May 12, 2009

Summary of Financial Conditions and Business Results for the Term Ended March 31, 2009* (Consolidated)

Corporate Name:	UNITED ARROWS LTD.
Securities Traded:	Tokyo Stock Exchange, First Section
Code Number:	7606
URL:	http://www.united-arrows.co.jp/
Representative:	Osamu Shigematsu,
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Scheduled date of Shareholders' Meeting:	June 23, 2009
Scheduled date of dividend payment:	June 24, 2009
Scheduled deadline of Yuho:	June 24, 2009

*The "Summary of Financial Conditions and Business Results for the Term ended March 31, 2009" is an English translation of the original Japanese version. If any doubts arise as to the interpretation of this English version, the Japanese version shall take precedence.

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

1. Consolidated Business Results of the Term Ended March 2009 (from April 1, 2008 to March 31, 2009)

(1)Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit	
	¥ million	%	¥ million	%	¥ million	%
Term Ended March 2009	79,665	(10.3)	4,319	(△12.4)	4,283	(△14.6)
Term Ended March 2008	72,221	(18.5)	4,930	(△32.9)	5,017	(△31.6)

	Net Income		Net Income per share	Net Income per share after adjusting dilutive shares
	¥ million	%	yen	yen
Term Ended March 2009	1,274	(△66.5)	30.19	-
Term Ended March 2008	3,800	(8.2)	90.59	90.08

	Net Income / Net Worth	Ordinary Profit / Total Assets	Operating Profit / Total Sales
	%	%	%
Term Ended March 2009	5.6	9.5	5.4
Term Ended March 2008	18.8	12.3	6.8

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

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	¥ million	¥ million	%	yen
Term Ended March 2009	46,821	23,004	49.1	545.02
Term Ended March 2008	43,362	22,711	52.4	538.09

(Reference) Net worth

Term Ended March 2009 ¥ 23,004million

Term Ended March 2008 ¥22,711 million

(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 2009	1,286	△4,373	3,434	3,322
Term Ended March 2008	456	△946	493	2,975

2. Conditions of Dividend Payment

	Dividend per share			Dividend Payment (Annual)	Dividend Payout Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	Interim end	Term end	Annual			
	yen	yen	yen	¥Million	%	%
Term ended March 2008	10.00	15.00	25.00	1,063	27.6	4.7
Term ended March 2009	10.00	15.00	25.00	1,055	82.8	4.6
Term ended March 2010 (estimate)	10.00	15.00	25.00	1,068	55.0	4.4

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

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income		Net Income per share
	¥million	%	¥million	%	¥million	%	¥million	%	yen
Interim	38,471	(4.9)	1,170	(36.9)	1,079	(25.0)	359	(116.7)	8.41
Full Term	82,644	(3.7)	4,478	(3.7)	4,300	(0.4)	1,943	(52.5)	45.48

4. Others

(1) Changes in significant subsidiaries during the current quarter

(Changes in special subsidiaries that caused a change in scope of consolidation): Yes

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

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

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1: No

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

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

Term Ended FYE March 2009 42,800,000 stocks

Term Ended FYE March 2008 47,700,000 stocks

( ) Number of treasury stock

Term Ended FYE March 2009 591,871 stocks

Term Ended FYE March 2008 5,491,687 stocks

(For reference) Overview of Non-consolidated Business Results

1. Non-consolidated Business Results of the Term Ended March 2009 (from April 1, 2008 to March 31, 2009)

(1) Non-consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit	
	¥ million	%	¥ million	%	¥ million	%
Term Ended March 2009	76,582	(10.1)	4,838	(2.1)	4,866	(0.6)
Term Ended March 2008	69,560	(18.6)	4,737	(△33.7)	4,839	(△32.4)

	Net Income		Net Income per share	Net Income per share after adjusting dilutive shares
	¥ million	%	yen	yen
Term Ended March 2009	2,074	(△46.5)	49.14	-
Term Ended March 2008	3,875	(9.4)	92.38	91.86

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

(2) Non-consolidated Financial Situation

	Total Assets	Shareholders' Equity	Equity ratio	Net Asset per share
	¥ million	¥ million	%	yen
Term Ended March 2009	45,901	23,865	52.0	565.43
Term Ended March 2008	42,733	22,773	53.3	539.54

2. Projected Non-consolidated Performance of the Fiscal Year Ending March 2010 (From April 1, 2009 to March 31, 2010)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income		Net Income per share
	¥million	%	¥million	%	¥million	%	¥million	%	yen
Interim	35,895	(1.4)	1,580	(57.1)	1,534	(46.5)	777	(73.5)	18.20
Full Term	76,906	(0.4)	4,990	(3.1)	4,900	(0.7)	2,529	(22.0)	59.21

(Reference) Net worth

Term Ended March 2009	¥ 23,865million
Term Ended March 2008	¥22,773 million

*Explanation regarding appropriate use of projected business performance

The above projection was made based on information available at present. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the figures stated above due to any possible factor. Please refer to the attached documents starting from the next page for the preconditions and further information for the projected figures.

Ⅱ Qualitative Information, Financial Results, etc.

1. Business Performance

(1) Qualitative Information on Consolidated Business Performance

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

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

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

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

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

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

3) Ascertaining unprofitable operations and deciding early withdrawal judgment

- As challenging as current circumstances are, we concentrate our management resources on promising business. Thus, we decided to close SOUNDS GOODS business, which seems difficult to return to the black in the near term. Two of three SOUNDS GOODS stores were closed during our fourth quarter.

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

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

- We started a weekly business supervising meeting where 391 issues were discussed to improve sales related operations and put strength in helping our store staff to concentrate on serving customers.

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

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

3) Improve conversion rate (turning inventory into sales) by placing right merchandise at right place at right price.

- Conversion rate for 2008 FW (fall & winter), that represents an idea of how effectively turning inventory to sales, improved compared to last year. First, we had the right amount of inventory at the right time, and changed retail price flexibly. Secondly, we were proactive about clearing through inventories in a controlled manner, using the outlet stores to clear excess inventories.

4) Implement continuous cost control through UNITED ARROWS Group.

- Our continuous cost control initiative resulted in 1,831 million saving (5.1% below YoY) during this fiscal year.

We opened eleven new stores and closed three stores for the UNITED ARROWS business; opened one and closed three stores for GLR business; opened eight stores and closed three stores for the SBU (small business unit) and UA Labs during this fiscal, ending with 138 directly operated stores in total.

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

Consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. (from February 1, 2008 to January 31, 2009) opened one store in August 2008 and the second store in September, ending with 2 stores in total. Another subsidiary COEN CO., LTD. started opening stores in October, ending with sixteen directly operated stores in total.

As a result, a total consolidated sale for this fiscal was 79,665 million yen, up 10.3% over the comparable period last year. Gross margin was 40,647 million yen, 10.2% higher than the prior year period. Gross margin was 51.0%, 0.1% below than the prior year period, mainly due to increasing markdowns. Selling, general and administrative expenses was 36,327 million yen, 13.7% higher than the same period last year due to 1) an increase in personnel costs caused by conversion of part-time workers to regular workers carried out in August 2007, 2) an increase in reserve for House Card (members' card) points also started in August 2007, and 3) an increase in rent and depreciation in accordance with new store openings, 4) an expense of incorporation of COEN and at newly opened stores (PERENNIAL and COEN).

As a result, consolidated ordinary income declined by 14.6% to 4,283 million yen. Net income declined by 66.5% to 1,274 million yen. This decrease related to impairment loss of 1,020 million yen during this term as well as gain on sales of property of 2,538 million yen in the last fiscal.

(2) Qualitative Information on Consolidated Financial Conditions

1. Conditions of Assets, Liabilities and Net Assets

(a) Assets

Current assets increased by 8% to 29,460 million yen compared to the end of the previous fiscal year. This was because merchandise increased by 1,637 million yen and receivables 179 million yen, respectively.

Non-current assets increased by 8% to 17,360 million yen compared to the end of the previous fiscal year due mainly to an increase of 1,049 million yen in buildings and structures and 429 million yen increase in guarantee deposits.

As a result, total assets increased by 8% to 46,821 million yen.

(b) Liabilities

Current liabilities decreased by 1.4% to 19,854 million yen compared to the end of the previous fiscal year. The decrease was mainly due to a decrease in tax payable.

Noncurrent liabilities increased by 676% to 3,962 million yen, mainly due to an increase in long-term loans payable. As a result, total liabilities was 23,816 million yen, or 15.3% up from last fiscal.

(c) Net assets

Total net assets increased to 23,004 million yen, 1.3% up compared to the end of the previous fiscal year due to an increase of 1,274 million yen in retained earnings which was partially offset by a payment of dividends of 1,055 million yen. Because 7,531 million yen of treasury stock was retired, capital surplus, retained earnings and treasury stock decreased by 362 million yen, 7,169 million yen, 7,531 million yen (positive), respectively.

2. Conditions of Cash Flows

Cash and cash equivalents (hereinafter referred to as “Cash”) in this term increased by 347 million yen to 3,322 million yen compared to the end of last fiscal year.

Each cash flow condition and its reasons for this term are as follows:

(a) Cash Flows from operating activities

Cash Flows from operating activities in this term was 1,286 million yen (increase by 181.6% YoY).

Details of increase in cash were net income before tax by 3,058 million yen, increase in other current liabilities by 765 million yen and depreciation of 1,260 million yen, and details of decline in cash were increase in inventory by 1,637 million yen, increase in accounts receivable by 136 million yen and payment of income taxes of 3,662 million yen.

(b) Cash Flows from investing activities

Cash used for investing activities in this term was 4,373 million (increase by 362.1% YoY). There was cash outlay of 3,479 million yen for tangible fixed assets and 429 million yen for guarantee deposit.

(c) Cash Flows from financing activities

Cash Flows from financing activities in this term was 3,434 million yen (Up 595.6% over the last fiscal year).

Although there were cash outlay of 3,267 million from repayment of long-term borrowings and payment of dividends of 1,048 million yen, there were proceeds of 5,500 million yen from long term borrowings and 2,250 million yen from short-term borrowings.

The indicators of our cash flows are as follows:

Notes:

	FYE March 2008 (consolidated)	FYE March 2009 (consolidated)
Shareholders’ equity ratio (%)	52.4	49.1
Equity ratio at market value (%)	69.5	47.4
Cashflow / Interest bearing debt (years)	16.2	9.2
Interest coverage ratio (times)	6.4	12.7

Equity Ratio = Equity / Total assets

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

Cashflow / Interest bearing debt = Cash flows from operating activities / Interest-bearing debt

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

1. Each indicator was calculated based on financial figures on a 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 means the cash flows from operating activities recorded on statements of cash flows. Interest-bearing debt means the total interest-bearing debt recorded on the balance sheet. Interest payment means the amount of payment for interest recorded on a cash flow statement.

(3) Basic policy concerning profit sharing and dividend payments for this and next fiscal year

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, stock splits, purchasing and canceling own shares, etc. We also intend to enhance our reputation in the stock market and maximize market capitalization to increase value for our shareholders.

While considering the business environment and our business performances, we will pay careful attention to balance investments to develop new stores, capital expenditures to grow business in the future, and necessary retained earnings. In order to improve distribution of profit to our shareholders, we will also bear in mind our profit level and dividend payout ratio.

For this fiscal year, the term end dividend payment will be ¥15 per share, and total annual dividend payment for the fiscal year will be ¥25 per share (consolidated dividend payout ratio 82.8%, Consolidated DOE 4.6%).

As the UNITED ARROWS group is aggressively expanding its market, there will be prior investment in our two subsidiaries (PERENNIAL UNITED ARROWS CO., LTD. and COEN CO., LTD.) during fiscal year ending March 2009, thus consolidated profit level may fluctuate in the short term. To maintain stable dividend payment without regard of profit level in each year from fiscal year ending March 2009 to fiscal year ending March 2011, we will introduce DOE (Dividend on Equity Ratio) and aim for consolidated DOE of around 4.5% when deciding total dividend amount.

For next term, we expect following dividend per share considering above; interim dividend ¥10, term end dividend ¥15, total annual dividend ¥25. As a result, consolidated dividend payout ratio will be approximately 55.0%, consolidated DOR will be 4.4%, respectively.

(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 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 tenants (on lease) and there are times that guarantee money is deposited. At the end of this the term, balance of guarantee money deposited was 6,022 million yen, composing 12.9% of total assets. Additionally, most of our stores are in commercial facilities such as shopping centers, 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 5,028 million yen (6.3% of total consolidated sales).

8) Quality Control

Full attention is paid when handling Quality Control, especially needle inspection in clothing because it will not only cause customer harm also affect a negative impact on faith in our group and its business performance. In addition, UNITED ARROWS was issued a cease-and-desist order from the Fair Trade Commission of Japan in 2007, for violation of section 4 of the Premiums and Representations Act. If another order from FTC is issued, there is possibility that our group's brand image will devalue, thus business performance will be affected.

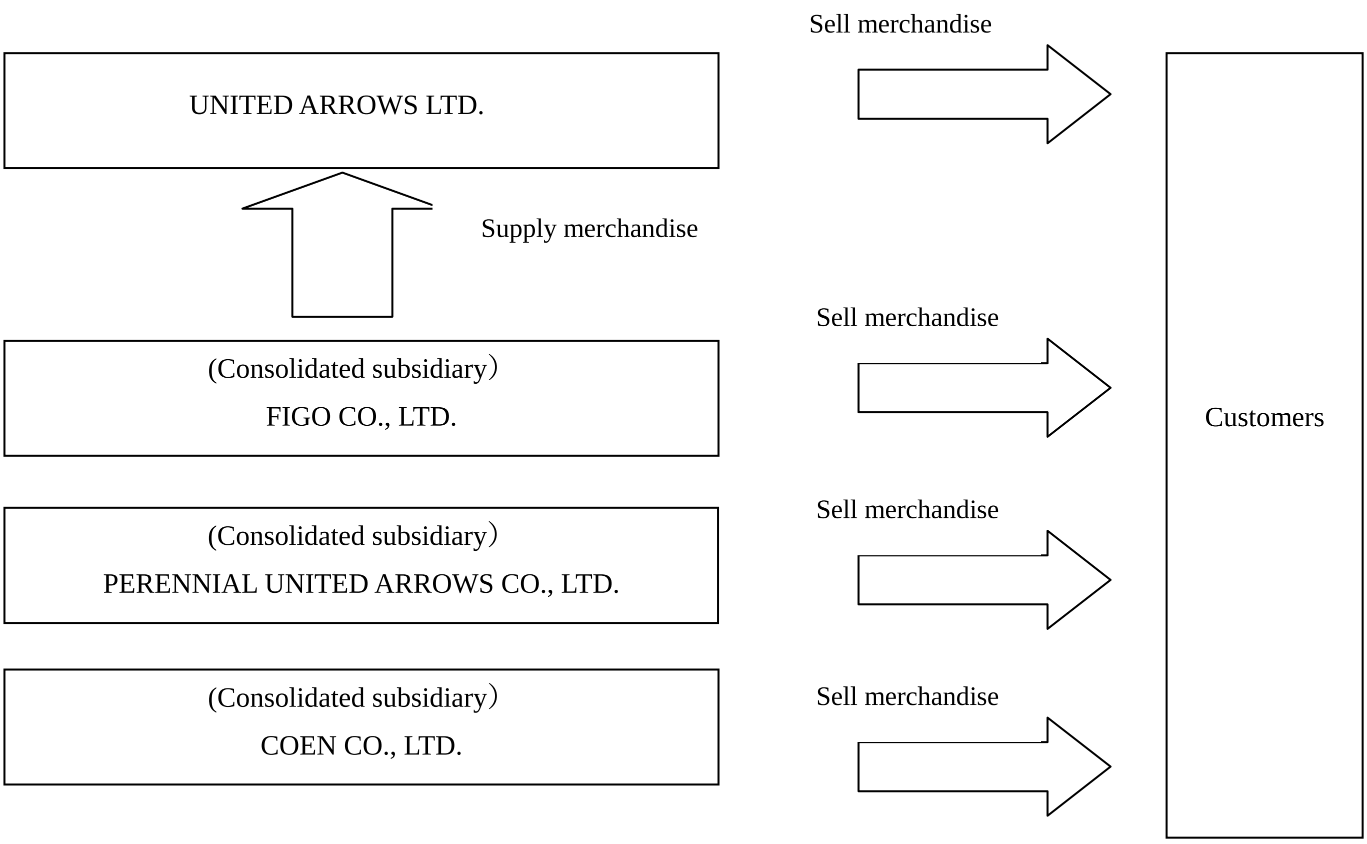
2. Status of corporate group

Our group is composed of four companies; UNITED ARROWS LTD., consolidated subsidiary FIGO CO., LTD., consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD and consolidated subsidiary. COEN CO., LTD. Our main businesses are planning and selling men's and women's apparel and related goods.

<u>Status of associated company</u>

We established an associated company, COEN CO., LTD (consolidated subsidiary) on May 20, 2008 as below. The main business is planning and selling clothes and accessories.

Name	Address	Capital stock	Main business	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%	3 concurrent directors
(subsidiary) PERENNIAL UNITED ARROWS CO., LTD.	Minato-ku, Tokyo	100	Planning and selling women's clothes and accessories	100.0%	4 concurrent directors
(subsidiary) COEN CO., LTD	Minato-ku, Tokyo	100	Planning and selling women's clothes and accessories	100%	3 concurrent directors



3. Management Policy

(1) Basic Business Policy of the Company

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 resolution mentioned above, “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) Medium to long-term business strategy and management indicators

Our basic business strategy consists of the following three factors:

① Diversification Strategy to expand new business laterally in order to enhance market coverage

② Restricted Store Number Strategy to maintain high store loyalty by restricting number of stores

③ Customer Value Maximization Strategy to create further value for our customers

We will expand new businesses laterally together with existing businesses to enhance market coverage and to enlarge company size. We will gain both wider market coverage and improved store loyalty by setting optimum number of stores according to each brand. We will actively acquire new customers and carry out one-to-one marketing to provide personalized service to increase customer loyalty to each of our customers.

In addition, in 2008, we formulated Dream Plan 2011, our medium-term business plan setting out vision for March 2011. Under Dream Plan 2011, we are working to realize the group’s objectives by determining what strategic issues must be resolved to move closer to achieving these objectives and striving to resolve these issues. During setting up Dream Plan, we envisioned five “ideal situations.”

1. Placing top priority on distinguishing ourselves as a trend-conscious specialty retail fashion group that continues to satisfy our customers.
2. Fashion that adds style and individuality to people’s lives.
3. A group of business that complement one another and push forward together to achieve the same targets.
4. A unique, industry-leading company in both trend-conscious and scale.
5. One in which creative, business-minded people with great fashion sense can come together and enthusiastically go about their work.

Based on this vision, there is a four-pronged strategy as follows.

1. Branding: Optimize business portfolio and develop new business models to achieve maximum brand value.
2. Our goods: Improve accuracy of merchandising by developing production platform and establish optimal SCM systems.
3. Our people: Restructure HR system to strengthen and raise motivation.
4. Our organization: Develop customer-oriented organizational structure with dear separation and delineation of roles and mission of stores and business head office.

We had set goals to achieve ROE of more than 15% and reach a record high ordinary profit of more than 7,629 million yen (record high in FY2006) by the end of fiscal year ending March 2011 at beginning of this fiscal. However, considering severe market environment domestically and internationally, we believe it is crucial to put a high priority on 1) stable sales growth, 2) profitability growth, and 3) cost structural improvement, thus we will suspend these goals for a while.

4. Tasks for the company and projected performance of next fiscal year

Considering severe macroeconomic challenges, we will focus on enhancing profitability, aiming stable profit growth even with no sales growth. To realize this objective, we have set four important tasks as follows:

(1) Increasing profit by reviewing procurement and cash conversion rate
(2) Optimizing company-wide value chain management by reviewing business procedures
(3) Optimizing personnel positioning
(4) Optimizing allocation of management resources

By promoting the tasks mentioned above, as for FYE March 2010, we project total sales is 82,644 million yen (3.7% up over previous year), gross margin is 4,478 million yen (3.7% up YoY), ordinary income is 4,300 million yen (0.4% up YoY) and net income is 1,943 million yen (52.5% up YoY).

4. Financial Conditions

(1) Balance Sheet (Consolidated)

(million yen)

	The 19th term previous fiscal year (as of March 31, 2008)	The 20th term (as of March 31, 2009)
Assets		
Current assets		
Cash and deposits	3,113	3,472
Accounts receivable-trade	287	301
Merchandise	17,043	18,501
Raw materials	0	180
Accounts receivable-other	5,114	5,293
Other	1,728	1,741
Allowance for doubtful accounts	(3)	(32)
Total current assets	27,283	29,460
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,988	6,083
Other	1,750	1,706
Total property, plant and equipment	6,739	7,789
Intangible assets		
Goodwill	797	478
Other	2,140	2,112
Total intangible assets	2,938	2,590
Investments and other assets		
Guarantee deposits	5,593	6,022
Other	807	957
Total investments and other assets	6,400	6,980
Total noncurrent assets	16,078	17,360
Total assets	43,362	46,821

(million yen)

	The 19th term previous fiscal year (as of March 31, 2008)	The 20th term (as of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,308	8,073
Short-term loans payable	7,067	8,031
Income taxes payable	1,936	353
Provision for bonuses	852	856
Other	2,976	2,538
Total current liabilities	20,140	19,854
Noncurrent liabilities		
Long-term loans payable	349	3,868
Provision for directors' retirement benefits	154	91
Other	7	2
Total noncurrent liabilities	510	3,962
Total liabilities	20,650	23,816
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,458	4,095
Retained earnings	23,721	16,771
Treasury stock	(8,441)	(909)
Total shareholders' equity	22,768	22,987
Valuation and translation adjustments		
Deferred gains or losses on hedges	(56)	(17)
Total valuation and translation adjustments	(56)	(17)
Total net assets	22,711	23,004
Total liabilities and net assets	43,362	46,821

(2) Statements of Income (Consolidated)
Full Year

(million yen)

	The 19th term (From April 1, 2007 to March 31, 2008)	The 20th term (From April 1, 2008 to March 31, 2009)
Net sales	72,221	79,665
Cost of sales	35,330	39,018
Gross profit	36,891	40,647
Selling, general and administrative expenses	31,960	36,327
Operating income	4,930	4,319
Non-operating income		
Interest income	7	5
Foreign exchange gains	30	0
Purchase discounts	29	31
Other	166	115
Total non-operating income	234	152
Non-operating expenses		
Interest expenses	70	95
Foreign exchange losses	0	28
Other	77	66
Total non-operating expenses	147	189
Ordinary income	5,017	4,283
Extraordinary income		
Total extraordinary income	2,602	0
Extraordinary loss		
Loss on retirement of noncurrent assets	319	203
Impairment loss	409	1,020
Total extraordinary loss	803	1,224
Income before income taxes	6,815	3,058
Income taxes-current	3,458	2,018
Income taxes-deferred	(442)	(234)
Total income taxes	3,015	1,784
Net income	3,800	1,274

(3) Statements of Cash Flows (Consolidated)

	(million yen) The 19th term (From April 1, 2007 to March 31, 2008)	(million yen) The 20th term (From April 1, 2008 to March 31, 2009)
Cash flows from operating activities		
Income before income taxes	6,815	3,058
Depreciation	889	1,260
Depreciation of intangible assets	222	278
Amortization of long-term prepaid expenses	84	87
Impairment loss	409	1,020
Amortization of goodwill	319	319
Increase (decrease) in provision for bonuses	193	4
Increase (decrease) in reserve for retirement benefits for directors	0	(63)
Increase (decrease) in allowance for doubtful accounts	0	28
Interest and dividends income	(7)	(5)
Interest expenses	70	95
Gain on sales of property, plant and equipment	(2,538)	0
Loss of retirement of property, plant and equipment	232	18
Loss of retirement of intangible assets	4	3
Increase in accounts receivable	(604)	(136)
Increase in inventories	(2,785)	(1,637)
Increase in other current assets	(9)	(56)
Increase in purchase liabilities	104	765
Increase (decrease) in other current liabilities	548	(1)
Increase (decrease) in other noncurrent liabilities	(73)	(4)
Other	(61)	11
Subtotal	3,812	5,044
Interest and dividends income received	7	5
Interest expenses paid	(72)	(101)
Income taxed paid	(3,291)	(3,662)
Net cash provided by operating activities	456	1,286
Cash flows from investment activities		
Payments into time deposits	(17)	(12)
Proceeds from sales of property, plant and equipment	3,098	0
Purchase of property, plant and equipment	(2,445)	(3,479)
Purchase of intangible assets	(488)	(316)
Purchase of long-term prepaid expenses	(319)	(135)
Payment for guarantee deposits	(764)	(429)
Other	(11)	0
Net cash provided by investment activities	(946)	(4,373)

	(million yen) The 19th term (From April 1, 2007 to March 31, 2008)	(million yen) The 20th term (From April 1, 2008 to March 31, 2009)
Cash flows from financing activities		
Net increase/ net decrease in short-term loans payable	2,800	2,250
Proceeds from increase in long-term borrowings	—	5,500
Repayment of long-term loans payable	(3,620)	(3,267)
Redemption of bonds	(10)	0
Purchase of treasury stock	(1,000)	0
Proceeds from sales of treasury stock	3,039	0
Cash dividends paid	(715)	(1,048)
Net cash provided by financing activities	493	3,434
Effect of exchange rate change on cash and cash equivalents	—	—
Increase (decrease) in cash and cash equivalents	4	347
Cash and cash equivalents at beginning of term	2,971	2,975
Cash and cash equivalents at end of term	2,975	3,322