February 8, 2011

Consolidated Financial Summary
for the Third Quarter of the Fiscal Year Ending March 31, 2011*
(Japanese Standard)

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, Executive Officer and President
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Scheduled reporting date:	February 10, 2011
Supplementary information:	Yes
Financial Results Briefing for Analysts and institutional investors:	Yes

*This is an English translation of "Kessan-tanshin" for the Third quarter of the fiscal year ending March 2011. If any doubts arise as to the interpretation of this English version, the original Japanese version shall take precedence.

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

1. Consolidated Business Results of the Third Quarter for the Fiscal Year Ending March 2011 (from April 1, 2010 to December 31, 2010)

(1)Consolidated Business Performance (aggregate)

(% indicates increase/decrease YoY)

	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
3Q FYE March 2011	68,449	10.9	7,862	45.5	7,744	42.3
3Q FYE March 2010	61,742	3.3	5,402	27.5	5,444	27.8

	Quarterly net income		Quarterly net income per share	Quarterly net income per share after adjusting dilutive shares
	¥ million	%	yen	yen
3Q FYE March 2011	3,990	44.1	102.65	102.30
3Q FYE March 2010	2,768	41.7	65.60	-

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	yen
3Q FYE March 2011	49,860	15,459	31.0	490.06
FYE March 2010	46,163	23,327	50.5	552.68

(Reference) Net worth 3Q FYE March 2011: ¥15,459 million, FYE March 2010: ¥23,327 million

2. Conditions of Dividend Payment

	Dividend per share				
	1Q	2Q	3Q	Term end	Annual
	yen	yen	yen	yen	yen
FYE March 2010	-	10.00	-	18.00	28.00
FYE March 2011	-	10.00	-		
FYE March 2011 (est.)				16.00	26.00

*Changes in forecast of dividend payment in this quarter: None

3. Projected Consolidated Business Performance of the Fiscal Year Ending March 2011 (From April 1, 2010 to March 31, 2011)

(% indicates increase/decrease YoY)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	yen
FYE March 2011	90,612	8.5	6,409	29.7	6,338	25.8	2,283	62.7	53.46

*Changes in projected consolidated business performance in this quarter: None

4. Others

(1) Changes in significant subsidiaries during the current quarter

(Changes in special subsidiaries that caused a change in scope of consolidation): None

(2) Adoption of simple method in accounting procedure: None

(3) Changes in accounting principles or procedures, description methods, etc. to prepare consolidated financial reports:

1. Changes due to revision of accounting standards: None
2. Changes other than 1: None

(4) Number of stocks issued and outstanding (common stocks)

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

3Q FYE March 2011	42,800,000 stocks
FYE March 2010	42,800,000 stocks

2. Number of treasury stocks

3Q FYE March 2011	11,254,380 stocks
FYE March 2010	591,970 stocks

3. Average number of stocks during the quarter (aggregate)

3Q FYE March 2011	38,881,502 stocks
3Q FYE March 2010	42,208,056 stocks

*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.

Qualitative Information on Consolidated Business Performance

During the aggregate 9 months of the fiscal year ending March 2011 (from April 1, 2010 to December 31, 2010), there were uncertainty over Japanese economy as strong yen, high unemployment rate, and anxious prospects of overseas economies etc., still remained. Consumers tended to refrain from shopping even though government's fiscal stimulus measures drawn partial consumer spending.

The operating environment in apparel retail industry continued to be severe as consumers preferred lower priced items and their spending behaviors were sluggish although October 2010 sales of department stores increased over the same period in 2009 for the first time in 32 months. In addition, historical heat wave in summer, 2010 and warm weather in December, 2010 slowed down the move of seasonal items.

Under these circumstances, UNITED ARROWS Group is focusing on establishing a sustainable earning structure and securing a firm foothold for future growth. We are striving to grow corporate value by executing policies and opening stores in accordance with the growth stage of each of our group companies and businesses.

The UNTIED ARROWS Group is pursuing 3 key challenges as follows;

1) Establish store management system and maximize customer satisfaction by ensuring implementation of basic sales policy and enhancing collaboration between product and sales divisions.

*Basic sales policy is to take a systematic approach to sales activities in our stores, in which encompass the sales activities of our highly knowledgeable and skilled sales personnel, our store environment and our CRM activities.

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

*At UNITED ARROWS we define our product platform as the combination of our product planning and production platforms. This platform forms the basis of our policy for product procurement and manufacturing, product launch and reduction of inventory.

*Basic product policy is to define and take a systematic approach to the concepts that form the fundamentals of the fashion business, including our product lineup and product development philosophies.

3) Improve productivity and revamp organizational structure which enables us to pursue customer satisfaction by standardizing all necessary business processes and ensuring correct operational practices.

For 1), we continued to strengthen sales skills service technique by carrying out role play-based training exercise and on-the-job training at stores based on our basic sales policy. Also, we held workshops for store managers to improve their management skills. In addition, we intensified cooperation between product and sales divisions with the aim to reflect sales division's feedback in our product development and merchandise mix.

For 2), we continued to review important business indicators including, product procurement, sales, gross profit, and inventory level in order to optimize our product platform. Also, we compiled business processes in manual and increased the visibility of operational schedule.

For 3), we reviewed ten several issues of business processes and rules which across various divisions in order to increase accuracy of operations. In addition, we examined non-core work in stores with the aim to lighten the workload on store operation and introduced labor control system which enables us to enhance store productivity into selected stores on a trial basis.

During the aggregate 9 months of the fiscal year, 3 stores were opened and 3 stores were closed in UNITED ARROWS (UA) business, 4 stores were opened in green label relaxing (GLR), 1 store was opened in CHROME HEARTS, 5 stores were opened in SBUs and UA Lab, and 2 outlet stores were opened. As a result, total number of retail stores increased to 147 and total number of stores including outlet stores rose to 164 stores as of December 31, 2010.

Consolidated subsidiary FIGO CO., LTD. opened 1 store and closed 1 store, thus it maintained 11 directly operated stores.

Consolidated subsidiary COEN CO., LTD. (accounting month: January) which we accelerate opening stores as a key driver of future growth in our medium-term business strategy opened 8 stores during 9 months of the fiscal year, and total number of stores rose to 34 as of October 31, 2010.

We have resolved the dissolution of consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. (accounting month: January) on April 23, 2010 and 7 stores, including 1 store opened in this fiscal year, were closed by the end of September, 2010. Also, we completed liquidation of the company on December 10, 2010.

As a result, net consolidated sales during 9 months of the fiscal year were ¥68,449 million, 10.9% increase compared to the same period of the previous fiscal year. It was mainly because same store sales of UA business and GLR were favorable. Gross profit soared 14.5% to ¥37,572 million and gross margin improved 1.8 points to 54.9% compared to the third quarter of the previous fiscal year. This progress was due to implementation of product platform in UNITED ARROWS LTD., which ensure a streamlined approach to product purchasing and manufacturing as well as inventory reduction, thus profitability both in regular and outlet stores were improved. Selling, general and administrative expenses increased 8.4% YoY to ¥29,709 million, resulting from intensified sales promotion including the first anniversary promotion for our online store, placing advertisements, and making catalogues etc. We believe those promotions were contributed to total sales increase as growth rate of SGA expenses was lower than that of sales.

As a result, consolidated operating income soared 45.5% to ¥7,862 million and ordinary income increased 42.3% to ¥7,744 million compared to the third quarter of the previous fiscal year. Net quarterly income rose 44.1% to ¥3,990 million as there was extraordinary loss of ¥1,342 million, including asset retirement obligations of ¥921 million and impairment loss of ¥351 million for store relocations, renewals, and closures.

Quarterly Financial Conditions
(1) Quarterly Balance Sheet (Consolidated)

(million yen)

	Consolidated 3Q results (as of December 31, 2010)	Summary of balance sheet of previous fiscal year (as of March 31, 2010)
Assets		
Current assets		
Cash and deposits	3,910	4,173
Notes and accounts receivable-trade	253	308
Merchandise	18,073	16,712
Supplies	180	191
Accounts receivable-other	8,508	5,809
Other	1,360	1,916
Allowance for doubtful accounts	(42)	(42)
Total current assets	32,245	29,069
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	6,567	5,458
Other (net)	1,737	2,043
Total property, plant and equipment	8,304	7,502
Intangible noncurrent assets		
Goodwill	—	159
Other	1,903	2,022
Total intangible assets	1,903	2,182
Investments and other assets		
Guarantee deposits	6,289	6,285
Other	1,122	1,128
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	7,408	7,409
Total noncurrent assets	17,615	17,094
Total assets	49,860	46,163

(million yen)

	Consolidated 3Q results (as of December 31, 2010)	Summary of balance sheet of previous fiscal year (as of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,268	7,670
Short-term loans payable	14,600	2,240
Current portion of long-term loans payable	2,176	2,176
Income taxes payable	653	1,731
Provision for bonuses	493	1,495
Provision for loss on store closing	—	418
Other	3,574	3,673
Total current liabilities	30,765	19,406
Noncurrent liabilities		
Long-term loans payable	1,786	3,332
Provision for directors' retirement benefits	91	91
Asset retirement obligations	1,751	—
Other	7	6
Total noncurrent liabilities	3,636	3,429
Total liabilities	34,401	22,835
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	19,913	17,119
Treasury stock	(11,563)	(909)
Total shareholders' equity	15,475	23,335
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(4)	(1)
Deferred gains or losses on hedges	(11)	(6)
Total valuation and translation adjustments	(16)	(7)
Total net assets	15,459	23,327
Total liabilities and net assets	49,860	46,163

(2) Quarterly Statements of Income (Consolidated)

Third Quarter (9 months aggregate)

(million yen)

	Previous 3Q (9 months aggregate) (From April 1, 2009 to December 31, 2009)	Current 3Q (9 months aggregate) (From April 1, 2010 to December 31, 2010)
Net sales	61,742	68,449
Cost of sales	28,933	30,876
Gross profit	32,809	37,572
Selling, general and administrative expenses	27,406	29,709
Operating income	5,402	7,862
Non-operating income		
Interest income	1	1
Dividends income	—	4
Purchase discounts	22	27
Foreign exchange gains	28	25
Other	121	79
Total non-operating income	172	138
Non-operating expenses		
Interest expenses	112	105
Commission fees	—	118
Other	18	33
Total non-operating expenses	131	256
Ordinary income	5,444	7,744
Extraordinary income		
Return of profit gained through short term trading of company shares by a major shareholder	138	—
Gain on sales of noncurrent assets	—	3
Reversal of provision for loss on store closing	—	77
Other	—	19
Total extraordinary income	138	100
Extraordinary loss		
Loss on retirement of noncurrent assets	96	58
Impairment loss	83	351
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	921
Other	—	11
Total extraordinary loss	180	1,342
Income before income taxes	5,402	6,502
Income taxes-current	2,284	1,951
Income taxes-deferred	348	560
Total income taxes	2,633	2,511
Income before minority interests	—	3,990
Net income	2,768	3,990

(3) Quarterly Statements of Cash Flows (Consolidated)

(million yen)

	Previous 3Q (9 months aggregate) (From April 1, 2009 to December 31, 2009)	Current 3Q (9 months aggregate) (From April 1, 2010 to December 31, 2010)
Cash flows from operating activities		
Income before income taxes	5,402	6,502
Depreciation and amortization	888	1,012
Depreciation of intangible assets	222	234
Amortization of long-term prepaid expenses	60	60
Impairment loss	83	351
Amortization of goodwill	239	159
Increase (decrease) in provision for bonuses	(376)	(1,002)
Increase (decrease) in provision for loss on store closing	–	(418)
Increase (decrease) in allowance for doubtful accounts	2	(0)
Interest and dividends income	(1)	(5)
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	921
Interest expenses	112	105
Loss of retirement of property, plant and equipment	7	5
Gain (loss) on sales of property, plant and equipment	–	(3)
Decrease (increase) in notes and accounts receivable-trade	(1,956)	(2,618)
Decrease (increase) in inventories	(389)	(1,350)
Decrease (increase) in other current assets	(134)	(11)
Increase (decrease) in notes and accounts payable-trade	469	1,597
Increase (decrease) in other current liabilities	610	81
Increase (decrease) in other noncurrent liabilities	3	6
Other	–	0
Subtotal	5,243	5,628
Interest and dividends income received	1	5
Interest expenses paid	(107)	(102)
Income taxed paid	(1,428)	(3,131)
Net cash provided by operating activities	3,708	2,399
Cash flows from investment activities		
Payments into time deposits	(9)	(53)
Purchase of investment securities	(29)	–
Purchase of property, plant and equipment	(794)	(1,448)
Purchase of intangible assets	(193)	(133)
Purchase of long-term prepaid expenses	(91)	(111)
Payment for guarantee deposits	(271)	(4)
Proceeds from sales of property, plant and equipment	–	3
Other	–	(0)
Net cash provided by investment activities	(1,389)	(1,747)

(million yen)

	Previous 3Q (9 months aggregate) (From April 1, 2009 to December 31, 2009)	**Current 3Q (9 months aggregate) (From April 1, 2010 to December 31, 2010)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,760	12,360
Repayment of long-term loans payable	(1,573)	(1,546)
Purchase of treasury stock	△0	(10,700)
Proceeds from disposal of treasury stock	−	31
Cash dividends paid	(967)	(1,113)
Net cash provided by financing activities	(780)	(968)
Effect of exchange rate change on cash and cash equivalent	−	−
Increase (decrease) in cash and cash equivalents	1,537	(316)
Cash and cash equivalents at beginning of term	3,322	4,061
Cash and cash equivalents at end of term	4,859	3,745