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**Summary of Financial Conditions and Business Results**  
**for the Third Quarter Ended December 31, 2006\***  
**(Consolidated)**

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Corporate Name:	UNITED ARROWS LTD.
URL:	<a href="http://www.united-arrows.co.jp/">http:// www.united-arrows.co.jp/</a>
Registered Name:	U-Arrows
Code Number:	7606
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
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\*The “Summary of Financial Conditions and Business Results for the third quarter ended December 31, 2006 (Consolidated)” 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.

## 1. Matters relating to prepare quarterly consolidated financial statements

The adoption of simple method in accounting procedure: None

The change of accounting procedure in the latest consolidated business year: Yes

The change in scope of consolidation and application of equity method: None

## 2. Financial conditions and business results for the third quarter ended December 31, 2006

(from April 1, 2006 to December 31, 2006)

### (1) Consolidated business performance

Note: A fractional sum less than one million yen is discarded.

Third quarter ended December	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2007	44,852	11.9	6,270	(5.3)	6,255	(5.9)	3,287	(10.1)
2006	40,099	-	6,621	-	6,650	-	3,658	-
Ref.) FY ended March 31, 2006	53,813	-	7,663	-	7,639	-	4,076	-

Third quarter ended December	Net income per share	Net income per share after adjusting dilutive shares
	Yen	yen
2007	79.57	78.83
2006	165.80	163.51
Ref.) FY ended March 31, 2006	183.99	181.40

Notes: 1. The percentage representing sales, operating income, etc. is a change from the previous third quarter.

Notes: 2. Common stocks were split two for one on April 1, 2006.

### Qualitative information regarding the progress of operating results (consolidated)

The Japanese economy during the third quarter of the current fiscal year (from April 1, 2006 to December 31, 2006) showed improvement in employment conditions due to better corporate performance and expansion in capital expenditures, but personal consumption did not fully recover due to weak growth of income.

In the clothing retailing industry where our group stands, in addition to above, difficult business conditions continued due to warm winter weather comparing to cold winter weather of the previous year, and diversifying consumer spending, etc.

Despite such unfavorable circumstances, our business group implemented a variety of decisive measures at the beginning of the term focusing on company-wide key strategies: promotion of weekly MD (merchandising = product planning), strengthening of self-planned products, strengthening of CRM (Customer Relationship Management) and expansion of sales by improving the efficiency of store front services, thereby establishing a solid foundation to ensure sustainable growth of the company. In the second half of the fiscal year, together with measures mentioned above, we focused on improving quality of merchandise and sales to restructure store space from customer's view point, and strengthening cooperation between related departments.

Although number of customers did not show large growth, with respect to sales trends of UNITED ARROWS

LTD. on non-consolidated basis, sales increased to 43,062 million yen (109.2% YoY) due to improvement of per-customer spending and increase of new stores, etc.

In respect of opening of new shops, we have newly opened 4 stores in October and 1 store in November, thus the total number stores has totaled up to 99 by the end of the third quarter of this fiscal year.

As a result, on consolidated basis, sales for the third quarter of the current fiscal year were 44,852 million yen (111.9% YoY), operating income were 6,270 million yen (94.7% YoY), ordinary income were 6,255 million yen (94.1% YoY), and net income totaled 3,287 million yen (89.9% YoY).

## (2) Consolidated financial conditions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
Third quarter ended December	¥million	¥million	%	yen
2007	38,935	17,415	44.7	412.18
2006	41,260	22,159	53.7	1,001.99
Ref.) FY ended March 31, 2006	35,334	14,565	41.2	702.65

Notes: 1. "Standards for Presentation of Net Assets in the Balance Sheet" (No. 5 Accounting Standards for Business Enterprises December 9, 2005) in the Balance Sheet" and "Application Guidelines for Accounting Standards for Presentation of Net Assets" (No. 8 Application Guidelines in Accounting Standards for Business Enterprises December 9, 2005), both of which the company adopted from this first quarter of the current fiscal year, are not applied to figures in consolidated financial statements as of fiscal year ended March 31, 2005.

Notes: 2. 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
Third quarter ended December	¥ million	¥ million	¥ million	¥ million
2007	(318)	(3,908)	(274)	3,148
2006	-	-	-	-
Ref.) FY ended March 31, 2006	6,596	(3,423)	648	7,650

Notes: As a consolidated cash flow statement has not been prepared for the third quarter of fiscal year ended March 2006, the previous third quarter is not stated.

**References: Financial conditions and business results for the third quarter ended December 31, 2006****(from April 1, 2006 to December 31, 2006)****(1) Business results (Non-consolidated)**

Note: A fractional sum less than one million yen is discarded.

Third quarter ended December	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2007	43,062	9.2	6,072	(6.0)	6,071	(6.3)	3,282	(8.6)
2006	39,423	15.0	6,461	29.8	6,476	29.3	3,591	23.5
Ref.) FY ended March 31, 2006	52,610	-	7,487	-	7,442	-	4,032	-

Notes: The percentage representing sales, operating income, etc. is a change from the previous third quarter.

**Financial condition (Non-Consolidated)**

Third quarter ended December	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥million	¥million	%	yen
2007	38,413	17,368	45.2	420.02
2006	40,474	22,089	54.6	998.86
Ref.) FY ended March 31, 2006	34,649	14,520	41.9	700.48

Notes: 1. "Standards for Presentation of Net Assets in the Balance Sheet" (No. 5 Accounting Standards for Business Enterprises December 9, 2005) in the Balance Sheet" and "Application Guidelines for Accounting Standards for Presentation of Net Assets" (No. 8 Application Guidelines in Accounting Standards for Business Enterprises December 9, 2005), both of which the company adopted from this first quarter of the current fiscal year, are not applied to figures in consolidated financial statements in fiscal year ended March 2005 and the first quarter of fiscal year ended March 2005.

Notes: 2. Common stocks were split two for one on April 1, 2006.

**3. Forecast of results for fiscal year ending March 31, 2007****(Consolidated, from April 1, 2006 to March 31, 2007)**

The performance of the company is in line with plans, thus there are no changes made in consolidated financial forecasts that were announced on November 20, 2006.

(1) Balance Sheets for the third quarter ended December 31, 2006 (Consolidated)

(In millions of yen)									
	The 17 <sup>th</sup> Term (As of Dec 31, 2005)			The 18 <sup>th</sup> Term (As of Dec 31, 2006)			The 17 <sup>th</sup> Term (As of March 31, 2006)		
	Amount	%		Amount	%		Amount	%	
<b>Assets:</b>									
<b>I Current assets</b>									
1. Cash and cash equivalents	12,692			3,263			7,752		
2. Notes and accounts receivable-trade	222			248			255		
3. Inventories	11,408			14,764			10,959		
4. Notes and accounts receivable-other	4,729			5,534			3,494		
5. Deferred tax assets	330			385			577		
6. Others	277			311			341		
7. Allowance for doubtful accounts	(3)			(3)			(2)		
<b>Total current assets</b>	<b>29,658</b>	<b>71.9</b>		<b>24,503</b>	<b>62.9</b>		<b>23,378</b>	<b>66.2</b>	
<b>II Fixed assets</b>									
<b>1. Tangible fixed assets</b>									
(1) Buildings	5,319			6,050			5,463		
accumulated depreciation	<u>1,625</u>	<u>3,693</u>		<u>1,829</u>	<u>4,221</u>		<u>1,695</u>	<u>3,768</u>	
(2) Land		1,082			1,082			1,082	
(3) Construction in progress		84			45			5	
(2) Others	1,199			1,452			1,234		
accumulated depreciation	<u>662</u>	<u>537</u>		<u>781</u>	<u>671</u>		<u>706</u>	<u>528</u>	
<b>Total tangible fixed assets</b>		<b>5,398</b>	<b>13.1</b>		<b>6,020</b>	<b>15.5</b>		<b>5,384</b>	<b>15.2</b>
<b>2. Intangible fixed assets</b>									
(1) Consolidation goodwill		1,533			1,196			1,435	
(2) Others		<u>488</u>			<u>1,798</u>			<u>589</u>	
		<b>2,022</b>	<b>4.9</b>		<b>2,995</b>	<b>7.7</b>		<b>2,025</b>	<b>5.7</b>
<b>3. Investments and other assets</b>									
(1) Long-term guarantee money deposited		3,563			4,854			3,972	
(2) Deferred tax assets		104			143			87	
(3) Others		576			418			486	
(4) Reserve for possible loan losses		<u>(62)</u>			<u>-</u>			<u>-</u>	
<b>Total investments and other assets</b>		<b>4,181</b>	<b>10.1</b>		<b>5,416</b>	<b>13.9</b>		<b>4,546</b>	<b>12.9</b>
<b>Total fixed assets</b>		<b>11,602</b>	<b>28.1</b>		<b>14,431</b>	<b>37.1</b>		<b>11,956</b>	<b>33.8</b>
<b>Total assets</b>		<b>41,260</b>	<b>100.0</b>		<b>38,935</b>	<b>100.0</b>		<b>35,334</b>	<b>100.0</b>
<b>Liabilities:</b>									
<b>I Current liabilities</b>									
1. Notes and accounts payable-trade		5,416			7,839			5,480	
2. Current portion of bonds		10			15			10	
3. Short-term borrowings		9,000			2,000			2,010	
4. Current portion of long-term debt		611			3,718			3,194	
5. Accounts payable - other		1,743			1,716			2,019	
6. Corporation and inhabitants taxes payable		1,315			811			1,860	
7. Accrued bonus		257			384			479	
8. Allowance for loss on guarantee of obligations		-			-			130	
9. Other		<u>413</u>	<b>45.5</b>		<u>287</u>	<b>43.1</b>		<u>397</u>	<b>44.1</b>
<b>Total current liabilities</b>		<b>18,768</b>			<b>16,772</b>			<b>15,582</b>	
<b>Long-term liabilities</b>									
1. Corporate bond		15			-			10	
2. Long-term borrowings		98			4,521			4,959	
3. Reserve for retirement benefits for directors		140			150			143	
4. Other		<u>80</u>			<u>75</u>			<u>74</u>	
<b>Total long-term liabilities</b>		<b>333</b>	<b>0.8</b>		<b>4,747</b>	<b>12.2</b>		<b>5,187</b>	<b>14.7</b>
<b>Total liabilities</b>		<b>19,101</b>	<b>46.3</b>		<b>21,519</b>	<b>55.3</b>		<b>20,769</b>	<b>58.8</b>

	The 17 <sup>th</sup> Term (As of Dec 31, 2005)		The 18 <sup>th</sup> Term (As of Dec 31, 2006)		The 17 <sup>th</sup> Term (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
<b>Shareholders' equity:</b>						
Common stock, no par value	3,030	7.3			3,030	8.6
Capital surplus	4,095	9.9			4,095	11.6
Retained earnings	17,452	42.3			17,777	50.3
Other valuation differences of securities	2	0.0			-	-
Treasury stock	(2,421)	(5.8)			(10,337)	(29.3)
Total shareholders' equity	22,159	53.7			14,565	41.2
Total liabilities and shareholders' equity	41,260	100.0			35,334	100.0
<b>Net Assets:</b>						
<b>I Shareholders' equity</b>						
1 Common stock, no par value			3,030	7.8		
2 Capital surplus			4,095	10.5		
3 Retained earnings			20,429	52.5		
4 Treasury stock			(10,143)	(26.1)		
Total shareholders' equity			17,411	44.7		
<b>Valuation and translation differences</b>						
1 Deferred profit and loss on hedges			4	0.0		
Total valuation and translation differences			4	0.0		
Total net assets			17,415	44.7		
Total liabilities and net assets			38,935	100.0		

(2) Statement of Income for the third quarter ended December 31, 2006  
(Consolidated)

	The 17 <sup>th</sup> Term		The 18 <sup>th</sup> Term		The 17 <sup>th</sup> Term	
	(As of Dec 31, 2005)		(As of Dec 31, 2006)		(As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
Sales	40,099	100.0	44,852	100.0	53,813	100.0
Cost of sales	17,942	44.7	19,607	43.7	24,794	46.1
Gross profit	22,156	55.3	25,244	56.3	29,018	53.9
Operating expenses	15,535	38.8	18,973	42.3	21,355	39.7
Operating income	6,621	16.5	6,270	14.0	7,663	14.2
Other income	158	0.4	136	0.3	205	0.4
Other expenses	128	0.3	161	0.3	229	0.4
Ordinary income	6,650	16.6	6,255	14.0	7,639	14.2
Extraordinary income	2	0.0	6	0.0	10	0.0
Extraordinary losses	374	0.9	490	1.1	573	1.1
Net income before taxes	6,278	15.7	5,770	12.9	7,075	13.1
Income taxes – Current *	2,474		2,349		3,084	
Income taxes – Deferred	144	2,619	133	2,483	(85)	2,998
Net income	3,658	9.1	3,287	7.3	4,076	7.6

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

## (3) ( Summary) Consolidated Statements of Shareholders' Equity

(In millions of yen)

The 18 <sup>th</sup> Term 3Q (From April 1, 2006 to Dec 31, 2006)						
Shareholders' Equity						
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity	Valuation and translation differences, etc.
Balances at March 31, 2006	3,030	4,095	17,777	(10,337)	14,565	-
Change in current quarter						
Dividend of accumulated profit			(433)		(433)	
Directors' Bonus			(82)		(82)	
Net profit in current quarter			3,287		3,287	
Purchase of Treasury stocks				(0)	(0)	
Disposal of Treasury stocks			(119)	194	74	
Change other than shareholders' equity (net amount) in current quarter						4
Total amount of change in current quarter	-	-	2,651	193	2,845	4
Balance at Dec 31, 2006	3,030	4,095	20,429	(10,143)	17,411	4



## (4) Consolidated Statements of Cash Flows

As a consolidated cash flow statement has not been prepared for the third quarter of fiscal year ended March 2006, the previous third quarter is not stated.

	(In millions of yen)	
	The 18 <sup>th</sup> Term	The 17 <sup>th</sup> Term
	(From Apr. 1, 2006 to Dec 31, 2006)	(From Apr. 1, 2005 to Mar. 31, 2006)
	Amount	Amount
<b>Cash flows from operating activities</b>		
Income before income taxes	5,770	7,075
Depreciation	467	565
Amortization of intangible fixed assets	97	114
Amortization of long-term prepaid expenses	50	80
Impairment losses	123	-
Amortization of consolidated adjustment account	239	159
Increase in accrued bonuses	(95)	0
Increase in accrued retirement benefits for directors	7	12
Increase in allowance for doubtful accounts	0	1
Increase in provision for loss on guarantees	-	130
Interest and dividend income	(0)	(0)
Interest expenses	60	21
Exchange gain	0	(1)
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	193	161
Loss on disposal of long-term prepaid expenses	34	26
Increase in accounts receivable	(2,011)	(311)
Increase in inventories	(3,085)	(540)
Decrease in other current assets	2	3
Increase in accounts payable	2,358	1,803
Increase in other current liabilities	(188)	226
Decrease in other long-term liabilities	0	(46)
Bonuses to directors	(82)	(69)
Others	6	-
<b>Subtotal</b>	<b>3,224</b>	<b>9,411</b>
Interest and dividend income	0	0
Payment of interest	(63)	(13)
Payment of income taxes	(3,480)	(2,802)
<b>Net cash from operating activities</b>	<b>(318)</b>	<b>6,596</b>
<b>Cash flows from investing activities</b>		
Transfer to time deposits	(13)	(9)
Investment in affiliated company with changes in scope of consolidation	-	(1,740)
Proceeds from loans receivable in affiliates	5	75
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	7	-
Purchase of tangible fixed assets	(1,552)	(941)
Purchase of intangible fixed assets	(1,252)	(215)
Purchase of long-term prepaid expense	(114)	(191)
Guarantee deposits paid	(882)	(539)
Decrease in other investment	34	(3)
<b>Net cash from (used in) investing activities</b>	<b>(3,908)</b>	<b>(3,423)</b>

	The 18 <sup>th</sup> Term (From Apr. 1, 2006 to June 30, 2006)	The 17 <sup>th</sup> Term (From Apr. 1, 2005 to Mar. 31, 2006)
	Amount	Amount
<b>Cash flows from financing activities</b>		
Increase in short-term borrowings	(10)	1,975
Proceeds from long-term debt	3,000	7,950
Payments for repayment of long-term debt	(2,914)	(1,017)
Redemption of bonds	(5)	(5)
Purchase of treasury stocks	(0)	(8,077)
Exercise of stock options	74	175
Dividends paid	(419)	(352)
<b>Net cash used in financing activities</b>	<b>(274)</b>	<b>648</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(0)</b>	<b>1</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4,502)</b>	<b>3,822</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>7,650</b>	<b>3,827</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,148</b>	<b>7,650</b>

[Reference]

(1) Balance Sheets for the third quarter ended December 31, 2006 (Non-consolidated)

		(In millions of yen)					
		The 17 <sup>th</sup> Term (As of Dec 31, 2005)		The 18 <sup>th</sup> Term (As of Dec 31, 2006)		B/S Summary of Previous Fiscal Year as of March 31, 2006	
		Amount	%	Amount	%	Amount	%
<b>Assets:</b>							
<b>I Current assets</b>							
1. Cash and cash equivalents		12,085		2,659		7,084	
2. Notes and accounts receivable-trade		32		25		60	
3. Inventories		11,173		14,416		10,694	
4. Notes and accounts receivable-other		4,592		5,424		3,430	
5. Others		577		666		886	
<b>Total current assets</b>		<b>28,461</b>	<b>70.3</b>	<b>23,192</b>	<b>60.4</b>	<b>22,157</b>	<b>63.9</b>
<b>II Fixed assets</b>							
<b>1. Tangible fixed assets</b>							
(1) Buildings		3,667		4,197		3,742	
(2) Lands		1,082		1,082		1,082	
(3) Others		618		711		530	
<b>Total tangible fixed assets</b>		<b>5,368</b>	<b>13.3</b>	<b>5,990</b>	<b>15.6</b>	<b>5,355</b>	<b>15.5</b>
<b>2. Intangible fixed assets</b>		<b>488</b>	<b>1.2</b>	<b>1,797</b>	<b>4.7</b>	<b>588</b>	<b>1.7</b>
<b>3. Investments and other assets</b>							
(1) Investment securities-Affiliates		2,105		2,100		2,100	
(2) Long-term lease deposits		3,504		4,777		3,913	
(3) Others		609		554		534	
(4) Allowance for doubtful accounts		(62)		-		-	
<b>Total investments and other assets</b>		<b>6,156</b>	<b>15.2</b>	<b>7,431</b>	<b>19.3</b>	<b>6,548</b>	<b>18.9</b>
<b>Total fixed assets</b>		<b>12,012</b>	<b>29.7</b>	<b>15,220</b>	<b>39.6</b>	<b>12,492</b>	<b>36.1</b>
<b>Total assets</b>		<b>40,474</b>	<b>100.0</b>	<b>38,413</b>	<b>100.0</b>	<b>34,649</b>	<b>100.0</b>
<b>Liabilities:</b>							
<b>I Current liabilities</b>							
1. Note and accounts payable-trade		5,005		7,476		5,117	
2. Short-term borrowings		9,000		2,000		2,010	
3. Current portion of long-term debt		590		3,718		3,180	
4. Notes and accounts payable-other		1,657		1,673		1,922	
5. Income taxes payable		1,166		781		1,743	
6. Accrued bonus		254		381		470	
7. Other		397		271		507	
<b>Total current liabilities</b>		<b>18,071</b>	<b>44.6</b>	<b>16,302</b>	<b>42.4</b>	<b>14,951</b>	<b>43.2</b>
<b>Long-term liabilities</b>							
1. Long-term borrowings		98		4,521		4,959	
2. Accrued retirement benefits for directors		140		146		143	
3. Long-term guarantee deposits received		74		75		74	
<b>Total long-term liabilities</b>		<b>312</b>	<b>0.8</b>	<b>4,742</b>	<b>12.4</b>	<b>5,177</b>	<b>14.9</b>
<b>Total liabilities</b>		<b>18,384</b>	<b>45.4</b>	<b>21,045</b>	<b>54.8</b>	<b>20,128</b>	<b>58.1</b>
<b>Shareholders' equity:</b>							
<b>Common stock, no par value</b>		<b>3,030</b>	<b>7.5</b>	<b>-</b>	<b>-</b>	<b>3,030</b>	<b>8.7</b>
<b>Capital surplus</b>							
1. Additional paid-in capital		4,095		-		4,095	
<b>Total Capital surplus</b>		<b>4,095</b>	<b>10.1</b>	<b>-</b>	<b>-</b>	<b>4,095</b>	<b>11.8</b>
<b>Retained earnings</b>							
1. Legal reserve		31		-		31	
2. Unappropriated retained earnings for the term		17,354		-		17,701	
<b>Total retained earnings</b>		<b>17,385</b>	<b>43.0</b>	<b>-</b>		<b>17,732</b>	<b>51.2</b>
<b>Treasury stock</b>		<b>(2,421)</b>	<b>(6.0)</b>	<b>-</b>		<b>(10,337)</b>	<b>(29.8)</b>
<b>Total shareholders' equity</b>		<b>22,089</b>	<b>54.6</b>	<b>-</b>		<b>14,520</b>	<b>41.9</b>
<b>Total liabilities and shareholders' equity</b>		<b>40,474</b>	<b>100.0</b>	<b>-</b>		<b>34,649</b>	<b>100.0</b>
<b>Net Assets:</b>							
<b>I Shareholders' equity</b>							
1. Capital stock		-	-	3,030	7.9	-	-
2. Capital surplus		-	-	4,095	10.7	-	-
3. Retained earnings		-	-	20,381	53.0	-	-
4. Treasury stock		-	-	(10,143)	(26.4)	-	-
<b>Total shareholders' equity</b>		<b>-</b>	<b>-</b>	<b>17,363</b>	<b>45.2</b>	<b>-</b>	<b>-</b>
<b>Valuation and translation differences</b>							
1. Deferred hedge loss		-	-	4	0.0	-	-
<b>Total valuation and translation differences</b>		<b>-</b>	<b>-</b>	<b>4</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>		<b>-</b>	<b>-</b>	<b>17,368</b>	<b>45.2</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>		<b>-</b>	<b>-</b>	<b>38,413</b>	<b>100.0</b>	<b>-</b>	<b>-</b>

(2) Statement of Income for the third quarter ended December 31, 2006 (Non-consolidated)

(In millions of yen)

	The 17 <sup>th</sup> Term		The 18 <sup>th</sup> Term		B/S Summary of Previous Fiscal Year	
	(As of Dec 31, 2005)		(As of Dec 31, 2006)		as of March 31, 2006	
	Amount	%	Amount	%	Amount	%
Sales	39,423	100.0	43,062	100.0	52,610	100.0
Cost of sales	17,690	44.9	18,830	43.7	24,311	46.2
Gross profit	21,733	55.1	24,231	56.3	28,298	53.8
Operating expenses	15,272	38.7	18,159	42.2	20,811	39.6
Operating income	6,461	16.4	6,072	14.1	7,487	14.2
Other income	152	0.4	142	0.3	198	0.4
Other expenses	137	0.4	143	0.3	243	0.5
Ordinary income	6,476	16.4	6,071	14.1	7,442	14.1
Extraordinary income	2	0.0	4	0.0	2	0.0
Extraordinary losses	374	0.9	461	1.1	573	1.1
Net income before taxes	6,104	15.5	5,614	13.0	6,870	13.0
Income taxes – Current *	2,358		2,201	.	2,913	
Income taxes – Deferred	153	2,512	130	2,332	(75)	2,838
Net income	3,591	9.1	3,282	7.6	4,032	7.6
Retained earnings beginning balance	13,891		-		13,891	
Losses on treasury stock transactions	18		-		111	
Interim dividend	110		-		110	
Unappropriated retained earnings for the term	17,354		-		17,701	

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

## (3) ( Summary) Statements of Shareholders' Equity

(In millions of yen)

The 18 <sup>th</sup> Term 3Q (From April 1, 2006 to Dec 31, 2006)						
Shareholders' Equity						
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity	Valuation and translation differences, etc. Total net assets
Balances at March 31, 2006	3,030	4,095	17,732	(10,337)	14,520	- 14,520
Change in current quarter						
Dividend of accumulated profit			(433)		(433)	(433)
Directors' Bonus			(80)		(80)	(80)
Net profit in current quarter			3,282		3,282	3,282
Purchase of Treasury stocks				(0)	(0)	(0)
Disposal of Treasury stocks			(119)	194	74	74
Change other than shareholders' equity (net amount) in current quarter						4 4
Total amount of change in current quarter	-	-	2,648	193	2,842	4 2,847
Balance at December 31, 2006	3,030	4,095	20,381	(10,143)	17,363	4 17,368

### (3) Sales for the third quarter (Non-consolidated)

The previous third quarter: 3Q ended December 31, 2005 (from April 1, 2005 to December 31, 2005 for 9 months)

This third quarter: 3Q ended December 31, 2006 (from April 1, 2006 to December 31, 2006 for 9 months)

Total sales

(In millions of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
3Q	15,782	17,373	1,591	10
Aggregate 1Q to 3Q	39,423	43,062	3,639	9

Sales by business

(In millions of yen, %)

		The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
3Q	UA	9,190	9,690	499	5
	GLR	3,089	3,459	369	12
	CH	900	881	(19)	(2)
	*S.B.U.&UA Labs	1,235	1,899	664	54
	Business units total	14,417	15,931	1,514	11
	*Others	1,365	1,442	76	6
1Q to 3Q	UA	22,857	23,685	827	4
	GLR	7,525	8,518	993	13
	CH	2,423	2,372	(51)	(2)
	*S.B.U.&UA Labs	3,230	4,806	1,576	49
	Business units total	36,037	39,383	3,345	9
	*Others	3,385	3,679	293	9

\*1. S.B.U. =Small Business Unit

\*2. "Total business units sales" includes sales of retail, wholesale, mail-order and fomal wear rental, etc.

"Other sales" includes sales of outlet and outside shops.

\*3. The "Changes UNITED ARROWS" business that was S.B.U. and UA Labs until the previous term has changed status to a UA label store, and it's sales are included in the UA business from this term.

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
3Q	Men's	7,221	7,635	414	6
	Women's	5,445	6,457	1,012	19
	*Silver & Leather	1,213	1,205	(7)	(1)
	Miscellaneous	537	632	94	18
1Q to 3Q	Men's	17,037	17,925	888	5
	Women's	14,421	16,601	2,179	15
	*Silver & Leather	3,188	3,214	25	1
	Miscellaneous	1,390	1,642	252	18

\* "Siver & Leather" means silver accessories and leather outfits of CHROME HEARTS brand.

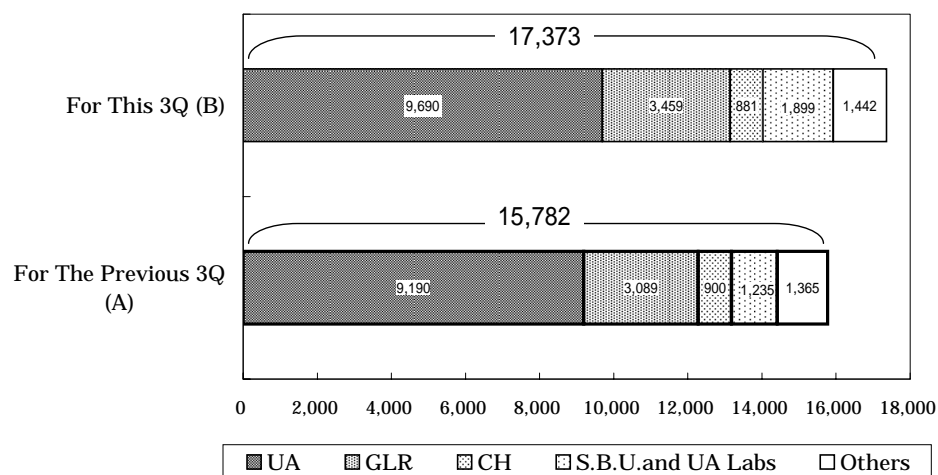
Sales of existing stores (retail division, YoY)

(%)

		Sales growth ratio	Number of customer growth ratio	Ave. spending per customer growth ratio
3Q	UA	2.1	(3.8)	6.2
	GLR	(6.9)	(15.0)	9.5
	CH	(2.7)	(15.1)	14.7
	S.B.U.&UA Labs	5.6	3.0	2.5
	Total	0.0	(7.4)	7.9
1Q to 3Q	UA	(0.2)	(5.7)	5.8
	GLR	(4.0)	(13.2)	10.6
	CH	(2.3)	(16.0)	16.2
	S.B.U.&UA Labs	8.2	1.9	6.2
	Total	(0.5)	(7.7)	7.8

References: Sales by Business (YoY, Non-consolidated)

(In millions of yen)



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

(In millions of yen)

