

August 11, 2008

**Summary of Financial Results
for the Quarter Ended June 30, 2008***
(Consolidated)

Corporate Name:	UNITED ARROWS LTD.
Code Number:	7606
URL:	http://www.united-arrows.co.jp/
Securities Traded:	Tokyo Stock Exchange, First Section
Location of Headquarters:	Tokyo
Representative:	Tetsuya Iwaki, President and COO
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*The "Summary of Financial Results for the Quarter Ended June 30, 2008" is an English translation of the original Japanese version. If any doubts arise as to the interpretation of this English version, the Japanese version shall take precedence.

(% indicates increase / decrease YoY)

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4. Others

(1) Transfer of important subsidiaries in the term (transfer of specified subsidiary due to change in area of consolidation): none

(2) The adoption of simple method in accounting procedure: none

(3) The change of accounting procedure for quarterly disclosure of consolidated financial performance:

1. Changes caused by renewal of accounting methods: yes

2. Changes other than 1: none

(4) Number of stocks issued (common stocks)

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

End of 1Q FYE March 2009	42,800,000 stocks
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End of FYE March 2008	47,700,000 stocks
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2. Number of treasury stock

End of 1Q FYE March 2009	591,690 stocks
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End of FYE March 2008	5,491,687 stocks
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3. Average number of stocks during term (3 months aggregate, consolidated)

End of 1Q FYE March 2009	42,208,313 stocks
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End of 1Q FYE March 2008	41,366,558 stocks
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<p><u>Explanation regarding appropriate use of projected business performance</u></p>

<p>Earnings forecasts and objective views contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of August 11, 2008, and therefore include risks and uncertainty. Actual earnings may differ materially from forecasts due to global economic trends, market conditions, exchange rate fluctuations and other factors. Investors are asked to refrain from making investment decisions based solely on this document.</p>

(For reference) Overview of Non-consolidated Business Results

(1) Non-consolidated Business Performance of the Quarter Ended June 2008 (from April 1, 2008 to June 30, 2008)

(% indicates increase / decrease YoY)

	Net Sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Quarter ended June 2008	17,954	14.6	1,122	(31.7)	1,123	(32.8)
Quarter ended June 2007	15,660	23.5	1,643	(11.9)	1,672	(10.5)
Fiscal Year Ended March 2008	69,560		4,737		4,839	

	Net income	
	¥ million	%
Quarter ended June 2008	571	(76.9)
Quarter ended June 2007	2,481	126.2
Fiscal Year Ended March 2008	3,875	

(2) Non-consolidated Financial Situation

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	yen
Quarter ended June 2008	43,501	22,779	52.4	539.69
Quarter ended June 2007	37,561	19,830	52.8	479.37
Fiscal Year Ended March 2007	42,733	22,773	53.3	539.54

Qualitative Information and Financial Results, etc.

1. Qualitative Information on Consolidated Business Performance

The Japanese economy in the first quarter of the current fiscal year lingered as earnings of companies showed signs of decline as production and export weakened. This was due to surging oil prices and worries of global economy slowing down caused by financial instability in the United States. Additionally, the operating environment was extremely severe as personal spending slowed down due to concerns of appreciation in prices of food and daily consumer products.

Under these circumstances, our group took initiatives to improve corporate value by carrying out policies and opening stores in accordance with the growth stage of each of our group companies and businesses.

Based on the themes of developing and appropriately operating core business (product and sales services) operations and strengthening human resource development and expanding business in line with our growth, we made efforts to develop our operating base. To develop and appropriately operate core business (product and sales services) operations, the UNITED ARROWS (UA) business and green label relaxing (GLR) business decreased inventory of spring/summer products by managing and controlling new product plans based on final sales ratio and inventory level. Additionally, in order to increase sales and profit, we started a weekly business supervising meeting to improve sales related operations and put strength in minimizing operation that is avoiding our store staff to concentrate on serving customers. To strengthen human resource development and expand business in line with our growth, we focused on reforming our HR system by making an environment where sales staff can work at stores until retirement, and making systems to educate next leaders of the company. In the three months of the first quarter, we opened 5 new stores and closed 1 store for the UA business, and opened 3 stores for the SBU (small business unit) and UA Labs, and the total number of stores operated at the end of June 2008 was 134 stores.

Our consolidated subsidiary FIGO CO., LTD. continued to manage 11 directly operated stores and saw solid growth in sales and ordinary income compared to the same period in the previous fiscal year.

Additionally, consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. prepared for the first store opening in August 2008.

As a result, total consolidated sales reached ¥18,698 million (+14.3% YoY) for this first quarter. Gross margin declined by 0.7 points to 54.4% as composition ratio of outlet store sales increased, but the amount of gross profit increased YoY to ¥10,170 million (+12.8% YoY). Selling, general and administrative expenses reached ¥9,058 million (+23.8% YoY) due to 1) increase in personnel costs due to conversion of part-time workers to regular workers that was carried out in August 2007, 2) increase in reserve for House Card (members' card) points, and 3) increase in depreciation, etc. As a result, consolidated operating income declined to ¥1,111 million (-34.6% YoY) and ordinary income to ¥1,099 million (-36.3% YoY). Additionally, as a part of land and property was sold during the first quarter of the previous fiscal year, and gain from this sale of ¥2,538 million was posted as extraordinary income, consolidated net income for this quarter declined to ¥483 million (-80.5% YoY).

Consolidated net sales for the first quarter is in line with projected figures, but gross profit is a little lower than our target due to increase in composition ratio of outlet store sales. On the other hand, selling, general and administrative expenses were lower than our target due to cost reduction, thus operating income and other income below operating income is in line with our forecast.

2. Qualitative Information on Consolidated Financial Conditions

(Assets)

Current assets declined by ¥425 million yen (1.6%) to ¥26,858 million yen compared to the first quarter of the previous term. This was because products and stored goods increased by ¥164 million and ¥233 million, respectively and cash and deposits and deferred tax assets declined by ¥566 million and ¥309 million, respectively.

Noncurrent assets increased by ¥1,238 million (7.7%) to ¥17,317 million compared to the first quarter of the previous term. This was mainly because there were increases in buildings and structures by ¥1,013 million, guarantee deposits by ¥121 million and equity of affiliated company by ¥275 million.

(Liabilities)

Current liabilities increased by ¥1,312 million (6.5%) to ¥21,452 million compared to the first quarter of the previous term. This was mainly due to increase in short-term loans payable by ¥3,844 million and decline in income taxes payable by ¥1,689 million, accounts payable by ¥534 million and provisions for bonuses by ¥331 million.

Noncurrent liabilities decreased by ¥417 million to ¥93 million (-81.7%), mainly due to decline in long-term loans payable by ¥349 million.

(Net assets)

Total net assets declined by ¥81 million (0.4%) to ¥22,630 million compared to the first quarter of the previous term. This was because retained earnings decreased by ¥149 million due to payment of dividends, and deferred gains or losses on hedges increased by ¥68 million.

3. Qualitative Information on Business Performance Forecasts

The business performance of the company is in line with forecast, thus there are no changes made in consolidated financial forecasts that were announced on May 14, 2008.

5. Quarterly Financial Conditions**(1) Quarterly Balance Sheet (Consolidated)**

		(million yen)
	1Q results (as of June 30, 2008)	Summary of balance sheet of previous fiscal year (as of March 31, 2008)
Assets		
Current assets		
Cash and deposits	2,546	3,113
Accounts receivable-trade	214	287
Merchandise	17,208	16,863
Raw materials	233	180
Accounts receivable-other	5,182	5,114
Other	1,475	1,728
Allowance for doubtful accounts	(3)	(3)
Total current assets	26,858	27,283
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,001	4,988
Other	1,849	1,750
Total property, plant and equipment	7,851	6,739
Intangible assets		
Goodwill	717	797
Other	2,133	2,140
Total intangible assets	2,851	2,938
Investments and other assets		
Guarantee deposits	5,714	5,593
Other	900	807
Total investments and other assets	6,614	6,400
Total noncurrent assets	17,317	16,078
Total assets	44,176	43,362

	(million yen)	
	1Q results (as of June 30, 2008)	Summary of balance sheet of previous fiscal year (as of March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,279	7,308
Short-term loans payable	10,911	7,067
Income taxes payable	246	1,936
Provision for bonuses	520	852
Other	2,494	2,976
Total current liabilities	21,452	20,140
Noncurrent liabilities		
Long-term loans payable	—	349
Provision for directors' retirement benefits	91	154
Other	2	7
Total noncurrent liabilities	93	510
Total liabilities	21,546	20,650
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,458
Retained earnings	16,402	23,721
Treasury stock	(909)	(8,441)
Total shareholders' equity	22,618	22,768
Valuation and translation adjustments		
Deferred gains or losses on hedges	12	(56)
Total valuation and translation adjustments	12	(56)
Total net assets	22,630	22,711
Total liabilities and net assets	44,176	43,362

(2) Quarterly Statements of Income (Consolidated)

First Quarter (3 months aggregate)

	(million yen)
	1Q (3 months aggregate)
	(From April 1, 2008
	to June 30, 2008)
Net sales	18,698
Cost of sales	8,527
Gross profit	10,170
Selling, general and administrative expenses	9,058
Operating income	1,111
Non-operating income	
Interest income	0
Purchase discounts	8
Other	27
Total non-operating income	35
Non-operating expenses	
Interest expenses	21
Foreign exchange losses	23
Other	3
Total non-operating expenses	48
Ordinary income	1,099
Extraordinary income	
Provision for loan loss reverse	0
Total extraordinary income	0
Extraordinary loss	
Loss on retirement of noncurrent assets	26
Impairment loss	89
Total extraordinary loss	115
Income before income taxes	984
Income taxes-current	210
Income taxes-deferred	291
Total income taxes	501
Net income	483

(3) Quarterly Statements of Cash Flows (Consolidated)

	(million yen)
	1Q (3 months aggregate) (From April 1, 2008 to June 30, 2008)
Cash flows from operating activities	
Income before income taxes	984
Depreciation	285
Depreciation of intangible assets	68
Amortization of long-term prepaid expenses	22
Impairment loss	89
Amortization of goodwill	79
Increase (decrease) in provision for bonuses	(331)
Increase (decrease) in reserve for retirement benefits for directors	(63)
Increase (decrease) in allowance for doubtful accounts	(0)
Interest and dividends income	(0)
Interest expenses	21
Loss of retirement of property, plant and equipment	10
Increase in notes receivable	(24)
Increase in inventories	(397)
Increase in other current assets	(8)
Increase in purchase liabilities	(28)
Increase (decrease) in other current liabilities	(201)
Increase (decrease) in other noncurrent liabilities	(5)
Subtotal	499
Interest and dividends income received	0
Interest expenses paid	(19)
Income taxed paid	(1,929)
Net cash provided by operating activities	(1,449)
Cash flows from investment activities	
Payments into time deposits	(3)
Payments for equity of affiliated company	(100)
Purchase of property, plant and equipment	(1,726)
Purchase of intangible assets	(122)
Purchase of long-term prepaid expenses	(54)
Payment for guarantee deposits	(121)
Net cash provided by investment activities	(2,126)

UNITED ARROWS LTD. Financial Results for the First Quarter Ended June 30, 2008

	(million yen)
	1Q (3 months aggregate) (From April 1, 2008 to June 30, 2008)
Cash flows from financing activities	
Net increase/ net decrease in short-term loans payable	4,400
Repayment of long-term loans payable	(905)
Purchase of treasury stock	(0)
Cash dividends paid	(488)
Net cash provided by financing activities	3,006
Effect of exchange rate change on cash and cash equivalents	—
Increase (decrease) in cash and cash equivalents	(569)
Cash and cash equivalents at beginning of term	2,975
Cash and cash equivalents at end of term	2,405

[For reference]

(1) Summary of Quarterly Balance Sheet (Non-consolidated)

	(million yen)		
	Previous 1Q (as of June 30, 2007)	Current 1Q (as of June 30, 2008)	Previous term end (as of March 31, 2008)
Assets			
Current assets			
Cash and deposits	1,604	1,654	2,342
Accounts receivable-trade	19	12	43
Merchandise	14,450	16,692	16,384
Raw materials	139	220	178
Accounts receivable-other	4,963	5,099	5,036
Other	1,157	1,414	1,652
Total current assets	22,334	25,094	25,638
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	4,372	5,911	4,895
Other	1,357	1,799	1,699
Total property, plant and equipment	5,729	7,711	6,595
Intangible assets	1,849	1,996	2,012
Investments and other assets			
Guarantee deposits	4,951	5,609	5,488
Other	2,696	3,089	2,999
Total investments and other assets	7,648	8,699	8,487
Total noncurrent assets	15,227	18,406	17,095
Total assets	37,561	43,501	42,733

	(million yen)		
	Previous 1Q (as of June 30, 2007)	Current 1Q (as of June 30, 2008)	Previous term end (as of March 31, 2008)
Liabilities			
Current liabilities			
Notes and accounts payable-trade	6,810	6,833	6,937
Short-term loans payable	3,620	10,711	7,067
Income taxes payable	1,626	188	1,778
Provision for bonuses	426	500	820
Other	2,306	2,398	2,850
Total current liabilities	14,790	20,632	19,453
Noncurrent liabilities			
Long-term loans payable	2,711	—	349
Provision for directors' retirement benefits	150	87	150
Other	79	2	7
Total noncurrent liabilities	2,941	89	506
Total liabilities	17,731	20,721	19,960
Net assets			
Shareholders' equity			
Capital stock	3,030	3,030	3,030
Capital surplus	4,095	4,095	4,458
Retained earnings	22,818	16,552	23,782
Treasury stock	(10,117)	(909)	(8,441)
Total shareholders' equity	19,826	22,768	22,829
Valuation and translation adjustments			
Deferred gains or losses on hedges	3	10	(56)
Total valuation and translation adjustments	3	10	(56)
Total net assets	19,830	22,779	22,773
Total liabilities and net assets	37,561	43,501	42,733

(2) Summary of Quarterly Statements of Income (Non-consolidated)

	(million yen)		
	Previous 1Q (From April 1, 2007 to June 30, 2007)	Current 1Q (From April 1, 2008 to June 30, 2008)	Previous fiscal year (From April 1, 2007 to March 31, 2008)
Net sales	15,660	17,954	69,560
Cost of sales	7,003	8,184	34,137
Gross profit	8,657	9,769	35,423
Selling, general and administrative expenses	7,013	8,646	30,686
Operating income	1,643	1,122	4,737
Non-operating income			
Interest income	0	0	6
Other	74	43	241
Total non-operating income	74	43	247
Non-operating expenses			
Interest expenses	17	20	70
Foreign exchange losses	1	18	—
Other	26	3	75
Total non-operating expenses	45	42	145
Ordinary income	1,672	1,123	4,839
Extraordinary income			
Gain on sales of noncurrent assets	2,538	—	2,538
Other	—	—	64
Total extraordinary income	2,538	—	2,602
Extraordinary loss			
Loss on retirement of noncurrent assets	4	26	309
Impairment loss	—	89	404
Other	—	—	72
Total extraordinary loss	4	115	786
Income before income taxes	4,206	1,008	6,655
Income taxes-current	1,580	160	3,204
Income taxes-deferred	144	275	(424)
Total income taxes	1,725	436	2,779
Net income	2,481	571	3,875

(3) Sales summary for the first quarter of fiscal year ending March 2009 (Non-consolidated)

Previous 1Q : 1Q ended June 30, 2007 (from April 1, 2007 to June 30, 2007 for 3 months)

Current 1Q : 1Q ended June 30, 2008 (from April 1, 2008 to June 30, 2008 for 3 months)

1. Total company sales (million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Total company sales	15,660	17,954	2,293	14.6

2. Sales by business (million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
UA	8,169	8,371	202	2.5
GLR	2,950	3,580	629	21.3
CH	798	983	184	23.1
SBU and UA Labs	2,245	2,527	281	12.5
Total Business Units	14,164	15,462	1,298	9.2
Others	1,496	2,491	995	66.5

*1. SBU = Small Business Unit

*2. Sales included in each business unit are those of retail, wholesale, and mail order.

Sales included in other sales are those of outlet stores and special events.

*3. Cath Kidston, which was a UA Label Image Store (stores that improve brand image of purchased and private label products that are sold at UA) until the previous term is now a SBU and UA Lab from this term. Sales in the previous term have been retroactively calculated for UA and SBU and UA Labs.

3. Sales by item (Total business unit) (million yen, %)

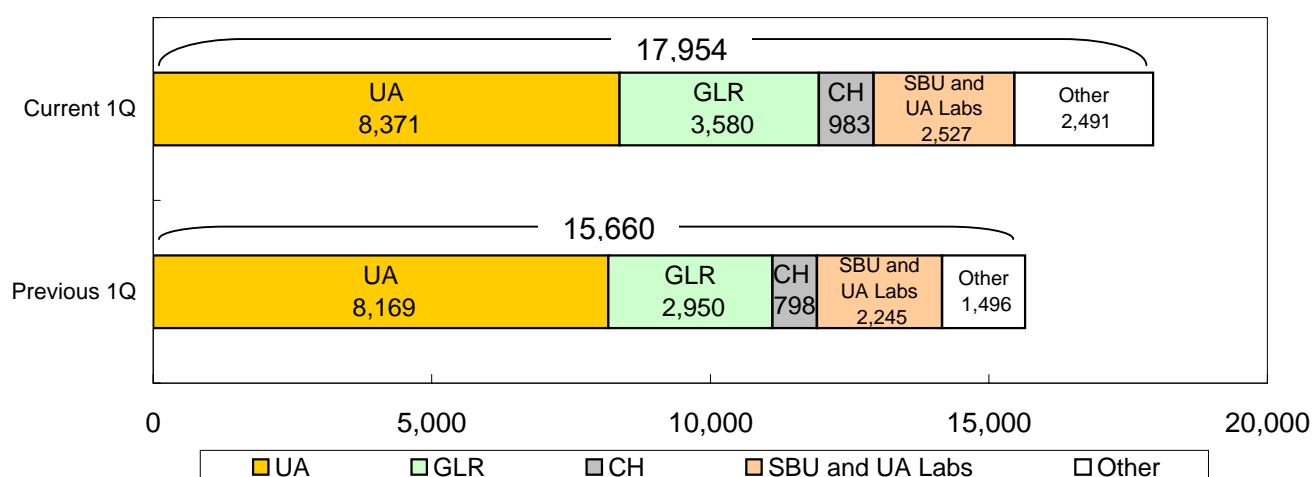
	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Men's	6,032	6,227	195	3.2
Women's	6,352	7,103	750	11.8
Silver & Leather	1,102	1,262	160	14.5
Miscellaneous	677	868	191	28.3

* "Silver & Leather" means silver accessories and leather wear of CHROME HEARTS brand.

4. Sales of existing stores (retail sales, growth ratio YoY) (%)

	Sales	Number of customers	Ave. spending per customer
UA	(11.5)	(11.3)	(0.3)
GLR	0.4	4.4	(3.8)
CH	4.1	(8.1)	13.2
SBU and UA Labs	(11.7)	(13.1)	1.7
Total retail	(8.0)	(6.8)	(1.3)

For reference: Sales by business YoY (million yen)



For reference: Sales by category YoY (million yen)

