February 12, 2008

Summary of Financial Results for the Quarter Ended December 31, 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 December 31, 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.

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

1. Consolidated Business Results of the Quarter Ended December 2008 (from April 1, 2008 to December 31, 2008)

(1)Consolidated Business Performance (aggregate)

(% indicates increase / decrease YoY)

	Net Sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Quarter ended Dec. 31, 2008	59,750	-	4,235	-	4,260	-
Quarter ended Dec. 31, 2007	53,312	18.9	4,993	(20.4)	5,037	(19.5)

	Net income		Net income per share	Net income per share after adjusting dilutive shares
	¥ million	%	Yen	Yen
Quarter ended Dec. 31, 2008	1,953	-	46.29	- -
Quarter ended Dec. 31, 2007	4,144	26.0	98.99	98.34

(Note) For the 3Q of the FYE March 2009, as there are no shares that have dilutive effect, net income per share after adjusting dilutive shares are not indicated.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	yen
Quarter ended Dec. 31, 2008	49,808	23,586	47.4	558.83
Fiscal Year Ended March 2008	43,362	22,711	52.4	538.09

(For reference) Net worth 3Q of FYE March 2009 ¥23,586 million
FYE March 2008 ¥22,711 million

2. Conditions of Dividend Payment

	Dividend per share				
	1Q	2Q	3Q	Term end	Annual
	yen	yen	yen	yen	yen
Term ended March 2008	-	10.00	-	15.00	25.00
Term ended March 2009	-	10.00	-	—	—
Term ended March 2009 (estimate)	—	—	—	15.00	25.00

(Note) Changes made in dividend forecast during this quarter: none

3. Consolidated Earnings Forecast of the Fiscal Year Ending March 2009 (from April 1, 2008 to March 31, 2009)

(% indicates increase / decrease YoY)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	yen
As of Dec. 31, 2008	—	—	—	—	—	—	—	—	—
Full Term	83,028	15.0	4,251	(13.8)	4,254	(15.2)	1,822	(52.0)	42.65

(Note) Changes made in earnings forecast during 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): Yes

Newly added: 1 (COEN Co., LTD) Excluded: -

(2) Simplified accounting procedures and accounting procedures specific to quarterly consolidated financial statements: none

(3) Change in accounting principles, procedures, and disclosures for quarterly consolidated financial statements:

(ⅰ) Changes by a newly issued accounting pronouncement: yes

(ⅱ) Changes other than (3)-(ⅰ): none

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

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

End of 3Q FYE March 2009	42,800,000 stocks
End of FYE March 2008	47,700,000 stocks

(ⅱ) Number of treasury stock

End of 3Q FYE March 2009	591,871 stocks
End of FYE March 2008	5,491,687 stocks

(ⅲ) Average number of stocks during term (six months aggregate, consolidated)

End of 3Q FYE March 2009	42,208,272 stocks
End of 3Q FYE March 2008	41,864,381 stocks

Explanation regarding appropriate use of projected business performance

Effective from the second quarter of the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Standards" (ASBJ Guidance No.14). In addition, the quarterly consolidated financial statements are prepared in accordance with "Regulation for Quarterly Consolidated Financial Statements." 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.

Qualitative Information and Financial Results, etc.

1. Qualitative Information on Consolidated Business Performance

The Japanese economy during the quarter deteriorated as earnings of companies showed signs of decline as production and export fell in due to global recession. Additionally, the operating environment was extremely severe as personal spending slowed down due to concerns of deteriorating of employment situations.

Under these circumstances, our group took initiatives to grow corporate value by carrying out policies and opening stores in accordance with the growth stage of each of our group companies and businesses. We maintain our focus on two initiatives from this quarter: 1) a drastic improvement in profit structure to grow corporate value over the mid-and-long term strategy, and 2) an achievement of this year's budget. With respect to "a drastic improvement in profit structure" we focus on three points as follows.

1) Planning an allocation of office staff to stores for downsizing head office and strengthening sales.

- An Intensity and integration of headquarters in next fiscal year was basically agreed, and ahead of that five percent of personnel out of all business headquarters who have working experience at stores and superior skills in selling were re-assigned to stores to reinforce store sales.

2) Optimizing SCM (supply-chain-management) system and developing production system

- First of all, regarding merchandise we explored and improved the merchandising system by which we can control from merchandising planning to purchasing-process management. Secondly, to implement production system, we reviewed production organization and its roll.

3) Ascertaining unprofitable operations and deciding early withdrawal judgment

- As challenging as current circumstances are, we concentrate our management resources on promising business. Thus, we decided to close Sounds Goods business, which seems difficult to return to the black in the near term.

In order to achieve this year budget, we have a four-pronged strategy.

1) Strengthen sales capability using OJT and increase time spent on customer service by eliminating non-core, ancillary operations at stores.

- We started a weekly business supervising meeting where over 400 issues were discussed to improve sales related operations and put strength in helping our store staff to concentrate on serving customers.

2) Increase number of frequent shopper by utilizing CRM (Customer Relationship Management) system.

- Our house card system (member's card) that went live from August, 2008, provides us with useful customer information. We approached promising customers through direct mail with analysis of the customer data. In some cases, we have got over 50% of response from them.

3) Improve cash conversion by placing right merchandise at right place at right price.

- The ratio of retail price sales to suggested retail price (SRP) sales improved with the higher ratio of sales both at proper price and at bargain price to purchasing goods. First, we had the right amount of inventory at the right time, and changed retail price flexibly. Secondly, we were proactive about clearing through inventories in a controlled manner, using the outlet stores to clear excess inventories.

4) Implement continuous cost control through United Arrows Group.

- Our continuous cost control initiative resulted in 800 million saving during the quarter.

We opened eleven new stores and closed three stores for the UA business; opened one and closed three stores for GLR business; opened eight stores and closed one store for the SBU (small business unit) and UA Labs during the nine months, ending with 140 directly operated stores in total.

Consolidated subsidiary FIGO CO., LTD. opened one new store during the quarter, ending with twelve directly operated stores and saw solid growth in sales and ordinary income compared to the same period in the previous fiscal year.

Consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. opened the first store in August 2008 and the second store in September. Additionally, another subsidiary COEN CO., LTD., started opening stores in October, ending with eight directly operated stores in total.

Year-to-Date Results (nine months aggregate)

As a result, a total consolidated sale for the first nine months was 59,750 million yen, up 12.1% over the comparable period last year. Year-to-date gross margin was 31,645 million yen, 11% higher than the prior year period. Although gross margin for the quarter was 56.2%, 0.6% higher than the prior year period, year-to date gross margin declined by 0.5% to 53.0% due to an increase in share of outlet store sales. Selling, general and administrative expenses was 27,409 million yen, 16.6% higher than the same period last year due to 1) an increase in personnel costs caused by conversion of part-time workers to regular workers carried out in August 2007, 2) an increase in reserve for House Card (members' card) points also started in August 2007, and 3) an increase in rent and depreciation in accordance with new store openings, 4) an expense of incorporation of COEN and at newly opened stores (PERENNIAL and COEN).

As a result, consolidated operating income declined to 4,235 million yen, down 15.2% compared to the same period last year and ordinary income declined 15.4% to 4,260 million yen. Because we disposed of a part of land and property and recognized capital gain of 2,538 million yen as extraordinary income during the first quarter of the previous fiscal year, year-to-date consolidated net income declined 52.9% to 1,953 million yen

2. Qualitative Information on Consolidated Financial Conditions

(Assets)

Current assets increased 4,556 million yen (16.7%) to 31,840 million yen compared to the end of the previous fiscal year. This was because merchandise increased by 2,553 million yen and receivables 1,673 million yen, respectively.

Non-current assets increased 1,889 million yen (11.7%) to 17,967 million yen compared to the end of the previous fiscal year due mainly to an increase of 1,735 million yen in buildings and structures and a 296 million yen increase in guarantee deposits.

(Liabilities)

Current liabilities increased 5,987 million (29.7%) to 26,127 million yen compared to the end of the previous fiscal year. The increase was mainly due to an increase in note and payable (1,492 million yen) and loans payable (6,734 million yen) and was partially offset by a decrease in income tax payable (1,883 million yen) and provision for bonuses (362 million yen).

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

(Net assets)

Total net assets increased 875 million yen (3.9%) to 23,586 million yen compared to the end of the previous fiscal year due to an increase of 1,953 million yen in retained earnings which was partially offset by a payment of dividends of 1,055 million yen. Because 7,531 million yen of treasury stock was retired, capital surplus, retained earnings and treasury stock decreased by 362 million yen, 7,169 million yen, 7,531 million yen (positive), respectively.

3. Qualitative Information on Business Performance Forecasts

The business performance of the company was favorable for the quarter. Thus, there are no changes made in consolidated financial forecasts that were announced on November 4, 2008.

4. Others

(1) We established an associated company (consolidated subsidiary) on May 20, 2008. The main business is planning and selling men’s and women’s clothing and accessories.

<Name> COEN CO., LTD.	<Address> Minato-ku, Tokyo
<Capital stock> 100 million yen	<Main business> Planning and selling men’s and women’s clothing and accessories
<Ratio of total shares and outstanding> 100%	<Relationship> 3 concurrent directors

(2) Application of Simplified Accounting Treatment and Special Accounting Treatment in Preparing Quarterly Consolidated Financial Statements: none

(3) Changes in Accounting Principles, Procedures and Presentation Methods in Preparation of Quarterly Consolidated Financial Statements.

Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Standards” (ASBJ Guidance No.14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

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

(million yen)

	3Q results (as of December 31, 2008)	Summary of balance sheet of previous fiscal year (as of March 31, 2008)
Assets		
Current assets		
Cash and deposits	3,642	3,113
Accounts receivable-trade	239	287
Merchandise	19,417	16,863
Raw materials	251	180
Accounts receivable-other	6,834	5,114
Other	1,458	1,728
Allowance for doubtful accounts	(4)	(3)
Total current assets	31,840	27,283
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,723	4,988
Other	1,855	1,750
Total property, plant and equipment	8,579	6,739
Intangible assets		
Goodwill	558	797
Other	2,146	2,140
Total intangible assets	2,705	2,938
Investments and other assets		
Guarantee deposits	5,889	5,593
Other	794	807
Total investments and other assets	6,683	6,400
Total noncurrent assets	17,967	16,078
Total assets	49,808	43,362

(million yen)

	3Q results (as of December 31, 2008)	Summary of balance sheet of previous fiscal year (as of March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,800	7,308
Short-term loans payable	13,801	7,067
Income taxes payable	52	1,936
Provision for bonuses	490	852
Other	2,983	2,976
Total current liabilities	26,127	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	26,221	20,650
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,458
Retained earnings	17,450	23,721
Treasury stock	(909)	(8,441)
Total shareholders' equity	23,666	22,768
Valuation and translation adjustments		
Deferred gains or losses on hedges	(79)	(56)
Total valuation and translation adjustments	(79)	(56)
Total net assets	23,586	22,711
Total liabilities and net assets	49,808	43,362

(2) Quarterly Statements of Income (Consolidated)
Third Quarter (9 months aggregate)

(million yen)

	3Q (9 months aggregate) (From April 1, 2008 to December 31, 2008)
Net sales	59,750
Cost of sales	28,105
Gross profit	31,645
Selling, general and administrative expenses	27,409
Operating income	4,235
Non-operating income	
Interest income	3
Foreign exchange gains	22
Purchase discounts	24
Other	61
Total non-operating income	111
Non-operating expenses	
Interest expenses	72
Other	14
Total non-operating expenses	87
Ordinary income	4,260
Extraordinary income	
Total extraordinary income	0
Extraordinary loss	
Loss on retirement of noncurrent assets	98
Impairment loss	212
Total extraordinary loss	312
Income before income taxes	3,948
Income taxes-current	1,647
Income taxes-deferred	346
Total income taxes	1,994
Net income	1,953

(3) Quarterly Statements of Cash Flows (Consolidated)

(million yen)

	3Q (9 months aggregate) (From April 1, 2008 to December 31, 2008)
Cash flows from operating activities	
Income before income taxes	3,948
Depreciation	910
Depreciation of intangible assets	206
Amortization of long-term prepaid expenses	65
Impairment loss	212
Amortization of goodwill	239
Increase (decrease) in provision for bonuses	(362)
Increase (decrease) in reserve for retirement benefits for directo	(63)
Interest and dividends income	(3)
Interest expenses	72
Loss of retirement of property, plant and equipment	14
Loss of retirement of intangible assets	12
Increase in accounts receivable	(1,549)
Increase in inventories	(2,625)
Increase in other current assets	(46)
Increase in purchase liabilities	1,491
Increase (decrease) in other current liabilities	122
Increase (decrease) in other noncurrent liabilities	(5)
Subtotal	2,641
Interest and dividends income received	3
Interest expenses paid	(72)
Income taxed paid	(3,661)
Net cash provided by operating activities	(1,089)
Cash flows from investment activities	
Payments into time deposits	(9)
Purchase of property, plant and equipment	(3,110)
Purchase of intangible assets	(278)
Purchase of long-term prepaid expenses	(122)
Payment for guarantee deposits	(296)
Net cash provided by investment activities	(3,816)

(million yen)

	3Q (9 months aggregate) (From April 1, 2008 to December 31, 2008)
Cash flows from financing activities	
Net increase/ net decrease in short-term loans payable	9,080
Repayment of long-term loans payable	(2,695)
Purchase of treasury stock	(0)
Cash dividends paid	(959)
Net cash provided by financing activities	5,425
Effect of exchange rate change on cash and cash equivalents	—
Increase (decrease) in cash and cash equivalents	519
Cash and cash equivalents at beginning of term	2,975
Cash and cash equivalents at end of term	3,495

Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statements No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

(4) Going Concern Assumptions

3QFY3/09(April 1, 2008 - December 31, 2008)
No reportable information.

(5) Significant Changes in Shareholders' Equity

The Company retired 4,900,000 shares of its treasury stock, effective May 30, 2008, in accordance with Article 178 of the Company Law
As a result, capital surplus, retained earnings and treasury stock declined to 4,095 million yen, 17,450 million yen and 909 million yen, respectively