company introduced a labor control (productivity management) system at select stores on a trial basis.

By business category during the fiscal year under review, six stores were opened and four stores closed in the UNITED ARROWS (UA) format. Turning to green label relaxing (GLR) and CHROME HEARTS stores, six and one stores were opened, respectively. In small business unit (SBU) and UA Lab operations, eight stores were opened and eight stores closed. This included the termination of business at all six Cath Kidston stores and withdrawal from the one TOKISHIRAZU store. Finally, two outlet stores were opened and two closed. As a result, the total number of retail stores stood at 147 and the total number of stores including outlet stores amounted to 162 as of March 31, 2011.

Consolidated subsidiary FIGO CO., LTD. confronted difficult conditions in its directly operated retail store and wholesale operations. Online sales, on the other hand, were firm. During the fiscal year ended March 31, 2011, FIGO opened one directly operated store and closed one store following termination of the men's shoe Corthay business. As of the end of the fiscal year under review, the total number of FIGO stores stood at 11.

COEN CO., LTD. (accounting month: January), a consolidated subsidiary positioned as a medium-term growth driver, continued to actively open eight new stores bringing its total network to 34 as of January 31, 2011. Stores newly opened in urban areas performance well while online sales were also sound.

During the relevant fiscal year under review, the store network of consolidated subsidiary PERRENIAL UNITED ARROWS CO., LTD. (accounting month: January) came to seven after the opening of one additional store, Following the decision on April 23, 2010 to dissolve the business, all stores were closed on September 30, 2010 and the company liquidated in December 2010.

As a result of the aforementioned, consolidated net sales for the fiscal year ended March 31, 2011 amounted to ¥90,571 million, an increase of 8.5% compared with the previous fiscal year. From a non-consolidated perspective, this was largely attributable to a recovery in existing retail store sales in the mainstay UA and GLR categories. Gross profit improved 12.0% year on year to ¥48,001 million while the gross margin climbed 1.7 percentage points compared with fiscal 2010 to 53.0%. This was mainly due to successful efforts aimed at enhancing the product procurement and manufacturing, product launch and efficient inventory management of each business category in line with the product platform utilization and improvements in the gross profit margins of regular and outlet stores on a non-consolidated basis. Selling, general and administrative (SGA) expenses rose 7.1% compared with the previous fiscal year to ¥40,617 million owing mainly to the upswing in advertising and promotional expenses. This largely reflected the proactive implementation of a variety of measures including increased placement of advertisements and the publication of catalogues, own online store first anniversary promotions and efforts to bolster new store advertising. Buoyed by efforts to enhance cost efficiency, the rate of SGA expense growth was lower than that of net sales.

From a profit perspective, operating income surged 49.4% compared with the previous fiscal year to ¥7,384 million while ordinary income climbed 43.7% year on year to ¥7,240 million. During the fiscal year under review, the UNITED ARROWS Group incurred extraordinary losses totaling ¥1,417 million. This mainly included an amount of ¥921 million reflecting the adoption of the accounting standard for asset retirement obligations and an impairment loss of ¥408 million in line with the relocation, renovation and closure of stores. Taking into account the liquidation of PERENNIAL UA and final determination of the subsequent non-consolidated bad debt loss, the UNITED ARROWS Group reversed the amount of deferred tax assets recorded in the previous fiscal year. Due to the resultant decline in the income tax rate, net income for the fiscal year under review jumped 156.2% compared with the previous fiscal year to ¥3,596 million.

(Concerning an Order to Take Action Issued by the Consumer Affairs Agency of Japan Pursuant to the Act against Unjustifiable Premiums and Misleading Representations)

UNITED ARROWS was deemed to have violated the provisions of Section 4, Paragraph 1, Sub-Paragraph 3 (Misleading Representations on Country of Origin of Goods) of the Act against Unjustifiable Premiums and Misleading Representations in 21 instances relating to the sale of 38 products between October 2006 and August 2010. The Company was served with an order to take action by the Consumer Affairs Agency of Japan on March 24, 2011. In order to eliminate any instance of misleading misrepresentation, the Company had sought the submission of country of origin certificates from its suppliers and taken steps to bolster its internal inspection systems. These measures were insufficient, however, to prevent misrepresentation. Since April 2010, UNITED ARROWS has added three initiatives to its existing measures. The Company now also undertakes a final confirmation at distribution warehouses, has revised its procurement management regulations to mandate the submission of country of origin certificates, and conducts briefing sessions for the benefit of suppliers. Through these means, UNITED ARROWS is strengthening in earnest its management capabilities in this area. As a result, UNITED ARROWS has minimized any instance of sales that involve misrepresentative of country of origin or quality since October 2010. The Company takes seriously this issue of an order to take action. UNITED ARROWS will implement a variety of countermeasures aimed at ensuring quality management and will make every effort to prevent a recurrence of this incident.

(2) Qualitative Information on Consolidated Financial Conditions

① Conditions of Assets, Liabilities and Net Assets

- Assets

Current assets stood at ¥28,342 million as of March 31, 2011, a decrease of 2.5% compared with the previous fiscal year-end.

While cash and deposits climbed ¥1,466 million year on year, this decrease was largely attributable to the decline of ¥1,013 million in merchandise due to steady progress in the reduction of inventory, a drop of ¥701 million in accounts receivable – other and a decrease of ¥404 million in deferred tax assets reflecting the liquidation of PERENNIAL UA, a consolidated subsidiary.

Noncurrent assets increased 1.6% compared with the end of the previous fiscal year to ¥17,373 million.

The principal movements during the fiscal year ended March 31, 2011 were decreases in total intangible assets due primarily to the amortization of goodwill and in total investment and other assets representing the refund of guarantee deposits following the closure of stores of ¥296 million and ¥109 million respectively, as well as the increase of ¥686 million in total tangible noncurrent assets owing to the opening of stores and application of asset retirement obligations.

As a result, total assets stood at ¥45,716 million as of March 31, 2011, a decrease of 1.0% compared with the end of the previous fiscal year.

- Liabilities

Current liabilities increased 41.6% compared with the previous fiscal year-end to ¥27,484 million.

During the fiscal year under review, accounts payable – trade declined ¥477 million and income taxes payable decreased ¥1,130 million. Short-term loans payable, on the other hand, increased ¥10,560 million year on year.

Noncurrent liabilities stood at ¥3,128 million as of March 31, 2011,8.8% lower than the end of the previous fiscal year.

While asset retirement obligations rose ¥1,791 million, long-term loans payable contracted ¥2,094 million compared with March 31, 2010 following repayment.

As a result, total liabilities increased 34.1% compared with the end of the previous fiscal year to ¥30,613 million.

- Net assets

Total net assets stood at ¥15,103 million as of the end of the fiscal year under review, a decrease of 35.3% compared with the previous fiscal year-end.

The major movements were retained earnings and treasury stock, which climbed ¥2,394 million and ¥10,628 million compared with the end of the previous fiscal year, respectively.

② Conditions of Cash Flows

Cash and cash equivalents (hereinafter referred to as “Cash”) as of March 31, 2011 stood at ¥5,471 million, an increase of ¥1,410 million compared with the end of the previous fiscal year.

- Cash flow from operating activities

Net cash provided by operating activities amounted to ¥6,923 million, a decrease of 12.7% compared with the previous fiscal year. Major cash inflows were income before income taxes totaling ¥5,928 million, decrease in accounts receivable of ¥772 million, decrease in inventories of ¥1,036 million and depreciation and amortization of ¥1,372 million. Principal cash outflows included decrease in purchase liabilities of ¥477 million, decrease in provision for store closure of ¥418 million and income taxes paid of ¥3,133 million.

- Cash flow from investing activities

Net cash used in investing activities amounted to ¥2,069 million, up 3.9% compared with the previous fiscal year.

The primary components were purchase of property, plant and equipment totaling ¥1,809 million reflecting the opening and renovating of stores as well as related activities and purchase of long-term prepaid expenses of ¥154 million.

- Cash flows from financing activities

Net cash used financing activities totaled ¥3,443 million, a year-on-year decrease of 33.8%.

Major cash inflow was net increase in short-term loans payable of ¥10,560 million. Principal cash outflows were repayment of long-term loans payable of ¥2,176 million, cash dividends paid of ¥1,179 million and purchase of treasury stock of ¥10,700 million.

The indicators of our cash flow are as follows:

	Fiscal 2010 (Consolidated)	Fiscal 2011 (Consolidated)
Shareholders' equity ratio (%)	50.5	33.0
Equity ratio at market value (%)	94.9	102.0
Cash flow / Interest bearing debt (years)	1.0	2.3
Interest coverage ratio (times)	57.1	46.9

Equity Ratio = Equity / Total assets

Ratio of shareholders' equity at market value = Total amount of shares at market value / Total assets

Cash flow / Interest bearing debt = Cash flow from operating activities / Interest-bearing debt

Interest coverage ratio = Cash flow from operating activities / Interest payment

Notes:

1) Each indicator was calculated based on financial figures on a consolidated basis.

2) The total amount of shares at market value was calculated by multiplying the final share price at the end of the fiscal year by the total number of shares issued at the end of the fiscal year.

3) Cash flow from operating activities means the cash flow from operating activities recorded on statements of cash flows. Interest-bearing debt means the total interest-bearing debt recorded on the balance sheet. Interest payment means the amount of payment for interest recorded on a cash flow statement.

(3) Basic Policy Concerning Profit Distribution and Dividend Payments for This and Next Fiscal Year

Our basic policy regarding profit distribution is based on the recognition that maximizing shareholder value is a matter of great importance for our management. Consequently, we intend to maximize shareholder value, or in other words improve out market capitalization, by enhancing our reputation in the stock market and returning profits to our shareholders by increasing dividends, and carrying out stock splits, share buybacks and retirements.

In addition, we will pay careful attention to ensure a balance in making investments to open new stores, making capital investments for future growth and retaining earnings as required, while taking into account the operating environment and our business performance. We will also endeavor to improve returns to shareholders, with due consideration given to profit levels and the dividend payout ratio.

Based on this approach, UNITED ARROWS intends to pay a period-end cash dividend of ¥19 per share for an annual cash dividend of ¥29 per share. This represents a consolidated dividend payout ratio of 29.9% and a consolidated dividend on equity (DOE) ratio of 6.8%.

In fiscal 2012, the fiscal year ending March 31, 2012, the Company plans to pay an interim cash dividend of ¥10 per share and a period-end cash dividend of ¥21 per share. With the intention of paying an annual cash dividend of ¥31 per share, UNITED ARROWS is projecting a consolidated dividend payout ratio range of between 22.4 and 23.7% and a consolidated DOE ratio range of between 5.0 and 5.1%.

(4) Risk Exposure of Business Operations

The following risk items are those that investors assess as having the possibility of exerting a material impact on our business performance or financial position.

Please note that forward-looking statements contained in these risk item descriptions are as assessed by the company as of the end of the fiscal year under review.

1. Product planning and product development

We make every effort in product purchasing, product planning and product development and gather information not only from the domestic market but from around the world to meet changeable customer tastes and trends.

However, as customer demand and fashion markets trends can change rapidly in a short term, there could be a negative impact on our business performance if we fail to meet our customers' expectations or if we are late in corresponding to changes in trends.

Additionally, although we hold a number of intellectual property rights and pay careful attention that they are not infringed, if a third party illegally violates our rights, it may damage our group's business activities and there is possibility that our brand image will devalue.

2. Quality control

Full attention is paid when handling Quality Control, especially needle inspection in clothing because it will not only cause customers harm but also result in a negative impact on the credibility of the UNITED ARROWS Group and its business performance.

In addition, should the UNITED ARROWS Group breach any statutory or regulatory requirement with respect to misleading representation, the potential exists for deterioration in the Group's brand image. Previously, UNITED ARROWS was issued a cease-and-desist order from the Fair Trade Commission and Consumer Affairs Agency of Japan in connection with a violation of the Act against Unjustifiable Premiums and Misleading Representations. In the event another order is issued, there is the possibility of a loss in the Group's reputation and social standing as well as a negative impact on its business performance.

3. Human resources

As business expands, we believe that it is necessary to hire new people and train them accordingly. Although we do not suffer from severe problems at the moment, as competition to hire talented people becomes fierce among tier companies and if the number of young people declines to an absolute number where there becomes difficulty to hire new people, it will become difficult to hire talented people and there is also some possibility that our talented staff will move to other competitors. As a result, we may lose competition in sales force and it might become difficult to expand business as before.

4. Failure of debt collection

Many of our group's stores are leased in shopping centers or other commercial facilities and some failure to collect debt or guarantee deposits could occur and exert a negative influence on our business performance, due to financial difficulties arising at the commercial facilities or those renting out the stores. Additionally, if important or special business partners or factories go bankrupt, there may be delay in products to reach our stores and exert a negative influence too.

Licensing agreements have been signed with CHROME HEARTS JAPAN, LTD. regarding handling of CHROME HEARTS products. Although minimum purchase amounts are decided depending on future growth strategies, slower-than-expected growth could exert a negative impact on our business performance. Agreements cover periods of several years, and the failure to extend these agreements could also affect our business performance.

5. Change in business environment and customer demand

The UNITED ARROWS Group promotes the growth and development of its store network solely in Japan. As a result, a slump in spending trends owing to a stagnant Japanese economy, changes in consumption patterns due to movements in the population and other factors and increasingly intense competition from other companies reflecting growing market globalization and an influx of new market participants each has the potential to affect the status of sales.

Furthermore, in the event the Group ventures overseas, changes in local economic conditions, political and social turmoil, the enactment of new and revisions to existing statutory and regulatory requirements as well as natural disasters and the incidence of an infectious disease all have the potential to impact the Group's business performance.

6. Customer information

Although we pay careful attention to the handling of customer information, a large amount of customer information is handled at our stores and the inadvertent disclosure of such information could devalue the group's brand image and negatively impact business performance.

7. Natural disasters, accidents, etc.

Our group purchases products from all over the world, particularly Asia. Our business performance could be affected by difficulty in product procurement caused by political situations, economic fluctuations, war or terrorist attacks, natural disasters and so forth.

Our Group's stores are mostly in large cities, and product distribution centers and business head office functions are centralized in the Tokyo metropolitan area. If major disasters or accidents occur in these areas, our operations could be influenced, exerting a negative impact on our business performance.

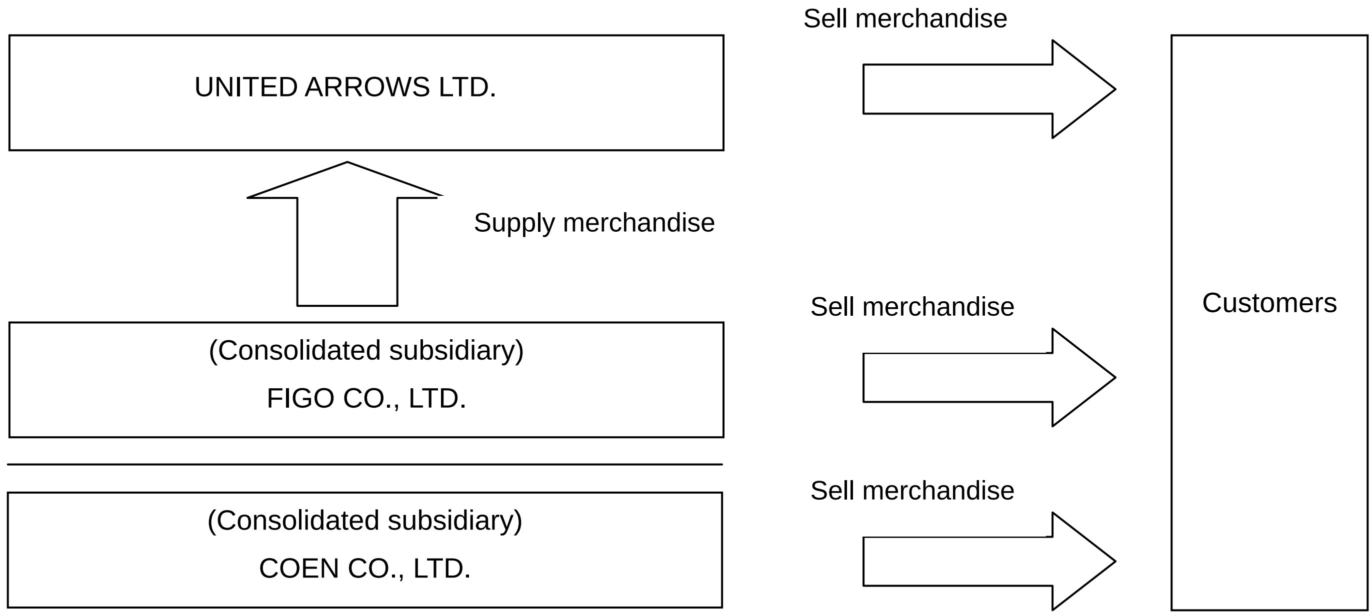
2. Status of Corporate Group

Our group is composed of three companies; UNITED ARROWS LTD., consolidated subsidiary FIGO CO., LTD., and consolidated subsidiary. COEN CO., LTD. Our main businesses are product planning and selling men's and women's apparel and related goods.

Status of associated company

Steps to liquidate PERENNIAL UNITED ARROWS CO., LTD., a consolidated subsidiary, were completed on December 10, 2010.

Name	Address	Capital Stock (millions of yen)	Main Business	Ratio of Total Shares Issued and Outstanding (%)	Relationship
(subsidiary) FIGO CO., LTD.	Minato-ku, Tokyo	40	Import, wholesale and sales of Italian -made bags, etc.	100.0%	3 concurrent directors
(subsidiary) COEN CO., LTD.	Minato-ku, Tokyo	100	Planning and selling women's clothes and accessories	100.0%	3 concurrent directors



3. Management Policy

(1) Basic Business Policy of the Company

At the time when the Company was established in October 1989, we declared our “resolution” as follows:

UNITED ARROWS is dedicated to contributing to society by further enhancing lifestyles and culture through the development of products and environments. This aspiration extends far beyond the Company’s mainstream business. In the ongoing conduct of its business activities, the overarching goal is to consistently establish and promote new values that will serve as a model for Japan’s lifestyle and culture going forward.

Additionally, in 2001, we made a new corporate policy following the resolution mentioned above, “MAKE YOUR REAL STYLE; we are a Group that keeps on creating values to set standards of Japanese lifestyle and culture.” This new corporate policy “MAKE YOUR REAL STYLE” reflects our basic attitude that we want to help our customers in any way to find their real self. At the same time, this policy reflects the message “Why does UNITED ARROWS exist? How can we contribute to our society? What aims do we have working?” to help establish identities for all of our employees.

Also, we have set a definite rule “Our stores exist for our customers” which is a basic idea that our Company follows, as a rule that every employee, from management to sales clerks, should always keep in mind.

Under this resolution and rules, we set our goal in creating five kinds of values: “the value for customers,” “the value for the employees,” “the value for trading partners,” “the value for the community,” and “the value for the shareholders,” and we intend to be a company that continues to create value for stakeholders, shareholders and the community, all of which are related to us.

While striving wholeheartedly to create these five values, the UNITED ARROWS Group maintains the basic management policy of enhancing corporate value by contributing to further advances in Japanese lifestyle and culture as a public entity that serves society.

(2) Medium to Long-term Business Strategy and Management Indicators

Our basic business strategy consists of the following three factors:

1. A diversified business axis — enhance and widen market coverage by expanding new businesses laterally
2. Limit the number of stores — maintain high store loyalty by identifying the optimum number of stores, and
3. Maximize customer value — strive to create further customer value

The goals are to increase the Company’s overall market scale and corporate size by expanding new businesses laterally in concert with the existing mainstay business axis; simultaneously enhance market coverage and improve store loyalty by identifying the optimum number of stores for each particular business, and; increase customer loyalty by actively acquiring new customers and carrying out one-to-one marketing in tune with the wants and needs of each and every customer.

The UNITED ARROWS’ medium-term business strategy is to grow existing business and develop new businesses by increasing new channels and multiplying brand equity.

1. The channel strategy entails increasing sales channels to bring the Group closer to its customers

   To date, the Company has focused it new opening activities on fashion buildings and roadside stores. Looking ahead, the Group will expand this store opening strategy to include such diversified public transportation channels as commercial spaces inside railway stations, expressway service areas and airports. Moreover, the Group will take steps to open new stores in department stores undergoing notable change, strengthen online sales channels, which continue to grow in importance and bolster TV shopping and other media channels.

2. Multiplying brand equity refers to using and further enhancing the brand equity that the Group already maintains

Drawing on its brand equity that the Company has nurtured through sincere interaction and communication with customers since opening its first store in Shibuya in July 1990, UNITED ARROWS is now planning to seriously explore opportunities that entail moving beyond the fashion business into lifestyle licensing activities that include fashion, food and interior items while at the same time franchising stores and expanding overseas.

In addition to the pursuit of growth strategies for existing businesses and the development of strategies for new businesses, implementation will herald a new era for the Group that is expected to dovetail smoothly into enhanced medium-term Group corporate value.

Turning to the Group's medium-term numerical management benchmarks, UNITED ARROWS is targeting a return on equity of 12% in the fiscal year ending March 31, 2013. After evaluating the impact of the Great East Japan Earthquake that occurred on March 11, 2011 on the economy and the Company's performance, however, the Company plans to announce a revised medium-term business strategy and numerical management benchmark.

(3) Tasks for the Company and Projected Performance of Next Fiscal Year

Under its medium-term business strategy, the UNITED ARROWS is endeavoring to grow existing business and develop new businesses by increasing new channels and multiplying brand equity.

Guided by its management policy for the fiscal year ending March 31, 2012, the Company has set the goal of further enhancing profitability and securing record high consolidated ordinary income (record high earnings of ¥7,639 million in fiscal 2006) by adhering strictly to a policy of collaboration between the product, sales and advertising divisions and ensuring diversified cost control.

Accordingly, UNITED ARROWS has identified strengthening the collaboration cycle between the product, sales and advertising divisions and increasing productivity as well as ensuring diversified cost control as two key challenges. Moving forward, the Group is unified in its efforts to overcome each challenge.

1. Strengthening the collaboration cycle between the product, sales and advertising divisions

UNITED ARROWS is strengthening product development and further improving product precision in an effort to increase the number of purchasing customers. At the same time, the Company is endeavoring to increase the sales rate by promoting collaboration between sales and advertising divisions, engaging in strategic product purchasing and ensuring stable supply.

In the sales division, UNITED ARROWS is continuing to fulfill the expectations of customers by consistently bolstering its customer service capabilities. Moreover, the Company is striving to increase the number of purchasing customers by placing considerable weight on improving the interior quality of stores.

UNITED ARROWS is strategically utilizing social and mass media in its advertising division activities in order to promote repeat customers. This is expected to further boost the number of customers visiting the Company's stores.

The collaboration cycle between the product, sales and advertising divisions is considered a fundamental business process that enables the Company to secure competitive advantage. UNITED ARROWS recognizes that full-fledged efforts to strengthen and enhance the precision of this collaboration cycle link directly to improving profits.

2. Increasing productivity and ensuring diversified cost control

UNITED ARROWS is focusing on increasing productivity by strengthening collaboration between related divisions and improving operating processes and practices. At the same time, the Company is implementing cost control finely tuned to earnings in order to increase profitability. Furthermore, UNITED ARROWS is endeavoring to improve the sales rate as well as inventory efficiency by enhancing the planning accuracy of sales initiatives.

In the context of the Company's new store opening plans in the fiscal year ending March 31, 2012, UNITED ARROWS is positioning BY as well as GLR as business types that will actively open new stores and play a key role in driving future growth. Plans are in place to open 31 new stores and close four stores for a total of 188 stores as of the end of the period. FIGO and COEN are projected to open one and three stores, respectively. The aggregate total number of stores for each company is accordingly set as of the period-end is therefore 12 and 37, respectively.

Turning to online sales, steps will be taken to continuously strengthen Group companies.

Despite the aforementioned, UNITED ARROWS has decided to forego the disclosure of its projected consolidated business performance for the interim period of the fiscal year ending March 31, 2012. This is mainly attributable to uncertainties surrounding shortages of electric power during the peak summer period in the areas serviced by the Tokyo Electric Power Company, Incorporated due to the Great East Japan Earthquake that occurred on March 11, 2011, as well as measures implemented by commercial facilities in the Kanto area to conserve power and consumer sentiment.

For the full fiscal year ending March 31, 2012, the Company has decided to adopt a forecast range for its consolidated business performance reflecting the same reasons outlined above. Accordingly, net sales are forecast to rise between 5.5% and 6.5% compared with the fiscal year ended March 31, 2011 to between ¥95,547 million and ¥96,493 million. From a profit perspective, operating income is expected to increase between 4.6% and 10.0% to between ¥7,724 million and ¥8,124 million, ordinary income to climb between 6.0% and 11.6% to between ¥7,678 million to ¥8,078 million and net income to improve between 16.6% to 23.0% to between ¥4,195 million and ¥4,423 million.

Looking ahead, UNITED ARROWS will announce revised interim and full fiscal year forecasts of business performance as and when it is in a position to further clarify details.

4. Consolidated Financial Results
(1) Consolidated Balance Sheet

(millions of yen)

	Fiscal 2010 (as of March 31, 2010)	Fiscal 2011 (as of March 31, 2011)
Assets		
Current assets		
Cash and deposits	4,173	5,640
Notes and accounts receivable-trade	308	257
Merchandise	16,712	15,698
Supplies	191	169
Accounts receivable-other	5,809	5,108
Deferred tax assets	1,565	1,161
Other	351	348
Allowance for doubtful accounts	(42)	(40)
Total current assets	29,069	28,342
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures	9,847	12,381
Accumulated depreciation and accumulated impairment loss	(4,388)	(5,788)
Buildings and structures (net)	5,458	6,592
Land	569	569
Construction in progress	540	32
Other	2,843	3,167
Accumulated depreciation and accumulated impairment loss	(1,909)	(2,172)
Other (net)	933	994
Total tangible noncurrent assets	7,502	8,189
Intangible noncurrent assets		
Goodwill	159	-
Other	2,022	1,885
Total intangible assets	2,182	1,885
Investments and other assets		
Investment securities	163	147
Guarantee deposits	6,285	6,224
Deferred tax assets	499	441
Other	464	490
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	7,409	7,299
Total noncurrent assets	17,094	17,373
Total assets	46,163	45,716
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,670	-
Accounts payable-trade	-	7,193
Short-term loans payable	2,240	12,800
Current portion of long-term loans payable	2,176	2,094
Accounts payable-other	2,952	2,952
Income taxes payable	1,731	600
Provision for bonuses	1,495	1,233
Provision for directors’ bonuses	-	60
Loss provision for store closure	418	-
Asset retirement obligations	-	76
Other	720	474
Total current liabilities	19,406	27,484
Noncurrent liabilities		
Long-term loans payable	3,332	1,238
Provision for directors' retirement benefits	91	91
Asset retirement obligations	-	1,791
Other	6	7
Total noncurrent liabilities	3,429	3,128
Total liabilities	22,835	30,613
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	17,119	19,514
Treasury stock	(909)	(11,537)
Total shareholders' equity	23,335	15,102
Accumulated other comprehensive income		
Other valuation adjustments on securities	(1)	(11)
Deferred gains or losses on hedges	(6)	12
Total accumulated other comprehensive income	(7)	0
Total net assets	23,327	15,103
Total liabilities and net assets	46,163	45,716

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(millions of yen)

	Fiscal 2010 (from April 1, 2009 to March 31, 2010)	Fiscal 2011 (from April 1, 2010 to March 31, 2011)
Net sales	83,504	90,571
Cost of sales	40,639	42,569
Gross profit	42,865	48,001
Selling, general and administrative expenses	37,922	40,617
Operating income	4,942	7,384
Non-operating income		
Interest income	2	1
Dividend income	-	4
Rent income	9	15
Foreign exchange gains	34	19
Purchase discounts	33	36
Other	181	86
Total non-operating income	261	164
Non-operating expenses		
Interest expenses	143	148
Rent expenses	6	11
Commision fee	1	118
Other	15	29
Total non-operating expenses	166	307
Ordinary income	5,037	7,240
Extraordinary income		
Gain on sales of noncurrent assets	-	7
Reversal of provision for loss on store closing	-	77
Refund of short swing profits from principal shareholder	138	-
Compensation for transfer	-	19
Total extraordinary income	138	104
Extraordinary loss		
Loss on retirement of noncurrent assets	149	65
Impairment loss	758	408
Addition to loss provision for store closure	418	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	921
Other	-	21
Total extraordinary loss	1,326	1,417
Income before income taxes	3,849	5,928
Income taxes-current	2,672	1,875
Income taxes-deferred	(227)	455
Total income taxes	2,445	2,331
Income before minority interests	-	3,596
Net income	1,403	3,596

Consolidated Statements of Comprehensive Income

(millions of yen)

	Fiscal 2010 (from April 1, 2009 to March 31, 2010)	Fiscal 2011 (from April 1, 2010 to March 31, 2011)
Income before minority interests	-	3,596
Other comprehensive income		
Other valuation adjustments on securities	-	(9)
Deferred gains or losses on hedges	-	18
Total other comprehensive income	-	8
Comprehensive income	-	3,605
(Breakdown)		
Comprehensive income attributable to owners of the parent	-	3,605
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

(millions of yen)

	Fiscal 2010 (from April 1, 2009 to March 31, 2010)	Fiscal 2011 (from April 1, 2010 to March 31, 2011)
Shareholders' Equity		
Capital stock		
Balance as of March 31, 2010	3,030	3,030
Balance as of March 31, 2011	3,030	3,030
Capital surplus		
Balance as of March 31, 2010	4,095	4,095
Balance as of March 31, 2011	4,095	4,095
Retained earnings		
Balance as of March 31, 2010	16,771	17,119
Change during the fiscal year		
Dividends	(1,055)	(1,181)
Net income	1,403	3,596
Disposal of treasury stock	-	(19)
Total change during the fiscal year	348	2,394
Balance as of March 31, 2011	17,119	19,514
Treasury stock		
Balance as of March 31, 2010	(909)	(909)
Change during the fiscal year		
Purchase of treasury stock	(0)	(10,700)
Disposal of treasury stock	-	71
Total change during the fiscal year	(0)	(10,628)
Balance as of March 31, 2011	(909)	(11,537)
Total shareholders' equity		
Balance as of March 31, 2010	22,987	23,335
Change during the fiscal year		
Dividends	(1,055)	(1,181)
Net income	1,403	3,596
Purchase of treasury stock	(0)	(10,700)
Disposal of treasury stock	-	51
Total change during the fiscal year	348	(8,233)
Balance as of March 31, 2011	23,335	15,102
Accumulated other comprehensive income		
Other valuation adjustments on securities		
Balance as of March 31, 2010	-	(1)
Change during the fiscal year		
Net changes in items other than shareholders' equity (net)	(1)	(9)
Total change during the fiscal year	(1)	(9)
Balance as of March 31, 2011	(1)	(11)
Deferred gains or losses on hedges		
Balance as of March 31, 2010	17	(6)
Change during the fiscal year		
Net changes in items other than shareholders' equity (net)	(23)	18
Total change during the fiscal year	(23)	18
Balance as of March 31, 2011	(6)	12
Total accumulated other comprehensive income		
Balance as of March 31, 2010	17	(7)
Change during the fiscal year		
Net changes in items other than shareholders' equity (net)	(25)	8
Total change during the fiscal year	(25)	8
Balance as of March 31, 2011	(7)	0
Total net assets		
Balance as of March 31, 2010	23,004	23,327
Change during the fiscal year		
Dividends	(1,055)	(1,181)
Net income	1,403	3,596
Purchase of treasury stock	(0)	(10,700)
Disposal of treasury stock	-	51
Net changes in items other than shareholders' equity (net)	(25)	8
Total change during the fiscal year	323	(8,224)
Balance as of March 31, 2011	23,327	15,103

(4) Consolidated Cash Flows

(millions of yen)

	Fiscal 2010 (from April 1, 2009 to March 31, 2010)	Fiscal 2011 (from April 1, 2010 to March 31, 2011)
Cash flows from operating activities		
Income before income taxes	3,849	5,928
Depreciation	1,211	1,372
Depreciation of intangible assets	299	315
Amortization of long-term prepaid expenses	81	81
Impairment loss	758	408
Amortization of goodwill	319	159
Increase (decrease) in provision for bonuses	639	(262)
Increase (decrease) in provision for directors' bonuses	-	60
Increase (decrease) in provision for store closure	418	(418)
Increase (decrease) in allowance for doubtful accounts	15	(2)
Interest and dividends income	(2)	(5)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	921
Interest expenses	143	148
Loss of retirement of property, plant and equipment	9	12
Loss (gain) on sales of property, plant and equipment	-	(3)
Loss of retirement of intangible assets	0	1
Loss (gain) on sales of intangible assets	-	(3)
Increase in notes receivable	(529)	772
Increase in inventories	1,778	1,036
Increase in other current assets	(19)	1
Increase in purchase liabilities	(403)	(477)
Increase (decrease) in other current liabilities	926	129
Increase (decrease) in other noncurrent liabilities	3	23
Other	-	0
Subtotal	9,500	10,198
Interest and dividends income received	2	5
Interest expenses paid	(139)	(147)
Income taxed paid	(1,429)	(3,133)
Net cash provided by operating activities	7,933	6,923
Cash flows from investment activities		
Payments into time deposits	-	(56)
Proceeds from refund of time deposits	38	-
Payments for purchase of investment securities	(166)	-
Purchase of property, plant and equipment	(1,294)	(1,809)
Payments for retirement of property, plant and equipment	-	(37)
Proceeds from sales of property, plant and equipment	-	57
Purchase of intangible assets	(211)	(149)
Proceeds from sales of intangible assets	-	10
Purchase of long-term prepaid expenses	(94)	(154)
Payment for guarantee deposits	(263)	(474)
Proceeds from collection of guarantee deposits	-	535
Other	-	8
Net cash provided by investment activities	(1,992)	(2,069)
Cash flows from financing activities		
Net increase/ net decrease in short-term loans payable	(3,810)	10,560
Proceeds from increase in long-term loans payable	1,640	-
Repayment of long-term loans payable	(1,981)	(2,176)
Purchase of treasury stock	(0)	(10,700)
Proceeds from disposal of treasury stock	-	51
Cash dividends paid	(1,051)	(1,179)
Net cash provided by financing activities	(5,202)	(3,443)
Effect of exchange rate change on cash and cash equivalents	0	0
Increase (decrease) in cash and cash equivalents	739	1,410
Cash and cash equivalents at beginning of term	3,322	4,061
Cash and cash equivalents at end of term	4,061	5,471