May 14, 2007

Summary of Financial Conditions and Business Results
for the term ended March 31, 2007*
(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
Contact:	Masami Koizumi, Department Manager,
	Finance & Accounting Department
Telephone:	+81-3-5785-6325
Date of Shareholders' Meeting:	June 25, 2007(expected)
Deadline of Yuho:	June 26, 2007(expected)
Date to start payment of dividends:	June 26, 2007(expected)

*The "Summary of Financial Conditions and Business Results for the term ended March 31, 2007" 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: A fractional sum less than one million yen is discarded.

1. Consolidated Business Results of the term ended March 2007 (from April 1, 2006 to March 31, 2007)

(1)Consolidated Business Performance (% indicates increase / decrease YoY)

	Sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
Term ended March 2007	60,959	(13.3)	7,350	(△4.1)	7,337	(△4.0)	3,511	(△13.9)
Term ended March 2006	53,813	(—)	7,663	(—)	7,639	(—)	4,076	(—)

	Net income per share	Net income per share after adjusting dilutive shares	Return on equity	Ratio of ordinary income to capital	Ratio of ordinary income to sales
	Yen	yen	%	%	%
Term ended March 2007	84 98	84 18	21.8	20.0	12.1
Term ended March 2006	183 99	181 40	28.0	21.6	14.2

For reference: Gains and losses on investment by equity method

The term ended March 2007 ¥ -million,

The term ended March 2006 ¥ -million

Notes: 1) Common stocks were split two for one on April 1, 2006.

2) As a consolidated financial statement is used from fiscal year ended March 2006, increase / decrease compared with the previous period are not indicated.

(2) Consolidated Financial Situation

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	¥million	¥million	%	yen
Term ended March 2007	38,132	17,635	46.2	426 33
Term ended March 2006	35,334	14,565	41.2	702 65

For reference: Shareholders' Equity

The term ended March 2007 17,645 million yen

The term ended March 2006 14,565 million yen

Notes: 1) Common stocks were split two for one on April 1, 2006.

(3) Consolidated Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	¥million	¥million	¥million	¥million
Term ended March 2007	1,801	△4,198	△2,281	2,971
Term ended March 2006	6,596	△3,423	648	7,650

2. Conditions of Dividend Payment

	Dividend per share			Total dividend (Full term)	Payout ratio (Consolidated)	Dividend / Net assets (Consolidated)
	Interim end	Term end	Full year			
	yen	yen	yen	¥million	%	%
Term ended March 2006	5 00	15 00	20 00	419	10.9	2.9
Term ended March 2007	3 00	7 00	10 00	413	11.8	2.3
Term ended March 2008 (estimate)	10 00	15 00	25 00	—	17.6	—

3. Projected consolidated performance of fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008)

(% indicates increase / decrease YoY)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	¥million %	¥million %	¥million %	¥million %	yen
Interim	32,986 (23.3)	2,042 (△24.5)	2,034 (△24.5)	2,540 (106.9)	60 60
Full term	76,746 (25.9)	8,147 (10.9)	8,138 (10.9)	5,945 (69.3)	141 81

4. Others

(1) Transfer of important subsidiaries in the term (transfer of specified subsidiary due to change in area of consolidation): no

(2) Changes in accounting principles / procedures, description methods, etc to make consolidated financial reports:

①Changes due to revision of accounting standards: yes

②Changes other than ①: no

(3) Number of stocks issued (common stocks)

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

Fiscal year ended March 2007: 47,700,000 stocks

Fiscal year ended March 2006: 23,850,000 stocks

② Number of treasury stocks at the end of the term

Fiscal year ended March 2007: 6,333,442 stocks

Fiscal year ended March 2006: 3,235,454 stocks

(For reference) Overview of Non-consolidated Business Results

1. Non-consolidated Business Results of the term ended March 2007 (from April 1, 2006 to March 31, 2007)

(1)Non-consolidated Business Performance (% indicates YoY)

	Sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
Term ended March 2007	58,666	(11.5)	7,148	(△4.5)	7,156	(△3.8)	3,540	(△12.2)
Term ended March 2006	52,610	(13.6)	7,487	(23.1)	7,442	(23.3)	4,032	(16.0)

	Net income per share	Net income per share after adjusting dilutive shares
	Yen	yen
Term ended March 2007	85 67	84 87
Term ended March 2006	181 93	179 37

Notes: 1) Common stocks were split two for one on April 1, 2006

(2) Consolidated Financial Situation

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	¥million	¥million	%	yen
Term ended March 2007	37,489	17,622	47.0	426 00
Term ended March 2006	34,649	14,520	41.9	700 48

For reference: Shareholders' Equity
The term ended March 2007 17,645 million yen
The term ended March 2006 14,565 million yen
Notes: 1) Common stocks were split two for one on April 1, 2006

2. Projected non-consolidated performance of fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008)

(% indicates increase / decrease YoY)

	Sales	Operating income	Ordinary income	Net income	Net income per share
	¥million %	¥million %	¥million %	¥million %	yen
Interim	31,750 (23.6)	2,023 (△23.4)	2,016 (△23.6)	2,628 (107.0)	62 70
Full Term	74,098 (26.3)	8,009 (12.0)	8,000 (11.8)	6,054 (71.0)	144 40

※Explanation regarding appropriate use of projected business results

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 above due to any possible factor. Please refer to the attached documents starting from next page for the preconditions and further information for the above projection.

Ⅱ Qualitative Information, Financial Report, etc.

1. Business Results

(1) Analysis of business results

In this term, the Japanese economy saw expansion in capital investment due to improvement of profitability in corporations and better employment conditions. However, favorable corporate performance was not reflected to consumption, and consumer spending did not increase as expected.

The clothing retailing industry where our group stands faced difficult business environments due to stagnant consumer spending and diversifying consumption which increased competition across industries. Unstable weather compared to the previous fiscal year also had negative impact.

Under these conditions, the company continued to establish the foundation for stable growth and focus on the following four key strategies to realize the “Super SPA concept”: “promotion of weekly MD (merchandising = product planning)”, “strengthening of self-planned products”, “strengthening of CRM (Customer Relationship Management)” and “expansion of sales by improving efficiency of store front services”. In addition, for the second half of the fiscal year, the company put strength in improving quality of merchandise and sales service to restructure stores so that they are based on customers’ view of point. Together with this, efforts were made to strengthen cooperation between related departments.

For “promotion of weekly MD (merchandising = product planning)”, following green label relaxing (GLR) business which introduced this strategy from the previous fiscal year, UNITED ARROWS (UA) business also started to manage this weekly MD to improve accuracy of product planning. For “strengthening of in-house developed products”, product planning schedules started to be made and managed, and strength was put in active introduction of human resources into the merchandise section. For “strengthening of CRM (Customer Relationship Management)”, efforts were made to increase card holders to promote CRM activities starting from house-cards, and a special department was established in the second half of the fiscal year to prepare for more precise contact to customers. For “expansion of sales by improving the efficiency of store front services”, sales staff working only for busy hours were employed as short time workers to minimize service and sales opportunity loss.

For main businesses UA and GLR, a new organization was established from the second half of the fiscal year to enhance cooperation between the merchandise section and sales section on sharing information and strategies to make more attractive stores. Additionally, the basic merchandise strategy was revised for a better understanding and better penetration within the company by making DVDs with explanation by founders of the company and also having training programs for employees.

By each business, in the main UA business, existing stores were divided into new store brands “UNITED ARROWS” that concentrates on refined items, and “BEAUTY & YOUTH UNITED ARROWS” that concentrates on casual items, to strengthen appeal to our customers. In the fiscal year ended March 2007, rebranded stores were opened in three areas; Yurakucho (Tokyo) area, Kobe area and Fukuoka area. For GLR business, 4 new stores were opened in this fiscal year, and 2 stores of “FACADE GREEN green label relaxing”, a new business concentrating on women’s dress wear were opened. As a result, 32 stores exist under GLR. For small business units and UA laboratories, each business aggressively opened new stores, and 2 new businesses were established (Liquor,woman&tears, Disney Loved By Nature for UNITED ARROWS), thus number of businesses increased to 8, and total number of stores increased up to 38. As a result, UNITED ARROWS LTD. opened 32 new stores, closed 7 stores in this fiscal year, thus total number of stores reached 104 by the end of the term.

Consolidated subsidiary Figo Co. Ltd. increased selection of main product Felisi bags by placing stand alone corner extensions in each store of UA business. Additionally, individual order events for main brands such as Felisi and Corthay were held at directly operated retail stores. In March, a directly operated retail store was opened in Nagoya, and the number of retail stores at the term increased up to 10 stores.
As a result, total consolidated sales reached 60,959 million yen this fiscal year (+13.3% YoY). Consolidated gross profit reached 33,072 million yen (+14.0% YoY) and gross margin improved by 0.4% from 53.9% to 54.3% compared to the previous fiscal year. Additionally, selling, general and administrational costs increased by 20.4% to 25,721 million yen compared to the previous fiscal year due to higher personnel costs to prepare for stable growth in the mid to long term, transfer of head quarters, and increase of new stores. Early application of new accounting method on valuation of inventories took place in fiscal year ended March 2007 ahead of schedule responding to future expansion of sales which will cause increase in inventory due to rebranding of main UNITED ARROWS business and strengthening of business diversification strategy. This early application is in order to keep stable financial conditions by making conservative inventory valuations, and will be applied to every company from terms starting after April 1, 2008. By this early application, valuation change included in products procured in this term were 160 million yen (posted in cost of goods sold) and valuation change in inventory at the beginning of the term were 540 million yen (posted in extraordinary loss).
As a result, ordinary profit were 7,337 million yen (-4.0% YoY) and net profit were 3,511 million yen (-13.9% YoY).

- **Going forward**

Our group’s basic strategy is to expand high value-adding business based on high store loyalty. To maintain and grow this, we believe it is necessary to improve quality of products and service to maximize our customer’s satisfaction.

We have placed the improvement of quality of our products and service as our high priority issues, and will take different measures to solve this.

For products, we will carry forward measures to further penetrate the basic merchandise strategy that we made in the last fiscal year to promote understanding to each of our employees. We have made manuals and DVDs, and have made more opportunities so that the founders of the company and employees in charge of daily work can directly talk on issues. Also, we have revised our operation process and will continue to actively hire staff from outside of the company, especially focusing on establishment of system to make additional production within the term to reach higher sales.

For sales, we will carry forward measures to further penetrate the basic sales strategy which is the foundation of our sales service and promote understanding to each of our employees. Together with the revision of the basic strategy, we have started up a special department to improve quality of sales service from the beginning of the term for better customer satisfaction. Also, we will promote part time workers to full time workers in the first half of the term, and improve productivity through higher employee satisfaction, and also improve sales service by carrying out different kinds of training programs.

Additionally, we will actively open rebranded stores of “UNITED ARROWS” and “BEAUTY & YOUTH UNITED ARROWS” which started in the UA business from the previous fiscal year. For GLR business, we intend to actively expand full line-up stores which have both men’s and women’s products. For CHROME HEARTS, Small Business Units and UA Laboratories, we will accelerate store openings for stable growth in the mid to long term. As a result, we intend to open more than 30 stores in fiscal year ended March 2008.

Under these conditions, we estimate for the full business year, sales of 76,746 million yen (+25.9% YoY), ordinary income of 8,138 million yen (+10.9% YoY), and net income of 5,945 million yen (+69.3% YoY).

(2) Analysis of Financial Conditions

①Condition of Balance Sheet

(Assets)

Current assets increased by 0.4% YoY to 23,478 million yen. This was mainly due to decline in cash by 4,660 million yen and increase in inventory by 3,298 million yen.

Fixed assets increased by 22.6% YoY to 14,654 million yen. This was mainly due to increase of tangible fixed assets by 927 million yen for new store openings, etc.

(Liabilities)

Current liabilities increased by 6.8% YoY to 16,646 million yen. This was mainly due to increase of notes and bills payable and accounts payable caused by expansion of business.

Fixed liabilities decreased by 25.8% YoY to 3,850 million yen. This was mainly due to repayment of long term debt.

As a result, total liabilities declined by 1.3% YoY to 20,496 million yen.

(Net Assets)

Total net assets increased by 21.1% YoY to 17,635 million yen. This was mainly due to net income of 3,511 million yen, and decrease of treasury stocks by 219 million yen caused by exercise of stock option.

On April 1, 2006, stocks were split 2 for 1, thus total number of shares issued increased by 23,850,000 stocks. As a result, net asset per share declined by 276.32 yen to 426.33 yen. Additionally, capital ratio rose from 41.2% to 46.2% compared to the last fiscal year.

②Condition of Cash Flows

Cash and cash equivalents (hereinafter referred to as “Cash”) at the end of this term declined by 4,678 million yen to 2,971 million yen compared to the end of the last fiscal year.

(Cash flows from operating activities)

Cash gained from operating activities in the term was 1,801 million yen (decline by 72.7% YoY).

Increase of cash was mainly due to net income before taxes of 6,224 million yen, increase of accounts payable of 1,722 million yen and depreciation expense of 648 million yen. Decrease of cash was mainly due to increase of inventories of 3,298 million yen, increase of trade receivables of 973 million yen and payment of income taxes of 3,373 million yen.

(Cash flows from investing activities)

Cash used for investing activities in this term was 4,198 million yen (increase by 22.6% YoY).

This was mainly due to purchase of tangible fixed assets for new store openings and store renovations etc.

(Cash flows from financing activities)

Cash gained from financing activities in this year was 2,281 million yen (previous year was increase by 648 million yen).

This was mainly due to repayment of borrowings.

The indicators of our cash flows are as follows:

	This Consolidated The term	Previous Consolidated Fiscal Year
Shareholders' equity ratio (%)	41.2	46.2
Shareholders' equity ratio at market value (%)	216.7	282.1
Debt redemption period (number of years)	1.5	4.6
Interest coverage ratio	473.0	21.7

Notes: Ratio of shareholders' equity = Shareholders' equity / Total assets

Ratio of shareholders' equity at market value = Total amount of shares at market value / Total assets

Debt redemption period = Interest-bearing liabilities Cash flows from operating activities

Interest coverage ratio = Cash flows from operating activities / Interest payment

1. Each indicator was calculated based on financial figures on a non-consolidated basis.
2. The total amount of shares at market value was calculated by multiplying the final share price at the end of the fiscal year by the total number of shares issued at the end of the fiscal year.
3. Cash flows from operating activities mean the cash flows from operating activities recorded on statements of cash flows. The interest-bearing liabilities mean the total interest-bearing liabilities recorded on a balance sheet. The interest payment means the amount of payment for interest recorded on a cash flow statement.

(3) Basic policy concerning profit sharing

As for our basic policy concerning profit sharing, recognizing that maximizing value for our shareholders is a matter of great importance to our management, thus we intend to return profits to our shareholders by increasing dividend payments and stock splits. We also intend to enhance our reputation in the stock market and increase market capitalization to the greatest extent in order to increase value for our shareholders.

In addition, considering business environment and business performance, we will pay careful attention to balance investments to develop new stores, capital expenditures to grow business in the future, and required retained earnings. We will also improve distribution of profit to our shareholders while keeping profit level and dividend ratio in mind.

Under these conditions, the term end dividend will be 7 yen per share and total annual dividend payment will be 10 yen for this fiscal year.

Additionally, following basic rules mentioned above, dividend payment for the next fiscal year is planned to be as follows; interim dividend 10 yen per share, term end dividend 15 yen per share, annual dividend 25 yen per share.

(4) Risk exposure of business operations

Included in items discussed in the sections of the status of business operations and accounting information, items that may have important affect on investors' judgment are as follows:
(Items that relate to the future are based on judgment made at the end of this the term)

1) Domestic market conditions

Our group operates only in Japan, thus sales condition may fluctuate by change in consumption movement caused by Japanese economic conditions, movement of population, weather factors, etc.

2) Failure of debt collection

Most of our group's stores are borrowed by rent and there are times that guarantee money is deposited. At the end of this the term, balance of guarantee money deposited was 4,828 million yen, composing 12.7% of total assets. Additionally, we have stores in commercial facilities, and there is possibility that some failure of debt collection will occur and give negative impact to our business performance depending on the financial status of those who rent stores or commercial facilities.

3) Natural disasters, accidents, etc.

Our group's stores are mostly in large cities, and product logistic centers and head office functions are centralized in the metropolitan area. If there are large disasters or accidents in this area, there is possibility that our business operation will be influenced and give negative impact to our business performance.

4) Customer information

Although full attention is paid when handling customer information, as a large extent of customer information is handled at stores, if in any case such information is leaked, there is possibility that our group's brand image will devalue, thus business performance will be affected.

5) Dependency on limited areas of product

Our group buys in products from around the world, centering in Asia. There is possibility that business performance will be affected by difficulty in product procurement caused by political affairs, business fluctuations, war and terrorist attacks, natural disasters, etc.

6) Influence of foreign exchange

A part of payment for imported products is settled in foreign currency denominated, thus there is possibility that business performance will be affected by harsh fluctuation of foreign exchange rate.

7) Licensing agreements

Licensing agreement is signed between CHROME HEARTS JAPAN, LTD regarding handling of CHROME HEARTS products. Although minimum buy-in amount is decided by expectations that the brand will grow and active business development is carried out in the future, slower than expected growth may adversely affect business performance.

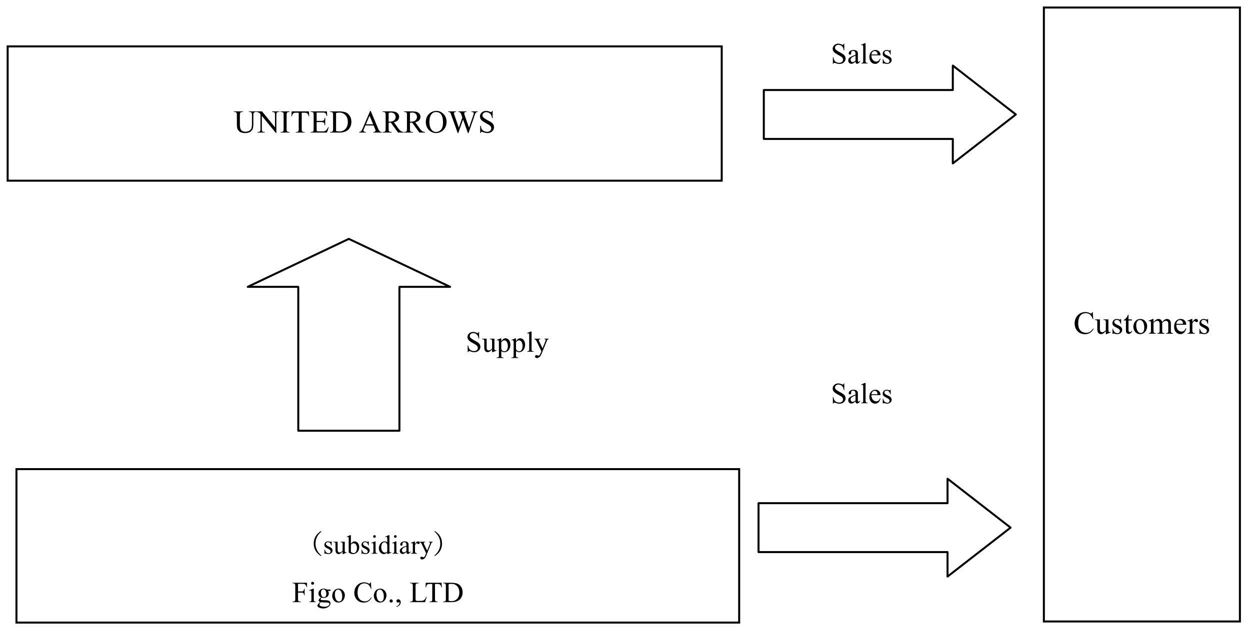
Consolidated sales of CHROME HEARTS products in this the term were 4,192 million yen (6.9% of total consolidated sales).

2. Status of corporate group

The corporate group is composed of two companies; the company and subsidiary Figo Co., LTD. Our main businesses are planning and selling Men's and Women's apparel and related goods.

Status of consolidated entity

Name	Address	Capital stock	Main products	Ratio of total shares issued and outstanding (%)	relationship
（subsidiary） Figo Co., LTD.	Minato-ku, Tokyo	40	Import, wholesale and sales of Italian -made bags, etc.	100.0%	4 concurrent directors



3. Management Policy

(1) Basic policy of management

At the time when the company was established in October 1989, we declared our "resolution" as follows:
"We aim to contribute to the society by improving living standards, the culture and the society through the development of our products and the environment." This reflects not only our business purposes, but also our strong will to continue to establish and pursue a proper sense of value that would serve as a model for Japanese lifestyles and culture.

Additionally, in 2001, we made a new corporate policy following above resolution, "MAKE YOUR REAL STYLE; we are a group that keeps on creating values to set standards of Japanese lifestyle and culture". This new corporate policy "MAKE YOUR REAL STYLE" reflects our basic attitude that we want to help our customers in any way to find their real self. At the same time, this policy reflects the message "Why does UNITED ARROWS exist? How can we contribute to our society? What aims do we have working?" to help establish identities for all of our employees.

Also, we have set a definite rule "Our stores exist for our customers" which is a basic idea that our company follows, as a rule that every employee, from management to sales clerks, should always keep in mind.

Under such resolution and rules, we set our goal in creating five kinds of values: "the value for customers", "the value for the employees", "the value for trading partners", "the value for the community", and "the value for the shareholders", and we intend to be a company that continues to create the value to stakeholders, shareholders and the community, all of which are related to us.

We will make every effort to create these five values, and at the same time, we as a public institution intend to contribute to improve Japanese lifestyles and culture.

(2) Mid to long term management strategy

Our basic business strategy consists of the following three factors:

① Multi-business strategy with UNITED ARROWS business as its core
② Strategy of restricting number of stores per business in order to maintain high loyalty held by each store
③ Long-term strategy to expand size of stores in order to maximize sales of each store

The goals of above strategies are to operate different types of high loyalty businesses by limiting number of stores, centering on "UNITED ARROWS", our current main business, and at the same time to maximize sales of each store by expanding its sales floor space respectively.

In addition, as mid-term goals, we aim to cover all "from downstream range to upstream range" concurrently in a high level which includes 1) "customer service and sales", 2) "purchase of merchandises (selection of merchandises)", and 3) "product planning (creation of merchandises)". This is what we call the "Super SPA" (*) concept.

Setting forward these basic strategies across UNITED ARROWS group, we intend to evolve as a "high value-adding, multi-business centered, innovative retailer". As a mid-term management indicator, we will strive to achieve ROE of more than 20% and continue to grow by managing shareholders' equity effectively, and achieve sales of more than 120 to 130 billion yen and ordinary profit of 15 to 17 billion yen for the fiscal year ending March 2011.

*SPA = Specialty store retailer of Private label Apparel, which means a retail business with integrated management including original product planning, logistics, and sales.

Ⅳ. Financial Conditions (Consolidated)

(1) Balance Sheets for the term ended March 31, 2007 (Consolidated)

(Amount in millions of yen)

	The 17th Term (As of March 31, 2006)			The 18th Term (As of March 31, 2007)		
	Amount		%	Amount		%
Assets:						
I Current assets						
1. Cash and cash equivalents		7,752			**3,091**	
2. Notes and accounts receivable-trade		255			**243**	
3. Inventories		10,959			**14,258**	
4. Notes and accounts receivable-other		3,494			**4,527**	
5. Deferred tax assets		577			**1,018**	
6. Others		341			**343**	
7. Allowance for doubtful accounts		(2)			**(3)**	
Total current assets		23,378	66.2		**23,478**	**61.6**
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings	5,463			**6,346**		
Accumulated depreciation	1,695	3,768		**1,915**	**4,431**	
(2) Land		1,082			**1,077**	
(3) Construction work in progress		5			**93**	
(4) Others	1,234			**1,540**		
Accumulated depreciation	706	528		**831**	**708**	
Total tangible fixed assets		5,384	15.2		**6,312**	**16.5**
2. Intangible fixed assets						
(1) Consolidated reconciliation account		1,435			**-**	
(2) Goodwill		-			**1,116**	
(3) Others		589			**1,824**	
Total intangible fixed assets		2,025	5.7		**2,941**	**7.7**
3. Investments and other assets						
(1) Long-term guarantee money deposited		3,972			**4,828**	
(2) Deferred tax assets		87			**145**	
(2) Others		486			**427**	
Total investments and other assets		4,546	12.9		**5,401**	**14.2**
Total fixed assets		11,956	33.8		**14,654**	**38.4**
Total assets		35,334	100.0		**38,132**	**100.0**
Liabilities:						
I Current liabilities						
1. Notes and accounts payable-trade		5,480			**7,203**	
2. Current portion of bonds		10			**10**	
3. Short-term borrowings		2,010			**1,000**	
4. Current portion of long-term debt		3,194			**3,620**	
5. Accounts payable - other		2,019			**2,203**	
6. Income taxed payable		1,860			**1,693**	
7. Accrued bonus		479			**659**	
8. Allowance for loss on guarantee of obligations		130			**-**	
9. Others		397			**256**	
Total current liabilities		15,582	44.1		**16,646**	**43.7**
Ⅱ Long-term liabilities						
1. Corporate bond		10			**-**	
2. Long-term borrowings		4,959			**3,616**	
3. Reserve for retirement benefits for directors		143			**154**	
4. Other		74			**80**	
Total long-term liabilities		5,187	14.7		**3,850**	**10.1**
Total liabilities		20,769	58.8		**20,496**	**53.8**

	The 17th Term (As of March 31, 2006)		**The 18th Term (As of March 31, 2007)**	
	Amount	%	**Amount**	**%**
Shareholders' equity:				
Ⅰ Common stock, no par value				
Ⅱ Capital surplus	3,030	8.6	-	
Ⅲ Retained earnings	4,095	11.6	-	
Ⅳ Treasury stock	17,777	50.3	-	
Total shareholders’ equity	(10,337)	(29.3)	-	
Total liabilities and shareholders' equity	14,565	41.2	-	
	35,334	100.0	-	
Net Assets:				
I Shareholders' equity				
1 Common stock, no par value				
2 Capital surplus			**3,030**	
3 Retained earnings			**4,095**	
4 Treasury stock			**20,640**	
Total shareholders’ equity			**(10,117)**	
			17,648	**46.2**
Ⅱ Valuation and translation differences				
1 Deferred profit and loss on hedges			**(12)**	
Total valuation and translation differences			**(12)**	**(0.0)**
Total net assets			**17,635**	**46.2**
Total liabilities and net assets			**38,132**	**100.0**

(2) Statement of Income for the term ended March 31, 2007 (Consolidated)

	The 17th Term (As of March 31, 2006)			The 18th Term (As of March 31, 2007)		
	Amount		%	Amount		%
Ⅰ **Sales**		53,813	100.0		**60,959**	**100.0**
Ⅱ **Cost of sales**		24,794	46.1		**27,887**	**45.7**
Gross profit		29,018	53.9		**33,072**	**54.3**
Ⅲ **Operating expenses**		21,355	39.7		**25,721**	**42.2**
Operating income		7,663	14.2		**7,350**	**12.1**
Ⅳ **Other income**						
1. Interest income	0			**2**		
2. Rent income	117			**108**		
3. Other	87	205	0.4	**75**	**187**	**0.3**
Ⅴ **Other expenses**						
1. Interest expenses	21			**79**		
2. Expenses - lease	112			**102**		
3. Donation	64			**0**		
4. Other	31	229	0.4	**18**	**200**	**0.4**
Ordinary income		7,639	14.2		**7,337**	**12.0**
Ⅵ **Extraordinary income**						
1. Gain on sales of investment securities	7			**-**		
2. Reversal of allowance for doubtful accounts	2			**-**		
3. Gain on sales of tangible assets	-	10	0.0	**6**	**6**	**0.0**
Ⅶ **Extraordinary losses**						
1. Loss on retirement of fixed assets	254			**416**		
2. Provision for reserve for loss on guarantee of obliagtions	130			**-**		
3. Loss on prior period adjustments	156			**-**		
4. Valuation loss of products	-			**540**		
5. Impairment Loss	-			**123**		
6. Other	32	573	1.1	**38**	**1,119**	**1.8**
Net income before taxes		7,075	13.1		**6,224**	**10.2**
Income taxes – Current *	3,084			**3,203**		
Income taxes – Deferred	(85)	2,998	5.5	**(490)**	**2,712**	**4.4**
Net income		4,076	7.6		**3,511**	**5.8**

*Income taxes- Current consists of corporate income tax (national), enterprise tax (local), and resident income taxes (local).

(3) Consolidated Statement of Capital Surplus Retained Earnings

		The 17th Term (From April 1, 2005 to March 31, 2006) Amount
Capital Surplus:		
Ⅰ **Capital Surplus, Beginning of period**		4,095
Ⅱ **Capital Surplus, End of period**		4,095
Retained Earnings:		
Ⅰ **Retained Earnings, Beginning of Period**		14,234
Ⅱ **Increase in Retained Earnings:**		
1. Net income	4,076	4,076
Ⅲ **Decrease in Retained Earnings:**		
1. Cash dividends	352	
2. Bonuses to directors	69	
3. Loss on disposal of treasury stock	111	533
Ⅳ **Retained Earnings, End of Period**		17,777

(4) Consolidated Statements of Shareholders' Equity

	The 18th Term Interim (From April 1, 2006 to March 31, 2007)						
	Shareholders' Equity						
		Capital surplus				Valuation and translation differences, etc.	
	Capital stock	Capital reserve	Retained earnings	Treasury stocks	Total shareholders' equity	Deferred hedge profit / loss	Total net assets
Balance on March 31, 2006	3,030	4,095	17,777	(10,337)	14,565	-	14,565
Change in current term							
Dividend of accumulated profit			(433)		(433)		(433)
Directors' Bonus			(82)		(82)		(82)
Net profit in current term			3,511		3,511		3,511
Purchase of Treasury stocks				(1)	(1)		(1)
Disposal of Treasury stocks			(132)	220	88		88
Change other than shareholders' equity (net amount) in current term						(12)	(12)
Total amount of change in current term			2,863	219	3,082	(12)	3,070
Balance on March 31, 2007	3,030	4,095	20,640	(10,117)	17,648	(12)	17,635

(5) Consolidated Statements of Cash Flows

	The 17th Term (From Apr. 1, 2005 to Mar. 31, 2006) Amount	**The 18th Term (From Apr. 1, 2006 to March 31, 2007) Amount**
Ⅰ **Cash flows from operating activities**		
Income before income taxes	7,075	**6,224**
Depreciation	565	**648**
Amortization of intangible fixed assets	114	**148**
Amortization of long-term prepaid expenses	80	**66**
Impairment loss	-	**123**
Amortization of consolidated adjustment account	159	**-**
Amortization of goodwill	-	**319**
Increase in accrued bonuses	0	**179**
Increase in accrued retirement benefits for directors	12	**11**
Increase in allowance for doubtful accounts	1	**0**
Increase in provision for loss on guarantees	130	**-**
Interest and dividend income	(0)	**(2)**
Interest expenses	21	**79**
Exchange gain	(1)	**0**
Gain on sale of securities	(7)	**-**
Impairment of stock of affiliated company	5	**-**
Gain on sale of tangible fixed assets	-	**(6)**
Loss on disposal of tangible fixed assets	161	**241**
Loss on disposal of intangible fixed assets	-	**15**
Loss on disposal of long-term prepaid expenses	26	**45**
Increase in accounts receivable	(311)	**(973)**
Increase in inventories	(540)	**(3,298)**
Decrease in other current assets	3	**(59)**
Increase in accounts payable	1,803	**1,722**
Increase in other current liabilities	226	**(158)**
Decrease in other long-term liabilities	(46)	**5**
Bonuses to directors	(69)	**(82)**
Others	-	**6**
Subtotal	9,411	**5,255**
Interest and dividend income	0	**2**
Payment of interest	(13)	**(83)**
Payment of income taxes	(2,802)	**(3,373)**
Net cash from operating activities	6,596	**1,801**
Ⅱ **Cash flows from investing activities**		
Transfer to time deposits	(9)	**(18)**
Investment in affiliated company with changes in scope of consolidation	(1,740)	**-**
Proceeds from loans receivable in affiliates	75	**5**
Increase in consolidated entity loans receivables	-	**(142)**
Proceeds from long-term loans receivable	117	**-**
Proceeds from sale of securities	25	**-**
Payments for purchases of investment in securities	(0)	**-**
Proceeds from sales of tangible fixed assets	-	**12**
Purchase of tangible fixed assets	(941)	**(1,718)**
Purchase of intangible fixed assets	(215)	**(1,389)**
Purchase of long-term prepaid expense	(191)	**(127)**
Guarantee deposits paid	(539)	**(855)**
Decrease in other investment	(3)	**34**
Net cash from (used in) investing activities	(3,423)	**(4,198)**

	The 17th Term (From Apr. 1, 2005 to Mar. 31, 2006)	**The 18th Term (From Apr. 1, 2006 to March 31, 2007)**
	Amount	**Amount**
Ⅲ Cash flows from financing activities		
Increase in short-term borrowings	1,975	**(1,010)**
Proceeds from long-term debt	7,950	**3,000**
Payments for repayment of long-term debt	(1,017)	**(3,917)**
Redemption of bonds	(5)	**(10)**
Purchase of treasury stocks	(8,077)	**(1)**
Exercise of stock options	175	**88**
Dividends paid	(352)	**(431)**
Net cash used in financing activities	648	**(2,281)**
Ⅳ Effect of exchange rate changes on cash and cash equivalents	1	**(0)**
Ⅴ Net increase / (decrease) in cash and cash equivalents	3,822	**(4,678)**
Ⅵ Cash and cash equivalents at beginning of the year	3,827	**7,650**
Ⅶ Cash and cash equivalents at end of the year	7,650	**2,971**

[For Reference]

(1) Balance Sheets for the term ended March 31, 2007 (Non-consolidated)

(Amount in millions of yen)

	The 17th Term (As of March 31, 2006)			**The 18th Term (As of March 31, 2007)**		
	Amount		%	**Amount**		**%**
Assets:						
I Current assets						
1. Cash and cash equivalents		7,084			**2,411**	
2. Notes and accounts receivable-trade		60			**44**	
3. Inventories		10,619			**13,729**	
4. Stored goods		75			**117**	
5. Advanced money		141			**134**	
6. Prepaid expense		168			**187**	
7. Deferred tax assets		554			**971**	
8. Notes and accounts receivable-other		3,430			**4,436**	
9. Others		21			**8**	
Allowance for doubtful accounts		22,157	63.9		**22,041**	**58.8**
Total current assets						
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings	5,412			**6,269**		
Accumulated depreciation	1,670	3,742		**1,886**	**4,382**	
(2) Structure	9			**11**		
Accumulated depreciation	4	4		**5**	**5**	
(2) Tools and Furniture	1,208			**1,504**		
Accumulated depreciation	688	519		**812**	**691**	
(4) Land		1,082			**1,077**	
(5) Construction work in progress		5			**69**	
Total tangible fixed assets		5,355	15.5		**6,227**	**16.6**
2. Intangible fixed assets						
(1) Tenant right		138			**-**	
(2) Surface right		-			**1,158**	
(3) Right of trademark		21			**19**	
(4) Software		316			**613**	
(5) Telephone subscription right		20			**20**	
(6) Software suspense account		92			**7**	
(7) Others		-			**0**	
Total intangible fixed assets		588	1.7		**1,821**	**4.9**
3. Investments and other assets						
(1) Investment securities-Affiliates		2,100			**2,100**	
(2) Long-term prepaid expenses		448			**423**	
(3) Deferred tax assets		86			**142**	
(4) Long-term guarantee money deposited		3,913			**4,733**	
Total investments and other assets		6,548	18.9		**7,399**	**19.7**
Total fixed assets		12,492	36.1		**15,448**	**41.2**
Total assets		34,649	100.0		**37,489**	**100.0**
Liabilities:						
I Current liabilities						
1. Note and accounts payable-trade		5,117			**6,802**	
2. Short-term borrwings		2,010			**1,000**	
3. Current portion of long-term debt		3,180			**3,620**	
4. Notes and accounts payable-other		1,922			**2,108**	
5. Accrued expenses payable		46			**58**	
6. Notes and accounts payable-other		1,743			**1,601**	
7. Deposit received		94			**159**	
8. Income received in advance		9			**4**	
9. Reserve for bonus payment		470			**639**	
10. Income taxes payable		213			**3**	
11. Loss provision of debt guarantee		130			**-**	
12. Other		13			**24**	
Total current liabilities		14,951	43.2		**16,021**	**42.7**
Ⅱ Long-term liabilities						
1. Long-term borrowings		4,959			**3,616**	
2. Accrued retirement benefits for directors		143			**148**	
3. Long-term guarantee deposits received		74			**80**	
Total long-term liabilities		5,177	14.9		**3,845**	**10.3**
Total liabilities		20,128	58.1		**19,867**	**53.0**

[For Reference]

(1) Balance Sheets for the term ended March 31, 2007 (Non-consolidated)

(Amount in millions of yen)

	The 17th Term (As of March 31, 2006) Amount		%	**The 18th Term (As of March 31, 2007) Amount**		**%**
Shareholders' equity:						
Ⅰ **Common stock, no par value**		3,030	8.7		-	-
Ⅱ **Capital surplus**						
1. Additional paid-in capital	4,095			-		
Total Capital surplus		4,095	11.8		-	-
Ⅲ **Retained earnings**						
1. Legal reserve	31			-		
2. Unappropriated retained earnings for the term	17,701			-		
Total retained earnings		17,732	51.2		-	
Ⅳ **Treasury stock**		(10,337)	(29.8)		-	
Total shareholders' equity		14,520	41.9		-	
Total liabilities and shareholders' equity		34,649	100.0		-	
Net Assets:						
I Shareholders' equity						
1 Capital stock			-		3,030	
2 Capital surplus			-			
(1) Capital reserve				4,095		
Total capital surplus					4,095	
3 Retained earnings			-			
(1) Retained surplus				31		
(2) Other retained earnings						
Earned surplus carried forward to the following term				20,595		
Total retained earnings					20,627	
4 Treasury stock			-		(10,117)	
Total shareholders' equity			-		17,634	47.0
Ⅱ Valuation and translation differences						
1 Deferred hedge loss			-		(12)	
Total valuation and translation differences			-		(12)	**(0.0)**
Total net assets			-		17,622	47.0
Total liabilities and net assets			-		**37,489**	**100.0**

(2) Statement of Income for the term ended March 31, 2007 (Non-consolidated)

	The 17th Term (As of March 31, 2006) Amount		%	The 18th Term (As of March 31, 2007) Amount		%
Ⅰ Sales		52,610	100.0		58,666	100.0
Ⅱ Cost of sales						
1. Inventory at the beginning of the term	10,159			10,619		
2	24,974			30,768		
Total	35,134			41,387		
3. Transfer from other account	203			744		
4. Inventory at the end of the term	10,619	24,311	46.2	13,729	26,914	45.9
Gross profit		28,298	53.8		31,752	54.1
Ⅲ Selling, general and administrative expenses						
1. Packing and transport expenses	1,131			1,296		
2. Advertising expenses	748			771		
3. Sales promotion expenses	141			172		
4. Bonuses paid to directors	182			222		
5. Salaries	4,974			5,828		
6. Bonuses	479			600		
7. Positioned amount of bonus payment reserve	470			639		
8. Retirement allowance expenses	89			107		
9. Positioned amount of director's benefit reserve	12			15		
10. Welfare expenses	762			892		
11. Traveling expenses	302			358		
12. Outsourcing expenses	1,790			2,161		
13. Rent	5,495			6,646		
14. Consumables	436			663		
15. Maintainance and repairing expenses	737			721		
16. Depreciation	555			636		
17. Commission paid	848			1,023		
18. Miscellaneous expenses	1,651	20,811	39.6	1,844	24,603	41.9
Operating income		7,487	14.2		7,148	12.2
Ⅳ Other income						
1. Interest income	0			2		
2. Income on product lease	14			12		
3. Rental income	117			108		
4. Miscellaneous income	65	198	0.4	73	197	0.3
Ⅴ Other expenses						
1. Interest expenses	20			79		
2. Foreign currency exchange loss	21			-		
3. Rent expenses	112			102		
4. Donation	64			0		
5. Cost on gaining treasury stocks	19			-		
6. Miscellaneous loss	5	243	0.5	7	189	0.3
Ordinary income		7,442	14.1		7,156	12.2
Ⅵ Extraordinary income						
1. Gains from sale of fixed asset	-			5		
2. Gains from return of loan loss reserve	2	2	0.0	-	5	0.0
Ⅶ Extraordinary losses						
1. Loss on retirement of fixed assets	254			416		
2. Addition to reserve of loss on debt guarantee	130			-		
3. Amended loss of previous fiscal year	156			-		
4. Valuation loss of products	-			540		
5. Impairment loss	-			123		
6. Others	32	573	1.1	9	1,090	1.9
Net income before taxes		6,870	13.0		6,071	10.3
Income taxes – Current *	2,913			2,995		
Income taxes – Deferred	(75)	2,838	5.4	(464)	2,530	4.3
Net income		4,032	7.6		3,540	6.0
Retained earnings beginning balance		13,891				
Losses on treasury stock transactions		111				
Interim dividend		110				
Unappropriated retained earnings for the term		17,701				

*Income taxes- Current consists of corporate income tax (national), enterprise tax (local), and resident income taxes (local).

(3) Consolidated Statement of Distribution of Net Profi

	The 17th Term (Approved at Shareholders' Meeting on June 28, 2006)	
	Amount	
Ⅰ **Unappropriated income of the term**		17,701
Ⅱ **Amount of distribution of net profit**		
1. Cash dividends	309	
2. Bonuses to directors	80	389
Ⅲ Unappropriated profit carried forward		17,311

(3) (Summary) Consolidated Statement of Shareholders' Equity for the term ended March 31, 200

	The 18th Term (From April 1, 2006 to March 31, 2007)							
	Shareholders' Equity							
		Capital surplus	Retained earnings					
	Capital stock	Capital reserve	Retained surplus	Other retained earnings	Treasury stocks	Total shareholders' equity	Valuation and translation differences, etc.	Total net assets
Balances on March 31, 2006	3,030	4,095	31	17,701	(10,337)	14,520	-	14,520
Change in current term								
Dividend of accumulated profit				(433)		(433)		(433)
Directors' Bonus				(80)		(80)		(80)
Net profit in current term				3,540		3,540		3,540
Purchase of Treasury stocks					(1)	(1)		(1)
Disposal of Treasury stocks				(132)	220	88		88
Change other than shareholders' equity (net amount) in current term							(12)	(12)
Total amount of change in current term				2,894	219	3,113	(12)	3,101
Balance at March 31, 2007	3,030	4,095	31	20,595	(10,117)	17,634	(12)	17,622

(For reference) Sales for fiscal year ended March 2007 (Non-consolidated)

The 17th term: term ended March 31, 2006 (from April 1, 2005 to March 31, 2006)
The 18th term: term ended March 31, 2007 (from April 1, 2006 to March 31, 2007)

① Total sales

(In millions of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
Total sales	52,610	58,666	6,056	11.5

② Sales by business

(In millions of yen, %)

		The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
	UA	30,378	32,071	1,692	5.6
	GLR	10,072	11,728	1,656	16.4
	CH	3,099	3,081	(18)	(0.6)
	*S.B.U.&UA Labs	4,528	6,900	2,372	52.4
Business units total		48,078	53,781	5,702	11.9
*Others		4,531	4,885	354	7.8

*1. S.B.U. =Small Business Unit
*2. "Total business units sales" includes sales of retail, wholesale, mail-order and rental formal wear.
"Other sales" includes sales of outlet and outside shops.
*3. "Changes UNITED ARROWS" that was included in S.B.U. and UA Labs until the 17th term changed position to a UA Label Image Store from the 18th term, and it's sales are included in UA business.
Sales of the 17th term have been retroactively calculated.

③ Sales by item (Business units total)

(In millions of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
Men’s	22,547	24,102	1,555	6.9
Women’s	19,576	23,234	3,657	18.7
*Silver & Leather	4,111	4,192	80	2.0
Miscellaneous	1,843	2,251	407	22.1

* “Silver & Leather” means silver accessories and leather outfits of CHROME HEARTS brand.

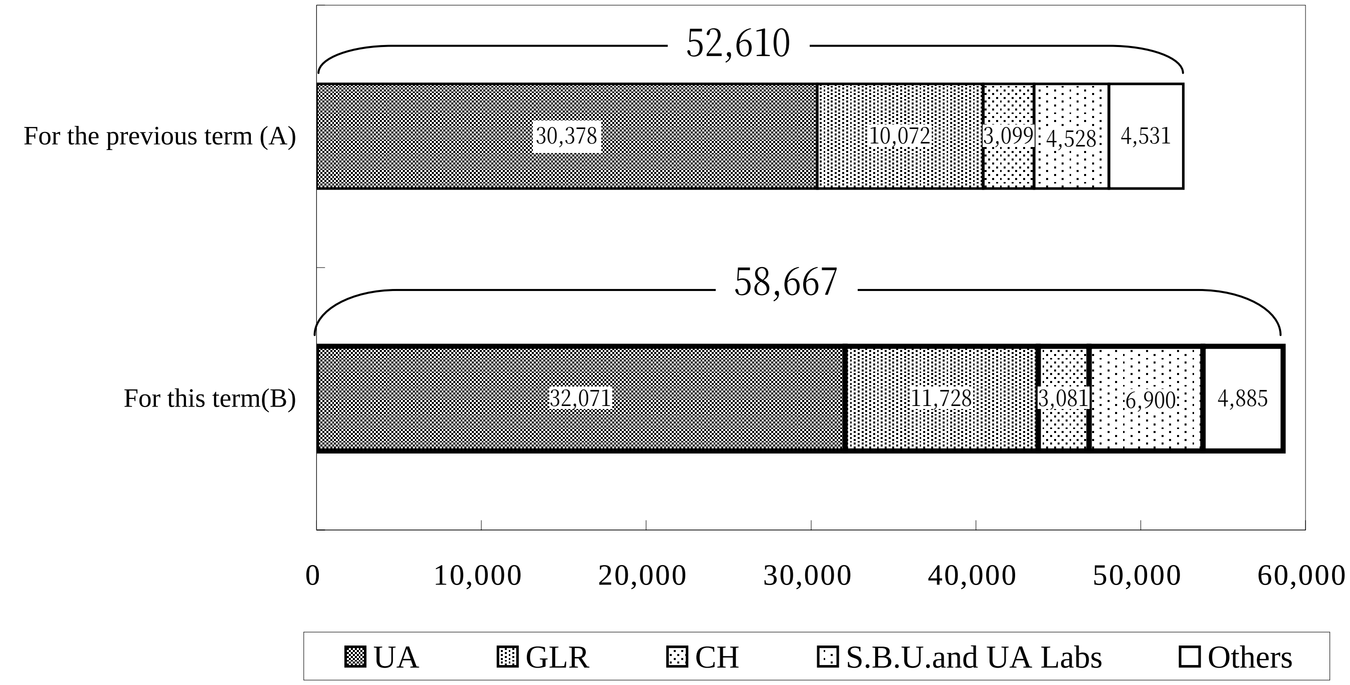
④ Sales of existing stores (retail division, YoY)

(%)

		Sales growth ratio	Number of customer growth ratio	Ave. spending per customer growth ratio
	UA	2.0	(3.9)	6.2
	GLR	(2.2)	(10.2)	8.9
	CH	(0.7)	(15.1)	16.9
	S.B.U.&UA Labs	8.5	3.0	5.3
Retail		1.5	(5.6)	7.5

For Reference: Sales by Business (YoY, Non-consolidated)

(In millions of yen)



References: Sales by Category of Merchandaise (Total business units sales)

(In millions of yen)