



Fiscal Year Ending March 2008
Third Quarter
Earnings Announcement

UNITED ARROWS LTD.



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In this material, a fractional sum less than one million yen is rounded down and percentage is calculated from raw data.

[Cautionary statement]

Business performance forecasts and objective views stated in this material are based on decisions made from information that UNITED ARROWS LTD. could obtain at present, and therefore include risks and uncertainty. Thus, please refrain from making investment decisions fully depending on this material. Please bear in mind that actual business performance can change largely depending on worldwide economy, market conditions, currency fluctuation.

[Indication of business in this material]

Abbreviation of each business, structure of business are as below;

Main business;	UNITED ARROWS: UA, green label relaxing: GLR, CHROME HEARTS: CH
Small Business Units (S.B.U.);	Another Edition: AE, Jewel Changes : JC, Odette é Odile UNITED ARROWS: OEO, DRAWER: DRW, DARJEELING DAYS: DD, Disney Loved By Nature for UNITED ARROWS: DLN, SOUNDS GOOD: SG
UA Labs;	TOKISHIRAZU: TSZ, Liquor,woman&tears: LWT



Summary of 3Q Results

1. P/L Overview (Consolidated/Non-consolidated)

- Consolidated Total Sales: 118.9% YoY, Recurring Profit: 80.5% YoY, Net Income: 126.0% YoY
- Net income of 3Q has already reached term end forecast (¥4,098 million) but the following will be posted in 4Q:
 - 1) loss from PERENNIAL UNITED ARROWS due to consolidation
 - 2) extraordinary loss from restructuring small store brands (as previously announced).

(¥million)

	Consolidated Results (FYE March 2008 3Q)				<cf> Consolidated 3Q YoY		cf: Non-consolidated Results (FYE March 2008 3Q)				<cf> Non-consolidated 3Q YoY	
	Composition		YoY +/-		Results	Composition	Composition		YoY +/-		Results	Composition
	Results			YoY			Results		YoY	YoY		
Total Sales	53,312	100.0%	8,459	118.9%	44,852	100.0%	51,304	100.0%	8,241	119.1%	43,062	100.0%
Gross Profit	28,509	53.5%	3,264	112.9%	25,244	56.3%	27,413	53.4%	3,181	113.1%	24,231	56.3%
SGA Expenses	23,515	44.1%	4,541	123.9%	18,973	42.3%	22,640	44.1%	4,481	124.7%	18,159	42.2%
Operating Profit	4,993	9.4%	▲ 1,277	79.6%	6,270	14.0%	4,773	9.3%	▲ 1,299	78.6%	6,072	14.1%
Non Op. P/L	44	0.1%	59	-	▲ 15	0.0%	57	0.1%	58	-	▲ 1	0.0%
Recurring Profit	5,037	9.4%	▲ 1,217	80.5%	6,255	13.9%	4,830	9.4%	▲ 1,240	79.6%	6,071	14.1%
Extraordinary P/L	2,219	4.2%	2,703	-	▲ 484	-1.1%	2,231	4.3%	2,688	-	▲ 456	-1.1%
Net Income	4,144	7.8%	856	126.0%	3,287	7.3%	4,132	8.1%	849	125.9%	3,282	7.6%



2. Sales Overview (Consolidated/Non-consolidated, 9 months aggregate)

- Total consolidated sales reached ¥53,312 million, 118.9% YoY
- Non-consolidated sales reached ¥51,304 million (119.1% YoY), 99.9% of forecast
- Aggregate existing store sales were 102.3%

	FYE March 2008 3Q					(¥million)	
	Results	YoY +/-		vs Revised Forecast +/-		<cf> Previous 3Q	Revised Forecast
			YoY		vs Revised Forecast		
Consolidated Total Sales	53,312	8,459	118.9%	-	-	44,852	-
Non-consolidated Total Sales	51,304	8,241	119.1%	▲ 29	99.9%	43,062	51,334
Business Unit Total	45,847	6,463	116.4%	▲ 339	99.3%	39,383	46,186
UA business	26,509	2,823	111.9%	▲ 407	98.5%	23,685	26,917
GLR business	9,543	1,024	112.0%	36	100.4%	8,518	9,507
CH business	2,642	269	111.4%	58	102.3%	2,372	2,584
S.B.U. and UA Labs	7,152	2,345	148.8%	▲ 25	99.6%	4,806	7,178
Outlet	5,456	1,777	148.3%	309	106.0%	3,679	5,147
Existing Stores	102.3%					99.5%	
UA existing	102.0%					99.8%	
GLR existing	96.3%					96.0%	
CH existing	110.6%					97.7%	
S.B.U. and UA Labs existing	110.6%					108.2%	



3. B/S Overview (Consolidated/Non-consolidated)

• Total consolidated assets were ¥46,463 million, 119.3% YoY. Total non-consolidated assets were ¥45,699 million, 119.0% YoY.

• Major increases/decreases in the consolidated B/S (YoY)

Current Assets: increase in inventory assets by ¥3.9 billion, increase in receivables by ¥1.0 billion

Fixed Assets: increase in tangible fixed assets by ¥700 million, increase in intangible fixed assets (guarantee money deposited, etc.) by ¥1.0 billion

Current Liabilities: increase in accounts payable by ¥1.0 billion, increase in short term borrowings by ¥2.8 billion, increase in income taxes payable by ¥800 million

Fixed Liabilities: decline in long term borrowings by ¥3.6 billion

	Consolidated Results (FYE March 2008 3Q)			<cf> Consolidated 3Q YoY	cf: Non-consolidated Results (FYE March 2008 3Q)			<cf> Non-consolidated 3Q YoY	
	Composition	YoY +/-			Composition	YoY +/-			Composition
	Results		YoY		Results		YoY		Results
Total Assets	100.0%	46,463	7,528 119.3%	100.0%	38,935	45,699	7,286 119.0%	100.0%	38,413
Current Assets	65.2%	30,278	5,774 123.6%	62.9%	24,503	28,620	5,427 123.4%	60.4%	23,192
Fixed Assets	34.8%	16,185	1,753 112.1%	37.1%	14,431	17,079	1,858 112.2%	39.6%	15,220
Current Liabilities	47.9%	22,261	5,488 132.7%	43.1%	16,772	21,526	5,224 132.0%	42.4%	16,302
Fixed Liabilities	2.3%	1,082	▲ 3,664 22.8%	12.2%	4,747	1,078	▲ 3,664 22.7%	12.3%	4,742
Net Assets	49.8%	23,119	5,704 132.8%	44.7%	17,415	23,094	5,725 133.0%	45.2%	17,368

(¥million)



4. Plans of Store Openings (Removal)/Transfer/Extension (Non-consolidated)

Store openings for FYE

March 2008 (est)

- new stores 34
- removal 10
- term end stores 128
(133 stores as of 3Q end)

Changes from interim earnings announcement

- BY: 1 new store added
- UA Label Image Store:
1 new store opening cancelled
(extend floor space instead)
- CH : 1 new store added
- GLR New Store Type:
postpone removal of 3 stores
to next 1H

There are possibilities that removal of stores will be postponed to the first half of the next fiscal year.

◆ Number of new stores by retail business

		Beginning of term	New stores (est)		Removal	Term end (est)	Difference between initial forecast					
			Full term	1H			2H	New stores (est)		Removal	Term end (est)	
							Full term	1H	2H			
Total		104	34	21	13	10	128	-1	-1	9	-10	
Core	UA Biz. Total	31	9	6	3	2	38			2	-2	
	Existing UA	19				2	17			2	-2	
	UA Label Image Store	5	4	3	1		9					
	New UA	4	4	2	2		8	1		1	1	
	B&Y	3	1	1			4	-1		-1	-1	
Biz.	GLR Biz. Total	32	9	5	4	2	39	1	3	-2	2	-1
	GLR	27	9	5	4		36	1	3	-2		1
	GLR New Store Type	5				2	3				2	-2
CH	3	2		2		5	1		1		1	
S.B.U. and UA Labs Total		38	14	10	4	6	46	-3	-4	1	5	-8
S.B.U. and UA Labs	Another Edition	11	2	1	1		13		-1	1		
	Jewel Changes	3	2	1	1		5	-1	-2	1		-1
	Odette é Odile	11	5	4	1		16	-1	-1			-1
	DRAWER	4					4	-1	-1			-1
UA Labs	DARJEELING DAYS	4				4					4	-4
	Disney Loved By Nature for UA	2				1	1	-1		-1	1	-2
	SOUNDS GOOD		2	1	1		2					
UA Labs	TOKISHIRAZU	2	3	3		1	4	1	1			1
	Liquor, woman& tears	1					1					

* UA Label Image Store = (THE SOVEREIGN HOUSE: 1, District UNITED ARROWS: 1, Cath Kidston: 1)

* As large extensions and refurbishments are decreasing, the number of refurbished stores are not stated.

Changes of store openings from initial forecasts have been stated instead.



For reference: Details of store openings/transfer/extension

Details of 1H

◆ Details of store openings, transfer, extensions in the 1H

Form	Biz	Business unit	Outline	Timing	Store name	Name of facility	Space (m ²)	Opening day
New Store	UA	New UA	new	Apr	MARUNOUCHI	SHIN-MARUNOUCHI BUILDING	total space 536.9	27-Apr-07
			new	Sep	GINZA	MARRONNIER GATE	total space 780.5	1-Sep-07
			new	Sep	ROPPONGI MEN'S STORE	ROPPONGI HILLS	total space approx. 429.0	7-Sep-07
		B&Y	new	Aug	SHIBUYA CAT STREET	former Changes UA	total space 379.2	17-Aug-07
			new	Sep	MACHIDA	LUMINE MACHIDA	total space approx. 429.0	10-Sep-07
	Label Image Store	new	Sep	Cath Kidston Nagoya	Lachic	total space approx. 92.4	7-Sep-07	
	GLR	GLR General Store	new	Sep	hoshigaoka	Hoshigaoka Terrace	total space 383.5	7-Sep-07
			new	Sep	ueno	atré Ueno	total space 263.3	4-Sep-07
			new	Sep	hiroshima	pacela	total space 330.0	12-Sep-07
			new	Sep	kagoshima	AMU PLAZA KAGOSHIMA	total space approx. 297.0	7-Sep-07
			new	Sep	nagasaki	AMU PLAZA NAGASAKI	total space approx. 198.0	14-Sep-07
	S.B.U. and UA Labs	Another Edition	new	Sep	Shinsaibashi	SHINSAIBASHI OPA KIREIKAN	total space 132.0	20-Sep-07
		Jewel Changes	new	Sep	Nagoya Parco	Nagoya PARCO	total space 118.1	14-Sep-07
		Odette é Odile	new	Apr	marunochi	SHIN-MARUNOUCHI BUILDING	total space 89.8	27-Apr-07
			new	Apr	nagoya lachic	Lachic	total space 127.7	27-Apr-07
			new	Sep	machida	LUMINE Machida	total space approx. 85.8	10-Sep-07
			new	Sep	ginza	MARRONNIER GATE	total space 115.5	1-Sep-07
		SOUNDS GOOD	new	Sep	SHINJUKU	LUMINE SHINJUKU LUMINE II	total space approx. 165.0	12-Sep-07
		TOKISHIRAZU	new	Apr	NAGOYA	Nagoya PARCO	total space 100.7	20-Apr-07
			new	Jun	HARAJUKU	HARAJUKU'80 BUILDING	total space 74.3	28-Jun-07
new(not in plan)			Sep	OSAKA	SHINSAIBASHI OPA KIREIKAN	total space 120.1	20-Sep-07	
Outlet	new	Apr	CHITOSE	RERA	total space 543.8	20-Apr-07		
Transfer/Extension	UA	Existing UA	extension (annex)	Sep	KYOTO 7th Club	Fujii Daimaru	total space 179.9	14-Sep-07
Renewal	green label relaxing ikspiari (Aug), Another Edition Shinjuku Flags (Aug), Odette é Odile Nagoya PARCO (Aug), DRAWER AOYAMA (Sep), UNITED ARROWS HARAJUKU FOR MEN (Sep)							
Removal	UA Lab	TOKISHIRAZU	removal	May	SHIBUYA	Roadside store	store space 37.0	transfer to Harajuku



Details of Store Openings/Transfer/Removal for 2H

◆ Details of Store Openings/Transfer/Extension for 2H (Definite Projects only)

Form	Biz	Business unit	Outline	Timing	Store name	Name of facility	Space (m ²)	Opening day (*est)
New Store	UA	New UA	new	Oct	OMIYA	LUMINE OMIYA	total space 383.8	14-Oct-07
		B&Y	new	Oct	OMIYA	LUMINE OMIYA	total space 408.2	14-Oct-07
			new	Mar	SHINJUKU WOMEN'S STORE	LUMINE EST SHINJUKU	total space 148.5	Mar-08*
	GLR	GLR General Store	new	Oct	abeno	Hoop	total space 323.4	4-Oct-07
			new	Oct	urawa	Urawa PARCO	total space 369.9	10-Oct-07
			new	Nov	yokohama sotetsu joinus	SOTETSU JOINUS	total space 163.7	9-Nov-07
			new	Jan	tenjin ims	IMS	total space 293.7	31-Jan-08
	CH	CHROME HEARTS	new	Feb	CHROME HEARTS FUKUOKA	DAIMARU Fukuoka Tenjin	total space 56.1	29-Feb-08*
			new	Mar	CHROME HEARTS NAGOYA	Lachic	total space 85.8	25-Mar-08*
	S.B.U. and UA Labs	Another Edition	new	Oct	Yurakucho	Yurakucho area	total space 115.5	12-Oct-07
		Jewel Changes	new	Oct	Ginza	Ginza area	total space 92.4	11-Oct-07
		Odette é Odile	new	Oct	kyoto	SHIJO KAWARAMACHI HANKYU	total space 99.0	3-Oct-07
		SOUNDS GOOD	new	Oct	HARAJUKU	Roadside store	total space 198.7	26-Oct-07
	Transfer/Extension	UA	Existing UA	extension (annex)	Mar	UNITED ARROWS YOKOHAMA Cath Kidston Selection	LUMINE YOKOHAMA	total space 33.3
GLR		GLR General Store	transfer	Oct	machida	MACHIDA TOKYU TWINS	total space 334.2	5-Oct-07
Outlet		transfer & extension	Dec	MINAMI OSAWA	LA FETE TAMA MINAMI OSAWA	total space 462.0	14-Dec-07	
		transfer & extension	Mar	GOTEMBA	Gotemba Premium Outlets	total space 336.6	25-Mar-08*	
extension	Mar	YOKOHAMA	YOKOHAMA BAYSIDE MARINA	total space 508.2	19-Mar-08*			
Removal	UA	Existing UA	transfer	Mar	SHIBUYA MEIJIDORI	Roadside store	store space 242.5	Mar-08*
			transfer	Mar	SHIBUYA KOENDORI	Roadside store	store space 211.8	Mar-08*
	GLR	FACADE GREEN	removal	Jan	Shinjuku Myload	Shinjuku Myload	store space 48.1	31-Jan-08
			removal	Feb	Matsuya Ginza	Matsuya Ginza	store space 69.6	11-Feb-08
	S.B.U. and UA Labs	DARJEELING DAYS	removal	Jan	SHINJUKU	ODAKYU DEPARTMENT STORE	store space 76.8	29-Jan-08
			removal	Feb	MARUNOUCHI	Roadside store	store space 162.6	3-Feb-08
			removal	Feb	NAGOYA	Mitsukoshi Nagoya Sakae Store	store space 63.0	11-Feb-08
			removal	Feb	UMEDA HANKYU	HANSHIN DEPARTEMENT STORE	store space 47.8	5-Feb-08
	Disney Loved By Nature for UA	removal	Jan	Jiyugaoka	Roadside store	store space 83.1	31-Jan-08	

* Store space is approximately 80% to 85% of total space.

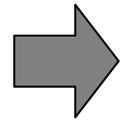


Details of Store Openings/Transfer/Removal for the Next Term (Definite Projects)

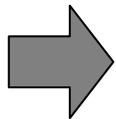
Details of Store Openings/Transfer/Extension for the Next Term (Definite Projects only)

Form	Biz	Business unit	Outline	Timing	Store name	Name of facility	Space (m ²)	Opening day (est)
New Store	UA	New UA	new	Apr	SHIBUYA KOENDORI	PARKWAY SQUARE 2	total space 320.7	Apr-08
			new	Apr	SAPPORO	Sapporo Parco	total space 420.7	25-Apr-08
		B&Y	new	Apr	SHIBUYA KOENDORI	PARKWAY SQUARE 2	total space 652.0	Apr-08
			new	Apr	SAPPORO	Sapporo Parco	total space 419.4	25-Apr-08
			new	May	FUNABASHI	LaLaport	total space 394.6	May-08
	S.B.U. and UA Labs	Odette é Odile	new	Apr	roppongi hills	ROPPONGI HILLS	total space 92.4	18-Apr-08
			new	Summer	sendai	S-PAL	total space 99.0	Summer 08
		DRAWER	new	Apr	MARUNOUCHI	Roadside Store	total space 250.8	Apr-08
	Outlet	new	Apr	IRUMA	MITSUI OUTLET PARK Iruma	total space 745.1	10-Apr-08	
Extension	CH	CHROME HEARTS	extension	Apr	CHROME HEARTS TOKYO	Roadside Store	total space 536.2	Apr-08

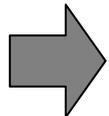
Progress of Important Tasks, etc.



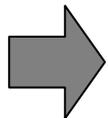
1. Business Results up to 3Q



2. Progress of Important Tasks



3. New Business “COEN”

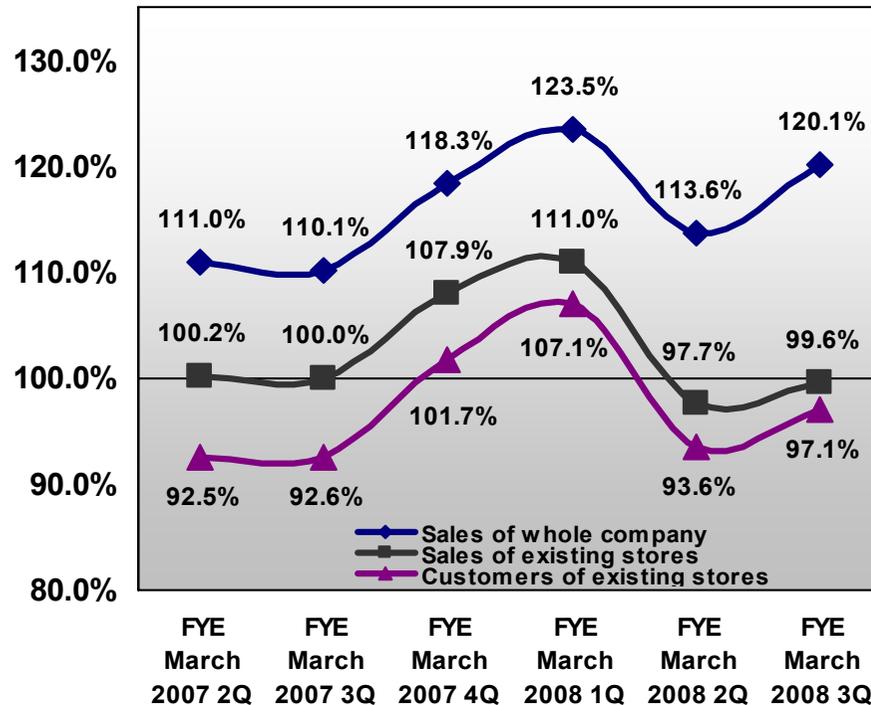


4. Progress of New Project for Middle to Long Term Growth

1. Business Results up to 3Q

- Total Sales
around forecast level
- Gross margin and profit (operating profit, recurring profit, net income)
Gross margin is slightly short of forecast, but profit is slightly above forecast due to cost reduction, etc.

Growth of sales of the company, sales of existing stores, customers of existing stores (YoY, non-consolidated)



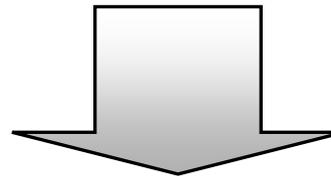
■ Summary of 3Q results for FYE March 2008

	Results (¥Bn)	YoY	vs Plan
Consolidated Total Sales	53.3	118.9%	-
Non-consolidated Total Sales	51.3	119.1%	99.9%
Business Unit Total	45.8	116.4%	99.3%
Outlet	5.4	148.3%	106.0%
Consolidated Gross Profit	28.5	112.9%	-
Consolidated Recurring Profit	5.0	80.5%	-
Consolidated Net Income	4.1	126.0%	-

2. Progress of Important Tasks

Progress of Merchandise Measures (and Inventory Control)

- **Autumn/Winter 2007 :Product planning using new form* which started ahead in UA women's**
(*visualize weekly absorb ratio to make flexible changes during the term)
absorb ratio for regular priced items has improved by approximately 10% for women's casual items
- **Measures to control inventory more accurately have been carried out by UA and GLR**
(making appropriate abandonment within the term by forecasting inventory balance, sending inventory to outlet stores, controlling optimal amount of bargain sale items, etc.)
- **Share information on weekly absorb ratio of regular priced and mark down items, inventory balance, amount transferred to outlet stores, etc. between all businesses (by category for main businesses) at weekly manager meetings** strengthen inventory control of whole company



Forward Measures

- **The new merchandise planning form that was introduced to the UA women's business will be implemented to all categories of UA business from Spring/Summer 2008**
(=visualize and track both important indicators and target figures)
Reduce purchased products from 120%-130% YoY (3Q) to 106%-108% YoY (4Q)

Progress of Sales Measures

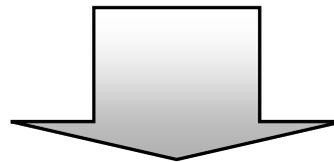
- **Activities to increase customers by active use of new membership card data:**

Each business started approaching customers by analyzing sales data of new membership cards (general analysis of data collected at stores have started from 4Q)

- **Activities to maximize sales service time:**

Increase sales service time by investigating e-mails written to stores and fixing rules to reduce them, completing and making use of store operation manuals, continue activities to exterminate complaints from customers, etc.

- **Continue measures to improve sales service: role playing reflecting character of each store, find weaknesses to strengthen by analyzing each sales index (purchase ratio, set-up purchase ratio, etc)**



Forward Measures

- **Start lectures and examinations on new basic sales strategies from 4Q**

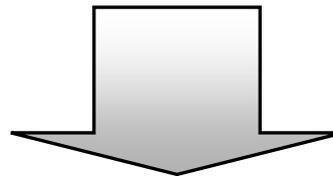
This term: all staff in head office and sales staff working in stores located in central Tokyo

Next term: lectures and examinations for sales staff working in stores located in regional cities

- **Improve lack of head count at stores promote appropriate OJT and education to sales staff**

Restructuring Store Brands

- Stores to be closed this term will be around 7 stores (previously announced number of stores were 10). Out of the 5 stores of GLR New Type Stores, 3 stores will be closed in the first half of next term.
- Definite amount of loss will be posted within this fiscal year



Forward Measures

- Regularly examine businesses following the standards to exit business and make necessary decisions for streamlining.
- Change organization of GLR business from April to concentrate business resource to main business, reflecting restructuring of internal brands (FACADE GREEN, ODONATA, etc.)



For Reference: Measures to Recover Sales of GLR Business

Restrain new store openings (next term) and shore up existing stores by unifying internal brands

By dividing men's and women's merchandise section, improve operation accuracy and clarify responsibilities

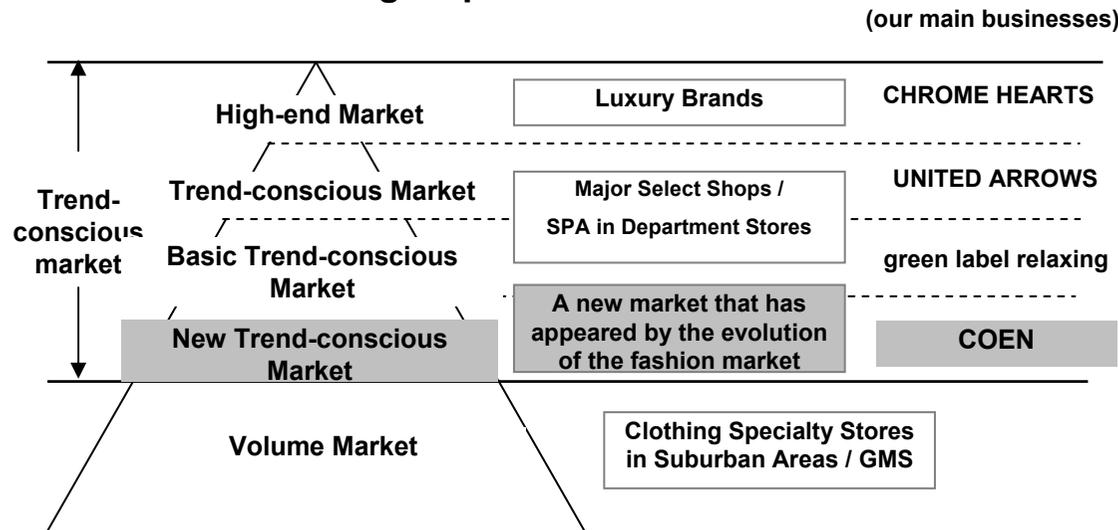
Measures for merchandise: revise composition ratio of merchandise categories, revise size and price, etc.

Strengthen sales service: promote part-time workers to full-time workers, place area managers, place external instructors to major stores, etc.

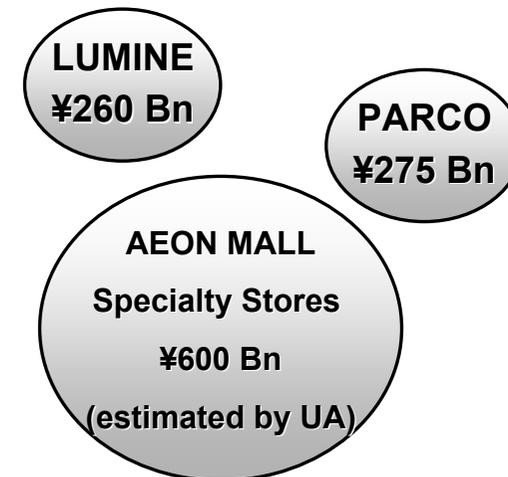
3. New Business “COEN”

- As the fashion market has evolved in the past few years, a new market has appeared between the volume market and the trend-conscious market which we believe have possibilities of growth in the future.
- We will establish a new business concentrating on men’s and women’s casual wear targeting this market. (cf. establish new company in April 2008, open stores from autumn 2008)
- Cooperate with Mitsubishi Corporation that has strength in the above market, minimize the dispersion of business resource from UNITED ARROWS LTD. and expand markets that the UA group can play in.

Market Positioning Map



Examples of Sales of Commercial Facilities



Sales of LUMINE are forecasts by the media.

4. Progress of New Project for Middle to Long Term Growth

**Long term visions of the UA group is being discussed by those who will be the next leaders of the company
(4 new managing directors and division managers, etc.)**

Long Term Vision “DREAM PLAN” (4 Strategic Business Targets)

- 1. Create business portfolio and new business model to maximize brand value**
- 2. Improve MD accuracy by building a MD platform, create an appropriate supply chain management system by building a procurement/manufacturing platform**
- 3. Strengthen education of employees and improve HR system to motivate employees**
- 4. Clarify roles and missions between stores and head office, build an organization for further customer satisfaction**



Establish promotion team from next term, carry out 3 year plan

For reference: Summary of business direction for FYE March 2009

Non-consolidated

- Improve sales and profit of existing stores
- Open new stores at a modest pace
- Improve productivity of head office
- Complete merchandise platform
- Strengthen product quality control



**Restructure business base
for modest sales
and profit growth**

Consolidated (UA group)

- FIGO ··· stable sales growth
- PERENNIAL UA ··· improve brand recognition after opening stores this autumn
- New company (for operation of COEN) ··· improve brand recognition after opening stores this autumn, prepare for plural store openings from FYE March 2010



Prepare for middle to long term growth