
**Summary of Financial Conditions and Business Results
for the First Quarter of the Fiscal Year Ending March 31, 2010*
(Consolidated)**

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
Contact:	Takeo Sudo, Department Manager, Finance & Accounting Department
Telephone:	+81-3-5785-6325
Scheduled reporting date:	August 14, 2009

*This is an English translation of “Kessan-tanshin” for the first quarter of the fiscal year ending March 2010. 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 First Quarter for the Fiscal Year Ending March 2010 (from April 1, 2009 to June 30, 2009)

(1) Consolidated Business Performance (aggregate)

(% indicates increase/decrease YoY)

	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
1Q FYE March 2010	19,080	2.0	1,416	27.4	1,423	29.4
1Q FYE March 2009	18,698	-	1,111	-	1,099	-

	Quarterly net income		Quarterly net income per share	Quarterly net income per share after adjusting dilutive shares
	¥ million	%		
1Q FYE March 2010	668	38.3	15.83	-
1Q FYE March 2009	483	-	11.45	-

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	yen
1Q FYE March 2010	46,728	23,011	49.2	545.20
FYE March 2009	43,821	23,004	49.1	545.02

(Reference) Net worth

1Q FYE March 2010: ¥23,001 million, FYE March 2009: ¥23,004 million

2. Conditions of Dividend Payment

	Dividend per share				
	yen	yen	yen	yen	yen
FYE March 2009	-	10.0	-	15.0	25.0
FYE March 2010	-				
FYE March 2010 (est)		10.0	-	15.0	25.0

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

3. Projected Consolidated Business Performance of the Fiscal Year Ending March 2010 (From April 1, 2009 to March 31, 2010)

(% indicates increase/decrease YoY)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	yen
2Q FYE March 2010	38,471	4.9	1,170	36.9	1,079	25.0	359	116.7	8.41
FYE March 2010	82,644	3.7	4,478	3.7	4,300	0.4	1,943	52.5	45.48

*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

Newly added: -

Excluded: -

(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)

1Q FYE March 2010	42,800,000 stocks
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FYE March 2009	42,800,000 stocks
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2. Number of treasury stocks

1Q FYE March 2010	591,956 stocks
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FYE March 2009	591,871 stocks
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3. Average number of stocks during the quarter (aggregate)

1Q FYE March 2010	42,208,098 stocks
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FYE March 2009	42,208,313 stocks
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*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.

Qualitative Information, Financial Results, etc.

1. Qualitative Information on Consolidated Business Performance

There are signs of recovery in export and manufacturing; global inventory level is declining and economy in Asia is regaining strength. However, the Japanese economy during this quarter continued to be severe, influenced by the global financial crisis and lingering recession. Consumers are cutting down and spending less as uncertainty about the future remains as corporate earnings have declined and employment situations have deteriorated.

The operating environment in the retail industry, in such sectors as apparel to which UNITED ARROWS Group belongs, continued to be sluggish as consumer spending was weak as can be seen in weak sales in luxury items. 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.

The UNITED ARROWS Group is transforming into a group that can improve profitability without necessary increasing sales, and our priority management policy is to quickly improve earnings. We are pursuing 4 key challenges as follows;

- 1) Generate higher gross profits by controlling product procurement and inventory reduction
- 2) Optimize the entire value chain by reviewing business processes for all business activities
- 3) Optimize HR system by reviewing headquarter and business head office business processes
- 4) Achieve optimal allocation of business resources by establishing a business management control cycle

For 1), we used the product planning platform to improve important business indicators such as gross margin, buying cost ratio, final sales rates at regular stores, etc. For 2), we reviewed each business process of product planning, production, distribution, accounting, human resources, etc. For 3), we reviewed the area and frequency of each business process of all divisions in our headquarters, and qualified necessary and unnecessary operation to identify optimal headcount. For 4), we examined and decided a control cycle to improve accuracy of annual budget planning and mid-term business strategies. We also decided investment decision processes to review effectiveness and accuracy of return in investments.

In this quarter, 2 stores were opened (became independent stores from annex stores) in the UNITED ARROWS business and 1 store was opened in SBU and UA Lab. As a result, total number of stores has increased to 141 stores as of end of June 30, 2009.

In this quarter, consolidated subsidiary FIGO CO., LTD. continued to operate 12 directly operated stores.

Consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. opened 2 stores, and total number of stores increased to 4 stores as of June 30, 2009.

Consolidated subsidiary COEN CO., LTD. opened 7 stores in this quarter, and total number of stores has increased up to 23 stores as of end of the quarter.

As a result, net consolidated sales for this quarter was ¥19,080 million, 2.0% increase compared to the same quarter in the previous term. Gross margin at regular stores declined as sales of markdown items increased. On the other hand, gross margin at outlet stores improved as sales of items sent to outlet stores in the current season sold well. As a result, gross margin improved by 0.7% compared to the same quarter in the previous term to 55.1% and gross profit increased by 3.3% to ¥10,510 million. Advertisement expenses and supplies expenses declined, but selling, general and administrative expenses increased by 0.4% to

¥9,093 million compared to the same quarter in the previous term. However, this increase was lower than the growth of sales.

As a result, compared to the same quarter in the previous term, consolidated operating income increased by 27.4% to ¥1,416 million and ordinary income increased by 29.4% to ¥1,423 million. Net quarterly income increased by 38.3% to ¥668 million, which was in line with our projections. However, as consumer spending continues to be weak and the outlook of the economy is uncertain, we will continue to make efforts to improve profitability.

(2) Qualitative Information on Consolidated Financial Conditions

- Assets

Current assets increased by ¥94 million, or 0.3% to ¥29,365 million compared to the previous term end. This was because cash and cash equivalents increased by ¥411 million while receivables of ¥144 million and merchandise of ¥355 million decreased.

Noncurrent assets increased by ¥1 million, or 0.0% to ¥17,362 million compared to the previous term end. This was because buildings and structures of ¥51 million and guarantee deposits of ¥62 million increased while tangible non-current assets of ¥35 million and intangible non-current assets of ¥78 million declined.

- Liabilities

Current liabilities increased by ¥306 million, or 1.5% to ¥20,160 million compared to the previous term end. This was because short-term loans payable of ¥1,805 million and income taxes payable of ¥241 million increased while notes and accounts payable of ¥1,364 million and provision for bonuses of ¥365 million decreased.

Noncurrent liabilities decreased by ¥406 million or 10.3% to ¥3,555 million. This was due to decrease in long-term loans payable by ¥408 million.

- Net assets

Total net assets increased to by ¥7 million, or 0.0% to ¥23,011 million compared to the previous term end. This was because retained earnings increased by ¥34 million and deferred gains or losses on hedges decreased by ¥27 million.

(3) Qualitative Information on Consolidated Business Performance Forecasts

The business performance of the company is in line with our initial projections, thus there are no changes made in consolidated financial forecasts that were announced on May 12, 2009.

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

	(million yen)	
	Current 1Q results (as of June 30, 2009)	Summary of balance sheet of previous fiscal year (as of March 31, 2009)
Assets		
Current assets		
Cash and deposits	3,884	3,472
Accounts receivable-trade	157	301
Merchandise	18,145	18,501
Supplies	190	180
Accounts receivable-other	5,405	5,293
Other	1,612	1,742
Allowance for doubtful accounts	(30)	(32)
Total current assets	29,365	29,460
Noncurrent assets		
Buildings and structures	6,135	6,083
Other	1,670	1,705
Total property, plant and equipment	7,805	7,789
Intangible noncurrent assets		
Goodwill	398	478
Other	2,113	2,112
Total intangible assets	2,512	2,590
Investments and other assets		
Guarantee deposits	6,085	6,022
Other	963	957
Allowance for doubtful accounts	(4)	—
Total investments and other assets	7,044	6,980
Total noncurrent assets	17,362	17,360
Total assets	46,728	46,821

	(million yen)	
	Current 1Q results (as of June 30, 2009)	Summary of balance sheet of previous fiscal year (as of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,709	8,073
Short-term loans payable	7,855	6,050
Income taxes payable	1,632	1,981
Provision for bonuses	595	353
Other	491	856
Total current liabilities	2,877	2,539
Noncurrent liabilities	20,160	19,854
Long-term loans payable	3,460	3,868
Provision for directors' retirement benefits	91	91
Other	4	2
Total noncurrent liabilities	3,555	3,962
Total liabilities	23,716	23,816
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	16,805	16,771
Treasury stock	(909)	(909)
Total shareholders' equity	23,021	22,987
Valuation and translation adjustments		
Deferred gains or losses on hedges	(10)	17
Total valuation and translation adjustments	(10)	17
Total net assets	23,011	23,004
Total liabilities and net assets	46,728	46,821

(2) Quarterly Statements of Income (Consolidated)

First Quarter (3 months aggregate)

	(million yen)	
	Current 1Q (3 months aggregate) (From April 1, 2009 to June 30, 2009)	Previous 1Q (3 months aggregate) (From April 1, 2008 to June 30, 2008)
Net sales	18,698	19,080
Cost of sales	8,527	8,569
Gross profit	10,170	10,510
Selling, general and administrative expenses	9,058	9,093
Operating income	1,111	1,416
Non-operating income		
Interest income	0	0
Purchase discounts	8	7
Other	27	42
Total non-operating income	35	50
Non-operating expenses		
Interest expenses	21	39
Foreign exchange losses	23	—
Other	3	4
Total non-operating expenses	48	43
Ordinary income	1,099	1,423
Extraordinary income		
Provision for for loan loss reverse	0	—
Total extraordinary income	0	—
Extraordinary loss		
Loss on retirement of noncurrent assets	26	6
Impairment loss	89	10
Total extraordinary loss	115	16
Income before income taxes	984	1,406
Income taxes-current	210	561
Income taxes-deferred	291	176
Total income taxes	501	738
Net income	483	668

(3) Quarterly Statements of Cash Flows (Consolidated)

	(million yen)	
	Current 1Q (3 months aggregate) (From April 1, 2009 to June 30, 2009)	Previous 1Q (3 months aggregate) (From April 1, 2008 to June 30, 2008)
Cash flows from operating activities		
Income before income taxes	984	1,406
Depreciation	285	284
Depreciation of intangible assets	68	73
Amortization of long-term prepaid expenses	22	19
Impairment loss	89	10
Amortization of goodwill	79	79
Increase (decrease) in provision for bonuses	(331)	(365)
Increase (decrease) in reserve for retirement benefits for directors	(63)	—
Increase (decrease) in allowance for doubtful accounts	(0)	3
Interest and dividends income	(0)	(0)
Interest expenses	21	39
Loss of retirement of property, plant and equipment	10	0
Increase in notes receivable	(24)	(11)
Increase in inventories	(397)	345
Increase in other current assets	(8)	4
Increase in purchase liabilities	(28)	(1,364)
Increase (decrease) in other current liabilities	(201)	133
Increase (decrease) in other noncurrent liabilities	(5)	1
Subtotal	499	662
Interest and dividends income received	0	0
Interest expenses paid	(19)	(30)
Income taxed paid	(1,929)	(360)
Net cash provided by operating activities	(1,449)	272
Cash flows from investment activities		
Payments into time deposits	(3)	(3)
Payments for equity of affiliated company	(100)	—
Payments for purchase of investment securities	—	(4)
Purchase of property, plant and equipment	(1,726)	(257)
Purchase of intangible assets	(122)	(57)
Purchase of long-term prepaid expenses	(54)	(40)
Payment for guarantee deposits	(121)	(62)
Net cash provided by investment activities	(2,126)	(426)

Summary of Financial Conditions and Business Results for the 1Q FYE March 2010

	(million yen)	
	Current 1Q (3 months aggregate) (From April 1, 2009 to June 30, 2009)	Previous 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	1,805
Repayment of long-term loans payable	(905)	(757)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(488)	(486)
Net cash provided by financing activities	3,006	561
Effect of exchange rate change on cash and cash equivalents	—	—
Increase (decrease) in cash and cash equivalents	(569)	408
Cash and cash equivalents at beginning of term	2,975	3,322
Cash and cash equivalents at end of term	2,405	3,730

[For reference]

Summary of Financial Results (Non-consolidated)**(1) Summary of Quarterly Balance Sheet (Non-consolidated)**

	(million yen)	
	Current 1Q (as of June 30, 2009)	Previous term end (as of March 31, 2009)
Assets		
Current assets		
Cash and deposits	2,692	2,376
Accounts receivable-trade	13	44
Merchandise	17,056	17,624
Supplies	175	168
Accounts receivable-other	5,179	5,125
Other	2,753	2,557
Allowance for doubtful accounts	(27)	(28)
Total current assets	27,843	27,868
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,491	5,566
Other	1,568	1,622
Total property, plant and equipment	7,059	7,188
Intangible assets	1,991	1,991
Investments and other assets		
Guarantee deposits	5,581	5,623
Other	3,226	3,229
Accounts receivable-other	(4)	—
Total investments and other assets	8,803	8,852
Total noncurrent assets	17,854	18,032
Total assets	45,697	45,901

	(million yen)	
	Current 1Q (as of June 30, 2009)	Previous term end (as of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,820	7,376
Short-term loans payable	6,850	5,200
Current portion of long-term loans payable	1,632	1,981
Income taxes payable	560	230
Provision for bonuses	446	811
Other	2,651	2,478
Total current liabilities	17,961	18,077
Noncurrent liabilities		
Long-term loans payable	3,460	3,868
Provision for directors' retirement benefits	87	87
Other	4	2
Total noncurrent liabilities	3,551	3,958
Total liabilities	21,513	22,035
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	17,978	17,632
Treasury stock	(909)	(909)
Total shareholders' equity	24,194	23,848
Valuation and translation adjustments		
Deferred gains or losses on hedges	(10)	17
Total valuation and translation adjustments	(10)	17
Total net assets	24,184	23,865
Total liabilities and net assets	45,697	45,901

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

	(million yen)	
	Current 1Q (From April 1, 2009 to June 30, 2009)	Previous fiscal year (From April 1, 2008 to March 31, 2009)
Net sales	18,151	76,582
Cost of sales	8,159	37,616
Gross profit	9,992	38,965
Selling, general and administrative expenses	8,315	34,127
Operating income	1,676	4,838
Non-operating income		
Interest income	1	5
Foreign exchange gain	14	—
Other	46	202
Total non-operating income	62	208
Non-operating expenses		
Interest expenses	38	92
Foreign exchange losses	—	27
Other	4	59
Total non-operating expenses	42	180
Ordinary income	1,697	4,866
Extraordinary losses		
Loss on retirement of noncurrent assets	6	200
Impairment loss	10	1,018
Other	—	0
Total extraordinary loss	16	1,219
Income before income taxes	1,680	3,646
Income taxes-current	526	1,775
Income taxes-deferred	175	(203)
Total income taxes	701	1,572
Net income	979	2,074

[For reference]

Sales summary for the first quarter of fiscal year ending March 2010 (Non-consolidated)

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

Current 1Q : 1Q ended June 30, 2009 (from April 1, 2009 to June 30, 2009 for 3 months)

1. Total company sales (million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Total company sales	17,954	18,151	197	1.1

2. Sales by business (million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
UA	8,420	8,202	(218)	(2.6)
GLR	3,580	3,482	(98)	(2.7)
CH	983	969	(13)	(1.4)
SBU and UA Labs	2,478	2,648	170	6.9
Total Business Units	15,462	15,302	(159)	(1.0)
Others	2,491	2,849	357	14.4

*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. Liquor, woman&tears, which was a SBU and UA Lab until the previous term is a UA Label Image Store

from this term. Sales of UA Label Image Stores are included in sales of UNITED ARROWS business.

Sales in the previous quarter have been retroactively calculated.

3. Same store sales (YoY)**(1) Retail and Online** (%)

	Sales	Number of customers	Ave. spending per customer
UA	(6.0)	(5.2)	(2.8)
GLR	(2.2)	1.2	(7.3)
CH	(3.6)	2.2	(5.7)
SBU and UA Labs	0.3	1.1	(7.6)
Total Retail & Online	(3.9)	(2.0)	(5.0)

*Number of customers and average spending per customer is calculated from retail sales.

(2) Retail (%)

	Sales	Number of customers	Ave. spending per customer
UA	(7.9)	(5.2)	(2.8)
GLR	(6.2)	1.2	(7.3)
CH	(3.6)	2.2	(5.7)
SBU and UA Labs	(6.5)	1.1	(7.6)
Total Retail	(7.0)	(2.0)	(5.0)

(3) Online (%)

	Sales	Number of customers	Ave. spending per customer
UA	25.8	-	-
GLR	46.4	-	-
CH	-	-	-
SBU and UA Labs	48.5	-	-
Total Online	38.0	-	-

4. Sales by item (Total business units)

(1) Total company

(million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Men's	6,227	5,769	(457)	(7.3)
Women's	7,104	7,187	82	1.2
Silver & Leather	1,262	1,275	13	1.0
Miscellaneous	868	1,070	201	23.2
Total Business Units	15,462	15,302	(159)	(1.0)

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

(2) UNITED ARROWS business

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Men's	4,418	4,053	(365)	(8.3)
Women's	3,382	3,380	(1)	(0.0)
Silver & Leather	278	305	26	9.7
Miscellaneous	340	461	121	35.6
Total UA business	8,420	8,202	(218)	(2.6)

(3) green label relaxing business

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Men's	1,605	1,527	(78)	(4.9)
Women's	1,598	1,567	(31)	(2.0)
Miscellaneous	376	387	11	3.0
Total GLR business	3,580	3,482	(98)	(2.7)

(4) CHROME HEARTS business

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Silver & Leather	983	969	(13)	(1.4)
Total CH business	983	969	(13)	(1.4)

(5) SBUs and UA Labs

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Men's	202	188	(14)	(6.9)
Women's	2,123	2,238	115	5.4
Silver & Leather	-	0	-	-
Miscellaneous	151	220	69	45.6
Total SBUs and UA Labs	2,478	2,648	170	6.9

5. Sales by area (Total business units)

(1) Total company

(million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Hokkaido/Tohoku area	683	584	(98)	(14.5)
Kanto area (excluding Tokyo)	2,303	2,288	(14)	(0.6)
Tokyo area	6,766	6,318	(448)	(6.6)
Koushinetsu/Hokuriku/Tokai area	1,262	1,234	(28)	(2.2)
Kansai area	2,119	2,025	(94)	(4.4)
Chugoku/Shikoku/Kyushu area	1,221	1,286	64	5.3
Wholesale/Mail order	1,105	1,564	458	41.5
Total Business Units	15,462	15,302	(159)	(1.0)

(2) UNITED ARROWS business

(million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Hokkaido/Tohoku area	408	344	(63)	(15.6)
Kanto area (excluding Tokyo)	1,155	1,168	12	1.1
Tokyo area	3,879	3,617	(262)	(6.8)
Koushinetsu/Hokuriku/Tokai area	562	550	(11)	(2.0)
Kansai area	1,355	1,201	(154)	(11.4)
Chugoku/Shikoku/Kyushu area	589	687	97	16.6
Wholesale/Mail order	469	631	162	34.6
Total UA business	8,420	8,202	(218)	(2.6)

(3) green label relaxing business

(million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Hokkaido/Tohoku area	213	171	(42)	(19.7)
Kanto area (excluding Tokyo)	1,018	985	(33)	(3.3)
Tokyo area	982	915	(67)	(6.9)
Koushinetsu/Hokuriku/Tokai area	319	301	(18)	(5.8)
Kansai area	348	324	(24)	(6.9)
Chugoku/Shikoku/Kyushu area	430	391	(38)	(8.9)
Wholesale/Mail order	267	393	125	46.8
Total GLR business	3,580	3,482	(98)	(2.7)

(4) CHROME HEARTS business

(million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Hokkaido/Tohoku area	-	-	-	-
Kanto area (excluding Tokyo)	-	-	-	-
Tokyo area	567	544	(23)	(4.1)
Koushinetsu/Hokuriku/Tokai area	117	145	28	23.9
Kansai area	257	230	(26)	(10.2)
Chugoku/Shikoku/Kyushu area	40	48	7	18.0
Wholesale/Mail order	-	-	-	-
Total CH business	983	969	(13)	(1.4)

(5) SBUs and UA Labs

(million yen, %)

	Previous 1Q (A)	Current 1Q (B)	(B)-(A)	Growth ratio
Hokkaido/Tohoku area	61	68	7	11.5
Kanto area (excluding Tokyo)	129	135	5	4.5
Tokyo area	1,336	1,241	(95)	(7.1)
Koushinetsu/Hokuriku/Tokai area	262	236	(26)	(9.9)
Kansai area	158	269	110	69.5
Chugoku/Shikoku/Kyushu area	161	159	(2)	(1.2)
Wholesale/Mail order	367	538	170	46.5
Total SBUs and UA Labs	2,478	2,648	170	6.9