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**Fiscal Year Ending March 2010  
Second Quarter  
Earnings Announcement**

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**UNITED ARROWS LTD.**



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

[Cautionary statement]

Earnings forecasts and objective views contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of August 6, 2009, and therefore include risks and uncertainty. Actual earnings may differ materially from forecasts due to global economic trends, market conditions, exchange rate fluctuations and other factors. Investors are asked to refrain from making investment decisions based solely on this document.

[Indication of business in this material]

\*Abbreviation of each business and composition of business;

Main business; UNITED ARROWS: UA, green label relaxing: GLR, CHROME HEARTS: CH

Small Business Units (SBUs); Another Edition: AE, Jewel Changes : JC, Odette é Odile UNITED ARROWS: OEO, DRAWER: DRW,  
Cath Kidston: CK (\*SOUNDS GOOD closed in July 2009)

UA Lab; TOKISHIRAZU: TSZ



## I. Overview of business results in 2Q

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### **1. Overview of business results**

(consolidated/non-consolidated, 6 months aggregate)

### **2. Sales overview**

(consolidated/non-consolidated, 6 months aggregate)

### **3. B/S overview as of 2Q end**

(consolidated/non-consolidated)

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(consolidated)

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(consolidated/non-consolidated)

### **6. Plans of store openings/closings**

(non-consolidated)



## 1. P/L overview (consolidated, 6 months aggregate)

- Consolidated net sales ¥38,196 million (+4.2% YoY, -0.7% vs forecast), gross profit ¥19,541 million (+4.7% YoY, -0.8% vs forecast)
- Operating profit, ordinary profit and net income exceeded forecasts due to reduction of SGA expenses

	Consolidated results						(million yen)			
	FYE March 2010 2Q (6 months aggregate)						<cf> Previous 2Q		Forecasts	
	Results	vs sales	YoY		vs Forecasts		vs sales		vs sales	
		+/-	%	+/-	%					
Sales	<b>38,196</b>	<b>100.0%</b>	1,526	104.2%	(275)	99.3%	36,669	100.0%	38,471	100.0%
Gross Profit	<b>19,541</b>	<b>51.2%</b>	868	104.7%	(161)	99.2%	18,672	50.9%	19,702	51.2%
SGA Exp.	<b>17,946</b>	<b>47.0%</b>	128	100.7%	(585)	96.8%	17,818	48.6%	18,532	48.2%
Operating Inc.	<b>1,594</b>	<b>4.2%</b>	739	186.6%	424	136.3%	854	2.3%	1,170	3.0%
Non Op. P/L	<b>48</b>	<b>0.1%</b>	39	544.8%	138	-	8	0.0%	(90)	-0.2%
Ordinary Inc.	<b>1,642</b>	<b>4.3%</b>	779	190.3%	563	152.2%	863	2.4%	1,079	2.8%
Extraordinary P/L	<b>(92)</b>	<b>-0.2%</b>	127	-	28	-	(219)	-0.6%	(120)	-0.3%
Net Income	<b>618</b>	<b>1.6%</b>	452	372.8%	258	172.0%	165	0.5%	359	0.9%

**For reference: P/L overview (non-consolidated, 6 months aggregate)**

(million yen)

	Non-consolidated results						<cf>			
	FYE March 2010 2Q (6 months aggregate)						Previous 2Q		Forecasts	
	Results	vs sales	YoY		vs Forecasts					
		+/-	%	+/-	%	vs sales		vs sales		
Sales	<b>36,234</b>	<b>100.0%</b>	843	102.4%	339	100.9%	35,391	100.0%	35,895	100.0%
Gross Profit	<b>18,484</b>	<b>51.0%</b>	516	102.9%	(5)	100.0%	17,968	50.8%	18,490	51.5%
SGA Exp.	<b>16,430</b>	<b>45.3%</b>	(532)	96.9%	(479)	97.2%	16,963	47.9%	16,910	47.1%
Operating Inc.	<b>2,053</b>	<b>5.7%</b>	1,048	204.3%	473	130.0%	1,005	2.8%	1,580	4.4%
Non Op. P/L	<b>69</b>	<b>0.2%</b>	27	166.1%	115	-	41	0.1%	(45)	-0.1%
Ordinary Inc.	<b>2,123</b>	<b>5.9%</b>	1,076	202.7%	589	138.4%	1,047	3.0%	1,534	4.3%
Extraordinary P/L	<b>(92)</b>	<b>-0.3%</b>	127	-	28	-	(220)	-0.6%	(120)	-0.3%
Net Income	<b>1,167</b>	<b>3.2%</b>	719	260.5%	389	150.1%	447	1.3%	777	2.2%



## 2. Sales overview (consolidated, 6 months aggregate)

Total business unit sales ¥30,770 million (-0.1% YoY, +0.1% vs forecasts)

- Same store sales of retail and online stores were 96.9%

	FYE March 2010 2Q (6 months aggregate)					(million yen)	
	Results	YoY		vs Forecast		Previous 2Q	Forecast
		+/-	%	+/-	%		
Consolidated Total Sales	<b>38,196</b>	<b>1,526</b>	<b>104.2%</b>	<b>(275)</b>	<b>99.3%</b>	<b>36,669</b>	<b>38,471</b>
Non-consolidated Total Sales	<b>36,234</b>	<b>843</b>	<b>102.4%</b>	<b>339</b>	<b>100.9%</b>	<b>35,391</b>	<b>35,895</b>
Total Business Unit Sales	<b>30,770</b>	(20)	99.9%	21	100.1%	30,791	30,748
UA	<b>16,474</b>	(171)	99.0%	197	101.2%	16,646	16,277
GLR	<b>6,644</b>	(158)	97.7%	(275)	96.0%	6,802	6,919
CH	<b>1,933</b>	(10)	99.4%	20	101.1%	1,943	1,912
SBUs and UA Labs	<b>5,718</b>	320	105.9%	79	101.4%	5,398	5,639
Outlet	<b>5,464</b>	864	118.8%	317	106.2%	4,600	5,146
Same store sales (retail & online)			96.9%			-	-
UA			95.3%			-	-
GLR			96.6%			-	-
CH			98.4%			-	-
SBUs and UA Labs			101.6%			-	-

\*For details of retail and online sales, please look at page 7.

**For reference: Sales overview (non-consolidated, 6 months aggregate)**

(million yen)

	FYE March 2010 2Q (6 months aggregate)			<cf> Previous 2Q
	Results	YoY		
		+/-	%	
Total Retail Sales	<b>27,496</b>	(939)	96.7%	28,435
UA	<b>15,108</b>	(591)	96.2%	15,700
GLR	<b>5,924</b>	(340)	94.6%	6,265
CH	<b>1,932</b>	(10)	99.4%	1,943
SBU's and UA Labs	<b>4,530</b>	3	100.1%	4,526
Same Store Retail Sales			94.0%	96.7%
UA			93.2%	-
GLR			93.6%	104.2%
CH			98.4%	98.8%
SBU's and UA Labs			94.9%	-

	FYE March 2010 2Q (6 months aggregate)			<cf> Previous 2Q
	Results	YoY		
		+/-	%	
Total Online Sales	<b>2,732</b>	741	137.3%	1,990
UA	<b>1,091</b>	254	130.3%	837
GLR	<b>707</b>	176	133.4%	530
CH	<b>0</b>	0	-	0
SBU's and UA Labs	<b>933</b>	310	150.0%	622
Same Store Online Sales			135.7%	-
UA			129.1%	-
GLR			131.3%	-
CH			0.0%	-
SBU's and UA Labs			148.3%	-



### 3. B/S overview as of 2Q end (consolidated/non-consolidated)

- Consolidated total assets: ¥47,793 million (+3.8% YoY)
- Major increase or decrease in consolidated B/S
  - Current assets: increase in cash and cash equivalents ¥1.2 billion
  - Noncurrent assets: decrease in tangible fixed assets ¥0.3 billion, decrease in intangible fixed assets ¥0.3 billion, increase in investments and other assets ¥0.4 billion
  - Current liabilities: decrease in short-term borrowings ¥2.1 billion
  - Noncurrent liabilities: increase in long-term borrowings ¥3.0 billion
- \* Short and long term borrowings at end of 2Q: ¥11.3 billion (+¥0.7 billion YoY)

(million yen)

	Consolidated results			<cf> Previous 2Q	Non-consolidated results			<cf> Previous 2Q
	FYE March 2010 2Q				FYE March 2010 2Q			
	% of total	YoY			% of total	YoY		
	<b>Results</b>	<b>+/-</b>	<b>%</b>	<b>Results</b>	<b>+/-</b>	<b>%</b>	<b>Results</b>	
	100.0%			100.0%			100.0%	
Total assets	<b>47,793</b>	1,755	103.8%	46,037	1,753	103.9%	45,415	
	63.9%			62.2%			59.1%	
Current assets	<b>30,541</b>	1,927	106.7%	28,614	2,511	109.4%	26,828	
	36.1%			37.8%			40.9%	
Noncurrent assets	<b>17,251</b>	(172)	99.0%	17,423	(757)	95.9%	18,586	
	45.5%			51.5%			50.0%	
Current liabilities	<b>21,729</b>	(1,958)	91.7%	23,687	(3,022)	86.7%	22,721	
	6.6%			0.2%			0.2%	
Noncurrent liabilities	<b>3,149</b>	3,055	3365.1%	93	3,055	3514.1%	89	
	47.9%			48.3%			49.8%	
Total net assets	<b>22,914</b>	657	103.0%	22,256	1,720	107.6%	22,604	

## 4. C/F overview of 2Q (consolidated)

• Major increase or decrease in consolidated C/F

C/F from operating activities:	decrease in taxes payable +¥1.5 Bn (previous 2Q: -¥1.9 Bn) decrease in inventory +¥1.4 Bn (previous 2Q: -¥2.1 Bn) increase in income before taxes +¥0.9 Bn (previous 2Q: -¥2.1 Bn)
C/F from investment activities:	decrease in payment for tangible fixed assets +¥1.4 Bn (previous 2Q: -¥1.9 Bn)
C/F from financing activities:	decrease in increase/decrease in short term borrowings -¥4.3 Bn (previous 2Q: +¥4.9 Bn)

(million yen)

	Consolidated results			
	(FYE March 2010 2Q)			
	Results	Previous 2Q Results	%	+/-
Cash flows from operating activities	<b>2,397</b>	2,900	-	(503)
Cash flows from investment activities	<b>(728)</b>	1,721	29.7%	(2,449)
Cash flows from financing activities	<b>(1,194)</b>	(3,727)	-	2,532
Increase/decrease in cash and cash equivalents	<b>474</b>	894	-	(420)
Cash and cash equivalents at beginning of term	<b>3,322</b>	347	111.7%	2,975
Cash and cash equivalents at end of term	<b>3,796</b>	1,241	148.6%	2,554



## 5. Summary of earnings forecast for FYE March 2010 (consolidated/non-consolidated)

- No changes from forecasts announced in May 2009.

(million yen)

	Consolidated Earnings Forecast				<cf>		Non-consolidated Earnings Forecast				<cf>	
	FYE March 2010				Previous Term		FYE March 2010				Previous Term	
	Forecast	vs sales	YoY		Results	vs sales	Forecast	vs sales	YoY		Results	vs sales
		+/-	%					+/-	%			
Sales	<b>82,644</b>	100.0%	2,979	103.7%	79,665	100.0%	<b>76,906</b>	100.0%	324	100.4%	76,582	100.0%
Gross Profit	<b>42,207</b>	51.1%	1,560	103.8%	40,647	51.0%	<b>39,371</b>	51.2%	405	101.0%	38,965	50.9%
SGA Exp.	<b>37,728</b>	45.7%	1,400	103.9%	36,327	45.6%	<b>34,380</b>	44.7%	253	100.7%	34,127	44.6%
Operating Inc.	<b>4,478</b>	5.4%	159	103.7%	4,319	5.4%	<b>4,990</b>	6.5%	152	103.1%	4,838	6.3%
Non Op. P/L	<b>(178)</b>	-0.2%	(142)	-	(36)	0.0%	<b>(90)</b>	-0.1%	(118)	-	27	0.0%
Ordinary Inc.	<b>4,300</b>	5.2%	16	100.4%	4,283	5.4%	<b>4,900</b>	6.4%	33	100.7%	4,866	6.4%
Extraordinary P/L	<b>(476)</b>	-0.6%	747	-	(1,224)	-1.5%	<b>(461)</b>	-0.6%	758	-	(1,219)	-1.6%
Net Income	<b>1,943</b>	2.4%	668	152.5%	1,274	1.6%	<b>2,529</b>	3.3%	455	122.0%	2,074	2.7%



## 6. Plans of store openings/closings

- Results of store openings/closings in 1H: 5 stores opened, 7 stores closed, total 136 stores as of end of 1H (Sep 30, 2009)
- Expected store openings/closings in 2H: 4 stores opened, 1 store closure, total 139 stores as of end of 2H (Mar 31, 2010)

### Number of new stores by retail business (Non-consolidated)

		April 1, 2009	1H results		Sep 30, 2009	Open			Close	March 31, 2010
			Open	Close		1H+2H	1H	2H		
<b>Total</b>		<b>138</b>	<b>5</b>	<b>7</b>	<b>136</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>8</b>	<b>139</b>
Main Biz	<b>UA Total</b>	<b>45</b>	<b>2</b>	<b>1</b>	<b>46</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>47</b>
	UA (Original)	14			14					14
	UA (New)	13		1 1	12				1	12
	B&Y	15	<b>2</b>		17	3	2	1		18
	UA LIS	3			3					3
	GLR	37			37	1		1	1	37
	CH	5			5					5
<b>SBU and UA Labs Total</b>		<b>51</b>	<b>3</b>	<b>6</b>	<b>48</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>50</b>
SBU and UA Labs	Another Edition	14	1	1	14	1	1		1	14
	Jewel Changes	6	1		7	1	1			7
	<b>Odette é Odile</b>	<b>18</b>		1	17				1	17
	DRAWER	5			5	1		1		6
	SOUNDS GOOD	1		1	0				1	0
	Cath Kidston	3	1		4	2	1	1		5
	UA Lab TOKISHIRAZU	4		3	1				3	1
Outlet		15			15					15

\* Number of stores have increased as annex stores (which were excluded from store count) have changed to independent stores.

\* Liquor,woman&tears, which used to be a SBU (Small Business Unit) is now a UA LIS (Label Image Store) from FYE March 2010.

\* UA LIS (Label Image Stores): THE SOVEREIGN HOUSE (1 store), District UNITED ARROWS (1 store) and Liquor,woman&tears (1store).

**For reference: Details of store openings, etc. (non-consolidated)****Details of store openings/transfer/extension for FYE March 2010 (confirmed projects only)**

Form	Biz	Brand	Due	Store Name	Facility Name	Total space (m <sup>2</sup> )	Opening day (est*)
New	UA	B&Y	Oct	TAMAPLAZA WOMEN'S STORE	TAMA-PLAZA TERRACE GATE PLAZA	211	10/22/2009
New	SBU	Another Edition	Sep	Tachikawa	LUMINE TACHIKAWA	115	9/5/2009
New	SBU	Jewel Changes	May	Shibuya	Roadside	217	5/30/2009
New	SBU	Cath Kidston	Sep	Marunouchi	Marunouchi BRICK SQUARE	92	9/3/2009
New	SBU	Cath Kidston	Nov	Futakotamagawa	Tamagawa Takashimaya S·C	86	11/27/2009*
Extension	UA	Original UA	Apr	SENDAI	SAKURANO SENDAI	699	4/24/2009
Extension	UA	Original UA	Sep	FUTAKOTAMAGAWA	Tamagawa Takashimaya S·C	524	9/17/2009
Extension	UA	B&Y	Aug	SHIBUYA KOENDORI	Roadside	970	8/29/2009
Transfer/ Extension	GLR	GLR	Apr	amu plaza kokura	AMU PLAZA KOKURA	396	4/11/2009
Renewal	UA	Original UA	Sep	SHINJUKU	LUMINE Shinjuku LUMINE I	792	9/4/2009
Renewal	UA	B&Y	Aug	MACHIDA	LUMINE MACHIDA	419	8/20/2009
Close	UA	New UA	Jul	SHIBUYA KOENDORI	Roadside	320	7/26/2009
Close	GLR	GLR	Oct	fujii daimaru	Fujii Daimaru	127	10/4/2009
Close	SBU	Another Edition	Jul	Shinsaibashi	SHINSAIBASHI OPA KIREIKAN	134	7/31/2009
Close	SBU	Odette é Odile	Aug	yurakucho hankyu	YURAKUCHO HANKYU	67	8/16/2009
Close	SBU	SOUNDS GOOD	Jul	SHINJUKU	LUMINE Shinjuku LUMINE	164	7/26/2009
Close	UA Lab	TOKISHIRAZU	Jul	HARAJUKU	Roadside	73	7/26/2009
Close	UA Lab	TOKISHIRAZU	Jul	OSAKA	SHINSAIBASHI OPA KIREIKAN	120	7/31/2009
Close	UA Lab	TOKISHIRAZU	Aug	NAGOYA	Nagoya PARCO	100	8/16/2009

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



## **II. Additional information on business results**

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**1. Trend of inventories (non-consolidated)**

**2. Trend of gross margin (non-consolidated)**

**3. Details of SGA expenses by 2Q (non-consolidated)**

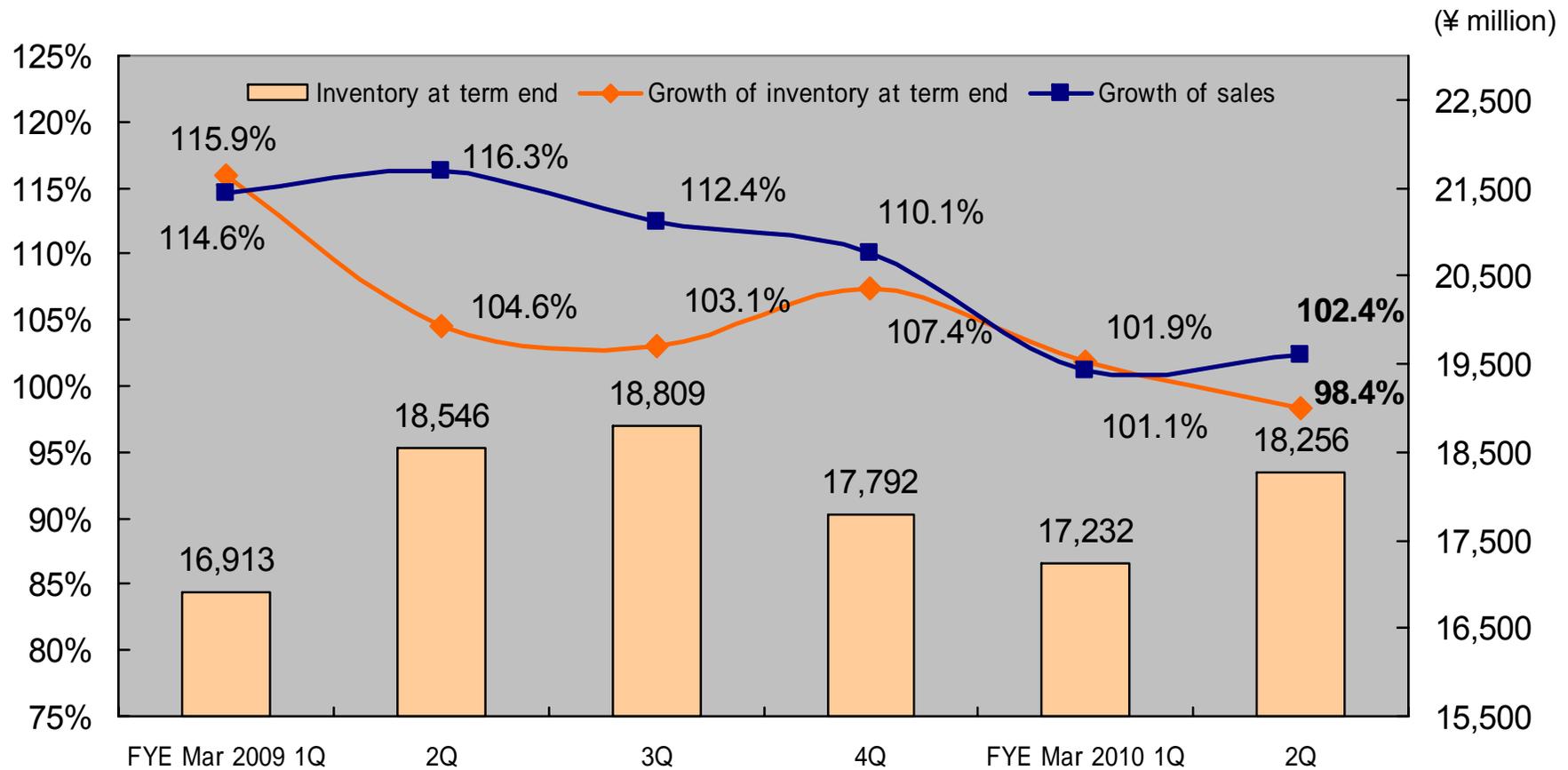
**4. Progress of subsidiaries**



# 1. Trend of inventories (non-consolidated)

- Improvement of inventory level due to active use of product planning platform
- Inventory level 98.4% YoY Sales growth larger than inventory growth
- Aim same inventory level as last term for 2H FYE March 2010

### Historical inventory and sales



## 2. Trend of gross margin (non-consolidated)

- Total company gross margin 51.0% (+0.2% YoY, -0.5% vs forecast) increase in composition of outlet sales and decrease in profit of business unit sales
- Total business units increase in bargain sales of spring/summer items (increase of composition of bargain sales and mark down ratio)
- Outlet improvement in sales due to early transfer of items at regular stores to outlet stores
- Other COGS increase in abolition loss compared to forecast, decrease in product valuation loss compared to previous term

### Trend in Gross Margin

	FYE March 2010 2Q			FYE March 2010 (est)	
	Results	vs Forecast	vs Previous 2Q	Forecast	YoY
<b>Total Company</b>	<b>51.0%</b>	-0.5%	0.2%	51.2%	0.3%
Total Business Units	56.1%	-1.2%	-0.6%	57.4%	0.8%
Outlet	29.4%	5.6%	9.6%	24.1%	2.1%
Other COGS (Mn yen)	394	44	(29)	1,244	332

\*\*Total Business Units" includes sales of retail, w wholesale, mail-order and formal wear rental, etc.

\*\*Outlet" includes sales of outlet stores and special events.

\*\*Other COGS" means product valuation loss and abolition loss, etc.

### 3. Details of SGA expenses by 2Q (non-consolidated)

· SGA expenses vs Sales: 45.3% cut in all expenses other than rent

#### Details of SGA expenses by 2Q (non-consolidated)

(million yen)

	FYE March 2010 2Q (6 months aggregate)						Details
	Results		Forecast		vs Forecast		
		vs sales		vs sales	+/-	%	
<b>Total SGA expenses</b>	<b>16,430</b>	<b>45.3%</b>	<b>16,910</b>	<b>47.1%</b>	<b>(479)</b>	<b>97.2%</b>	
Advertisement	415	1.1%	500	1.4%	(84)	83.1%	decrease in brand advertisement expenses (19 million), display cost (15 million)
Personnel	6,107	16.9%	6,281	17.5%	(173)	97.2%	delay in replacement of store staff, decline in overtime work, etc (164 million)
Rent	4,705	13.0%	4,596	12.8%	108	102.4%	increase in commission for online stores (125 million)
Depreciation	500	1.4%	549	1.5%	(49)	91.0%	increase in stores with impairment loss
Others	4,701	13.0%	4,982	13.9%	(280)	94.4%	decrease in distribution outsourcing costs (77 million), decrease in domestic and overseas business trips (54 million)

## 4. Progress of subsidiaries

- Total sales of 3 consolidated subsidiaries in 1H was approximately 80% of forecasts
- Profitability in line with forecasts as all subsidiaries are cutting SGA expenses

	Number of stores			Future measures
	new in 1H	end of 1H	end of 2H (est)	
<b>FIGO</b> CO., LTD.	0	12	11	<ul style="list-style-type: none"> <li>· Improve efficiency of sales by controlling inventory level, making sure that there are no shortages in top selling items and standard items</li> <li>· Sales promotion of exclusive items through magazines</li> <li>· Strengthen events at select shops and department stores</li> </ul>
<b>PERENNIAL</b> UNITED ARROWS	2	4	6	<ul style="list-style-type: none"> <li>· Revise merchandise composition, increase items of minimum price range</li> <li>· Improve acknowledgement of brand by strengthening exposure in magazines</li> <li>· Hold various events</li> <li>· Wholesale to UA stores</li> </ul>
<b>c o e n</b>	9	25	27	<ul style="list-style-type: none"> <li>· Improve accuracy of product planning by weekly revision</li> <li>· Increase sales by strengthening attractiveness of displays</li> <li>· Increase number of customers by special events and distributing discount coupons via mobile phones</li> </ul>



## **III. Progress of key challenges, etc.**

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**1. Summary of 2Q results**

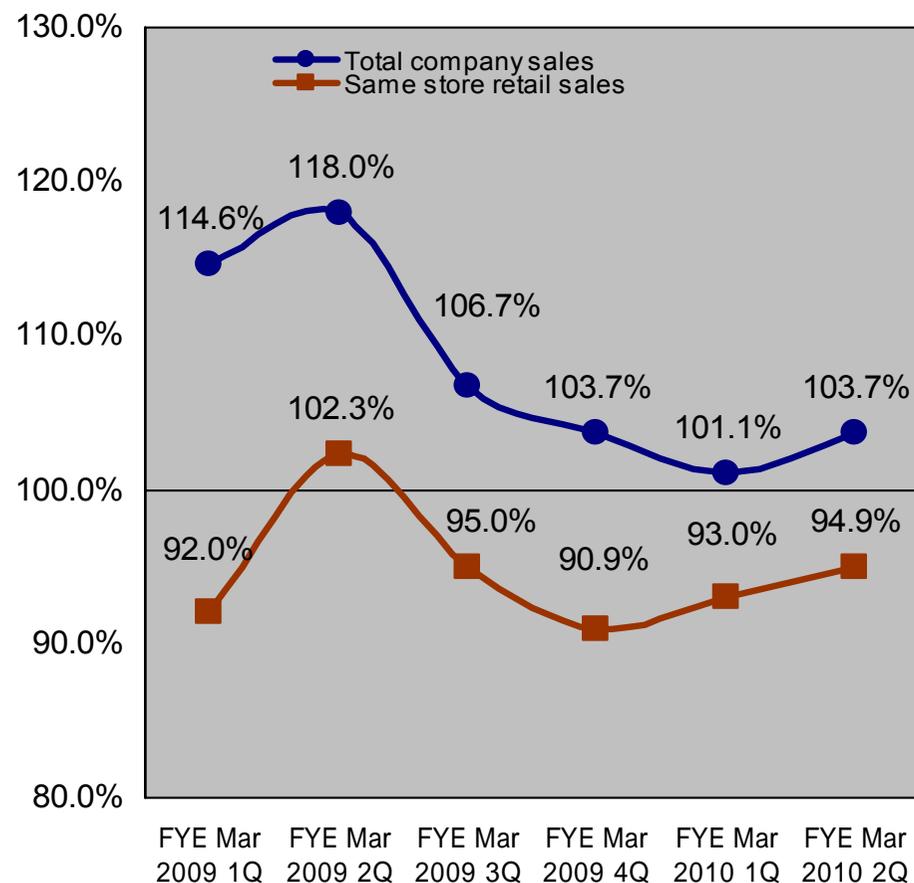
**2. Progress in key challenges**

**Cf: Key challenges of main businesses**



# 1. Summary of 2Q results

### Historical non-consolidated total company sales and same store retail sales



### Business results of FYE March 2010 2Q (6 months aggregate)

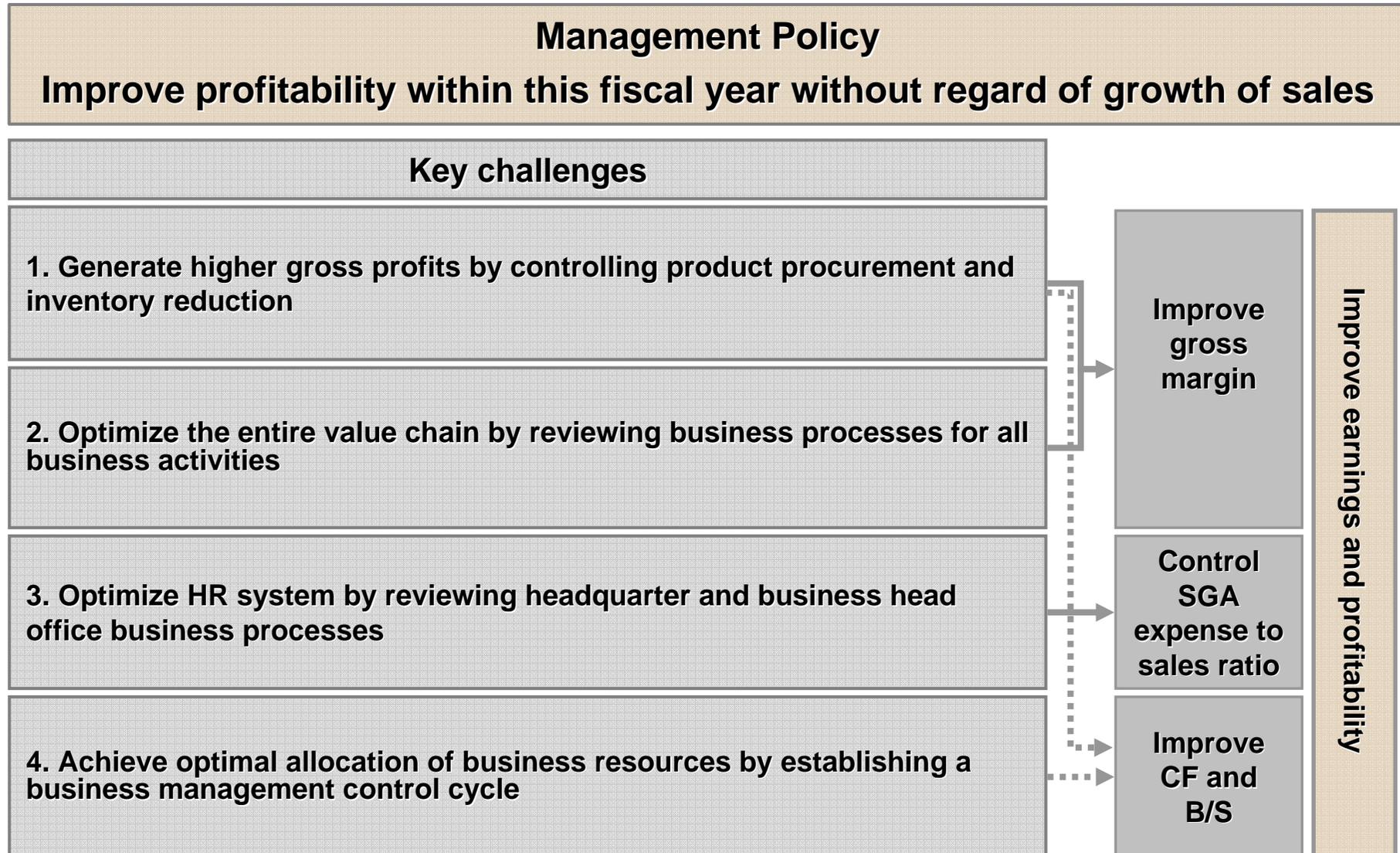
	results (in Bn)	YoY	vs forecast
Consolidated net sales	38.1	104.2%	99.3%
Non-consolidated net sales	36.2	102.4%	100.9%
Total Business Unit sales	30.7	99.9%	100.1%
Outlet	5.4	118.8%	106.2%

Consolidated gross profit	19.5	104.7%	99.2%
Consolidated ordinary income	1.6	190.3%	152.2%
Consolidated net income	0.6	372.8%	172.0%



## 2. Progress in key challenges

For reference: Key challenges for FYE March 2010



# 1. Generate higher gross profits by controlling product procurement and inventory reduction

## Measures

- Create and promote optimal procurement plan by controlling amount of necessary procurement and inventory    Optimize inventory level and improve gross margin
- = Build and manage product planning platform and production platform

## Progress

### 1) Product planning platform

#### □ Progress in 1H

- Build and use platform to improve important business indicators

#### □ Plans for 2H

- Fine-tune procurement by weekly control of fall/winter 2009 items
- Visualize process of product planning operation, manage/improve/define workflow

### 2) Production platform

#### □ Progress in 1H

- Review production processes to establish optimal organization
- Share information of factories between brands

#### □ Plans for 2H

- Clarify factories that are used by each brand, find new factories
- Choose major business partners and share information between brands
- Complete structure of production organization

## 2. Optimize the entire value chain by reviewing business processes for all business activities

### Measures

- Clarify problems and review business processes of all operations related to products
- Restructure business models and standardize operation to optimize the entire value chain
- Five priority businesses: product planning, production, distribution, accounting, HR

### Progress

#### □ Progress in 1H

- Visualize business processes by reviewing current operations
- Review business measures and examine ways to improve

#### □ Plans for 2H

- Restructure business models and standardize operation
- Create manual for new business processes and test



### 3. Optimize HR system by reviewing headquarter and business head office business processes

#### Measures

- Revise and redefine business processes in the headquarters and business head offices
- Cut headquarter cost by placing optimal number of headcount to new operation

#### Progress

##### □ Progress in 1H

- Review business processes in the headquarters and business head offices
- Examine optimal number of headcount

##### □ Plans for 2H

- Solve problems within departments in the headquarters
- Create and carry out staff replacement plan

## 4. Achieve optimal allocation of business resources by establishing a business management control cycle

### Measures

- Create accurate annual forecasts and mid-term business strategies
- Analyze quarterly cost of headquarters and business head offices
- Review investments that were made until FYE March 2009 and improve accuracy of investment decisions in FYE March 2010

### Progress

#### □ Progress in 1H

- Discuss and decide business management control cycle
- Make solutions and tackle problems of each brand based on qualitative and quantitative analysis
- Analyze headquarter costs and check progress of cost reduction
- Review investments that were made until FYE March 2009 and decide investment policies for FYE March 2010

#### □ Plans for 2H

- Discuss business strategy based on business management control cycle

End of 3Q    Create mid-term business strategies, and short-term (FYE March 2011) strategies

End of 4Q    Create business plans for FYE March 2011

## Cf: Key challenges of main businesses

### UA Business

#### UNITED ARROWS

- Improve development of private label brands
  - develop core items by adopting information from store staff and trend information from buyers
- Promote product planning reform
  - cut unnecessary procurement and inventory, reduce number of items and increase volume per item
- Develop special project items such as 20<sup>th</sup> anniversary items, White Label suits (¥47,000)
- Strengthen exposure of core items in various mediums (magazines, catalogs, etc.)

#### BEAUTY&YOUTH UNITED ARROWS

- Develop core items with the help of weekly and monthly proposals from store staff
- Develop items for fashionable customers, personal order events at stores, etc.
- Strengthen exposure of core items in various mediums (magazines, catalogs, etc.)

### GLR Business

- Develop items with extra value (ex. warm fabric, easy to coordinate, etc.)
- Review basic store operation and improve management skills of store managers
- Effective sales promotion in magazines, brand brochures, etc.



# **FYE March 2010**

## **2Q Earnings Announcement**

### **Appendix**

- 1. Term end B/S (consolidated/non-consolidated)**
- 2. Full term P/L (consolidated/non-consolidated)**
- 3. Full term SGA expenses (non-consolidated)**
- 4. FYE March 2010 1H&2H P/L forecast (consolidated/non-consolidated)**
- 5. Historical full term sales and forecast (consolidated/non-consolidated)**
- 6. FYE March 2010 1H&2H sales forecast (non-consolidated)**
- 7. Same store sales by business (non-consolidated)**
- 8. Historical store openings/CAPEX in 1H (non-consolidated)**
- 9. Historical full term store openings/CAPEX and forecast (non-consolidated)**



# 1. Term end B/S (consolidated/non-consolidated)

Consolidated B/S	FYE March 2007		FYE March 2008			FYE March 2009		
	Results	composition	Results	composition	+/- YoY	Results	composition	+/- YoY
	(million yen)							
Total Assets	38,132	100.0%	43,362	100.0%	5,229	<b>46,821</b>	100.0%	3,458
Current Assets	23,478	61.6%	27,283	62.9%	3,805	<b>29,460</b>	62.9%	2,176
Fixed Assets	14,654	38.4%	16,078	37.1%	1,424	<b>17,360</b>	37.1%	1,282
Current Liabilities	16,646	43.7%	20,140	46.4%	3,494	<b>19,854</b>	42.4%	(285)
Fixed Liabilities	3,850	10.1%	510	1.2%	(3,340)	<b>3,962</b>	8.5%	3,451
Total Net Assets	17,635	46.2%	22,711	52.4%	5,075	<b>23,004</b>	49.1%	292

Non-consolidated B/S	FYE March 2007		FYE March 2008			FYE March 2009		
	Results	composition	Results	composition	+/- YoY	Results	composition	+/- YoY
	(million yen)							
Total Assets	37,489	100.0%	42,733	100.0%	5,244	<b>45,901</b>	100.0%	3,167
Current Assets	22,041	58.8%	25,638	60.0%	3,597	<b>27,868</b>	60.7%	2,230
Fixed Assets	15,448	41.2%	17,095	40.0%	1,647	<b>18,032</b>	39.3%	937
Current Liabilities	16,021	42.7%	19,453	45.5%	3,432	<b>18,077</b>	39.4%	(1,376)
Fixed Liabilities	3,845	10.3%	506	1.2%	(3,338)	<b>3,958</b>	8.6%	3,451
Total Net Assets	17,622	47.0%	22,773	53.3%	5,151	<b>23,865</b>	52.0%	1,092



## 2. Full term P/L (consolidated/non-consolidated)

Consolidated P/L							(million yen)			
	FYE March 2008		FYE March 2009				FYE March 2010 (est)			
	Results	vs Sales	Results	YoY			Forecast	vs Sales	YoY	
				vs Sales	+/-	%			+/-	%
Total Sales	72,221	100.0%	79,665	100.0%	7,443	110.3%	82,644	100.0%	2,979	103.7%
Gross Profit	36,891	51.1%	40,647	51.0%	3,755	110.2%	42,207	51.1%	1,560	103.8%
SGA Exp.	31,960	44.3%	36,327	45.6%	4,366	113.7%	37,728	45.7%	1,400	103.9%
Operating Inc.	4,930	6.8%	4,319	5.4%	(610)	87.6%	4,478	5.4%	159	103.7%
Non-operating Profit/Loss	86	0.1%	(36)	0.0%	(123)	-	(178)	-0.2%	(142)	-
Ordinary Inc.	5,017	6.9%	4,283	5.4%	(734)	85.4%	4,300	5.2%	16	100.4%
Extraordinary Profit/Loss	1,798	2.5%	(1,224)	-1.5%	(3,023)	-	(476)	-0.6%	747	-
Net Income	3,800	5.2%	1,274	1.6%	(2,525)	33.5%	1,943	2.4%	668	152.5%

Non-consolidated P/L							(million yen)			
	FYE March 2008		FYE March 2009				FYE March 2010 (est)			
	Results	vs Sales	Results	YoY			Forecast	vs Sales	YoY	
				vs Sales	+/-	%			+/-	%
Total Sales	69,560	100.0%	76,582	100.0%	7,021	110.1%	76,906	100.0%	324	100.4%
Gross Profit	35,423	50.9%	38,965	50.9%	3,542	110.0%	39,371	51.2%	405	101.0%
SGA Exp.	30,686	44.1%	34,127	44.6%	3,440	111.2%	34,380	44.7%	253	100.7%
Operating Inc.	4,737	6.8%	4,838	6.3%	101	102.1%	4,990	6.5%	152	103.1%
Non-operating Profit/Loss	101	0.1%	27	0.0%	(73)	27.4%	(90)	-0.1%	(118)	-
Ordinary Inc.	4,839	7.0%	4,866	6.4%	27	100.6%	4,900	6.4%	33	100.7%
Extraordinary Profit/Loss	1,816	2.6%	(1,219)	-1.6%	(3,035)	-	(461)	-0.6%	758	-
Net Income	3,875	5.6%	2,074	2.7%	(1,800)	53.5%	2,529	3.3%	455	122.0%

**3. Full term SGA expenses (non-consolidated)**

(million yen)

	FYE March 2008	FYE March 2009		FYE March 2010 (est)	
	vs Sales Results	vs Sales Results	% +/- YoY	vs Sales Forecast	% +/- YoY
Total SGA Expenses	44.1% 30,686	44.6% 34,127	111.2% 3,440	44.7% 34,380	100.7% 253
Advertisement	1.7% 1,183	1.5% 1,184	100.0% 0	1.4% 1,098	92.8% (85)
Personnel	15.2% 10,592	15.9% 12,172	114.9% 1,580	16.4% 12,619	103.7% 446
Rent	11.9% 8,287	12.4% 9,505	114.7% 1,218	12.5% 9,622	101.2% 116
Depreciation	1.2% 854	1.6% 1,187	138.9% 332	1.5% 1,143	96.3% (44)
Others	14.0% 9,768	13.2% 10,077	103.2% 309	12.9% 9,897	98.2% (180)
Non-operating P/L	0.1% 101	0.0% 27	27.4% (73)	-0.1% (90)	- (118)
Non-operating profit	0.4% 247	0.3% 208	84.1% (39)	0.1% 99	48.0% (108)
Non-operating loss	0.2% 145	0.2% 180	123.8% 34	0.2% 190	105.8% 10



## 4. FYE March 2009 1H&2H P/L forecast (consolidated/non-consolidated)

### Consolidated P/L forecast

(million yen)

	FYE March 2010 1H (est)				FYE March 2010 2H (est)			
	Forecast	YoY vs sales	+/-	%	Forecast	YoY vs sales	+/-	%
Total Sales	<b>38,471</b>	100.0%	1,802	104.9%	<b>44,173</b>	100.0%	1,177	102.7%
Gross Profit	<b>19,702</b>	51.2%	1,030	105.5%	<b>22,504</b>	50.9%	530	102.4%
SGA Exp.	<b>18,532</b>	48.2%	714	104.0%	<b>19,195</b>	43.5%	686	103.7%
Operating Inc.	<b>1,170</b>	3.0%	315	136.9%	<b>3,308</b>	7.5%	(156)	95.5%
Non-operating P/L	<b>(90)</b>	-0.2%	(99)	-	<b>(88)</b>	-0.2%	(42)	-
Ordinary Inc.	<b>1,079</b>	2.8%	215	125.0%	<b>3,220</b>	7.3%	(199)	94.2%
Extraordinary P/L	<b>(120)</b>	-0.3%	99	-	<b>(356)</b>	-0.8%	648	-
Net Income	<b>359</b>	0.9%	193	216.7%	<b>1,583</b>	3.6%	475	142.9%

### Non-consolidated P/L forecast

(million yen)

	FYE March 2010 1H (est)				FYE March 2010 2H (est)			
	Forecast	YoY vs sales	+/-	%	Forecast	YoY vs sales	+/-	%
Total Sales	<b>35,895</b>	100.0%	503	101.4%	<b>41,011</b>	100.0%	(179)	99.6%
Gross Profit	<b>18,490</b>	51.5%	521	102.9%	<b>20,880</b>	50.9%	(116)	99.4%
SGA Exp.	<b>16,910</b>	47.1%	(52)	99.7%	<b>17,470</b>	42.6%	305	101.8%
Operating Inc.	<b>1,580</b>	4.4%	574	157.1%	<b>3,410</b>	8.3%	(422)	89.0%
Non-operating P/L	<b>(45)</b>	-0.1%	(87)	-	<b>(44)</b>	-0.1%	(30)	-
Ordinary Inc.	<b>1,534</b>	4.3%	486	146.5%	<b>3,365</b>	8.2%	(453)	88.1%
Extraordinary P/L	<b>(120)</b>	-0.3%	99	-	<b>(341)</b>	-0.8%	658	-
Net Income	<b>777</b>	2.2%	329	173.5%	<b>1,752</b>	4.3%	125	107.7%

**5. Historical full term sales and forecast (consolidated/non-consolidated)**

(million yen)

	FYE March 2008	FYE March 2009		FYE March 2010 (est)			
	Results	Results	YoY +/-	%	Forecast	YoY +/-	%
<b>Consolidated</b>							
<b>Total Sales</b>	72,221	79,665	7,443	110.3%	<b>82,644</b>	2,979	103.7%
<b>Non-consolidated</b>							
<b>Total Sales</b>	69,560	76,582	7,021	110.1%	<b>76,906</b>	324	100.4%
Business Unit Total	62,173	66,588	4,414	107.1%	<b>66,284</b>	(303)	99.5%
UA	35,118	36,802	1,684	-	<b>35,655</b>	(1,146)	96.9%
GLR	13,264	14,422	1,158	108.7%	<b>14,758</b>	335	102.3%
CH	3,310	3,818	507	115.3%	<b>3,873</b>	55	101.4%
SBU and UALabs	10,480	11,544	1,064	-	<b>11,996</b>	452	103.9%
<b>Outlet</b>	<b>7,387</b>	<b>9,993</b>	<b>2,606</b>	<b>135.3%</b>	<b>10,621</b>	<b>627</b>	<b>106.3%</b>
Same store sales	-	-			<b>97.8%</b>		
UA	-	-			<b>95.9%</b>		
GLR	-	-			<b>101.0%</b>		
CH	-	-			<b>101.1%</b>		
SBU and UALabs	-	-			<b>98.5%</b>		

\*Cath Kidston is included in SBUs and UA Labs from FYE March 2009 (previously included in UA business) and data of FYE March 2008 has been retroactively calculated.

\*Liquor, woman&tears and Personal Styling Department is included in UA business from FYE March 2010 (previously SBUs and UA Labs) and data of FYE March 2009 has been retroactively calculated.

**6. FYE March 2009 1H&2H sales forecast (non-consolidated)**

(million yen)

	FYE March 2010 1H Results					FYE March 2010 2H Forecasts				
	1Q	2Q	1H Results	Previous 1H		3Q	4Q	2H Forecasts	Previous 2H	
				+/-	%				+/-	%
Total Sales	18,151	18,083	36,234	843	102.4%	22,216	18,794	41,011	(179)	99.6%
Total Business Units	15,302	15,468	30,770	(20)	99.9%	19,042	16,493	35,536	(260)	99.3%
UA	8,202	8,272	16,474	(171)	99.0%	10,806	8,572	19,378	(777)	96.1%
GLR	3,482	3,161	6,644	(158)	97.7%	4,005	3,833	7,839	219	102.9%
CH	969	963	1,933	(10)	99.4%	1,078	882	1,961	86	104.6%
SBUs and UA Labs	2,648	3,070	5,718	320	105.9%	3,152	3,205	6,357	211	103.4%
Outlet	2,849	2,615	5,464	864	118.8%	3,173	2,301	5,475	81	101.5%
Same store retail sales	93.0%	94.9%	94.0%			99.0%	99.3%	99.1%		
UA	92.1%	94.4%	93.2%			97.8%	96.5%	97.2%		
GLR	93.8%	93.3%	93.6%			100.8%	102.4%	101.5%		
CH	96.4%	100.3%	98.4%			104.0%	106.3%	105.0%		
SBUs and UA Labs	93.5%	96.2%	94.9%			99.0%	102.5%	100.7%		



## 7. Same store sales by business (non-consolidated)

### UA

	FYE Mar 2009			FYE Mar 2010		FYE Mar 2010					
	2Q	3Q	4Q	1Q	2Q	Apr	May	Jun	Jul	Aug	Sep
<b>Same store retail &amp; online sales YoY</b>	-	-	-	94.0%	96.7%	96.2%	93.8%	92.2%	92.2%	96.2%	102.2%
Same store retail sales	-	-	-	92.1%	94.4%	93.9%	92.0%	90.5%	89.4%	93.3%	101.0%
Same store online sales	-	-	-	125.8%	132.5%	142.0%	130.5%	113.0%	136.7%	139.4%	121.9%
<b>Same store retail sales by category, etc. (YoY)</b>											
<b>Men's</b>	-	-	-	89.4%	94.1%	89.7%	89.3%	89.1%	87.5%	94.5%	102.7%
<b>Women's</b>	-	-	-	93.7%	92.3%	95.9%	93.3%	92.0%	90.1%	90.8%	95.5%
<b>CHROME HEARTS</b>	-	-	-	110.1%	105.9%	114.9%	115.3%	101.3%	96.5%	89.8%	138.5%
<b>Miscellaneous</b>	-	-	-	96.7%	111.2%	114.7%	92.4%	83.9%	105.6%	108.7%	117.8%
<b>Number of customers</b>	-	-	-	94.9%	97.3%	97.8%	94.8%	92.6%	93.7%	99.1%	101.5%
<b>Ave. customer spending</b>	-	-	-	97.1%	97.0%	96.0%	97.0%	97.8%	95.4%	94.2%	99.6%

### GLR

	FYE Mar 2009			FYE Mar 2010		FYE Mar 2010					
	2Q	3Q	4Q	1Q	2Q	Apr	May	Jun	Jul	Aug	Sep
<b>Same store retail &amp; online sales YoY</b>	-	-	-	97.8%	95.3%	98.3%	98.0%	97.0%	94.2%	88.7%	101.7%
Same store retail sales	109.3%	95.5%	95.9%	93.8%	93.3%	94.5%	94.7%	92.3%	93.1%	85.3%	99.4%
Same store online sales	-	-	-	146.4%	116.7%	149.2%	142.8%	147.0%	107.1%	121.4%	125.2%
<b>Same store retail sales by category, etc. (YoY)</b>											
<b>Men's</b>	98.5%	94.3%	90.2%	91.7%	92.7%	90.4%	94.2%	90.5%	93.7%	88.2%	94.7%
<b>Women's</b>	119.5%	95.4%	99.9%	95.6%	96.9%	96.6%	95.0%	95.2%	93.2%	87.9%	107.7%
<b>Miscellaneous</b>	118.7%	102.6%	105.5%	95.3%	81.2%	102.2%	95.8%	88.8%	89.9%	67.7%	81.8%
<b>Number of customers</b>	114.8%	100.8%	102.3%	101.4%	100.0%	102.3%	101.3%	100.8%	101.5%	93.5%	103.1%
<b>Ave. customer spending</b>	95.2%	94.8%	93.8%	92.5%	93.2%	92.4%	93.5%	91.5%	91.7%	91.3%	96.4%



CH	FYE Mar 2009			FYE Mar 2010		FYE Mar 2010					
	2Q	3Q	4Q	1Q	2Q	Apr	May	Jun	Jul	Aug	Sep
<b>Same store retail &amp; online sales YoY</b>	94.5%	89.4%	70.5%	96.4%	100.3%	97.2%	91.8%	101.0%	90.2%	91.3%	121.8%
Same store retail sales	94.5%	89.4%	70.5%	96.4%	100.3%	97.2%	91.8%	101.0%	90.2%	91.3%	121.8%
Same store online sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Same store retail sales by category, etc. (YoY)</b>											
<b>Number of customers</b>	89.6%	84.0%	80.8%	103.1%	115.9%	103.1%	106.4%	99.8%	97.8%	101.7%	159.3%
<b>Ave. customer spending</b>	105.6%	106.4%	87.3%	93.5%	86.6%	94.3%	86.2%	101.2%	92.3%	89.8%	76.5%
<b>*For reference: Total company sales of CH (including UA business) YoY</b>											
<b>Total company sales</b>	106.6%	101.8%	114.1%	101.0%	101.3%	106.5%	96.6%	100.8%	91.2%	90.7%	125.2%
<b>Same store sales</b>	91.9%	87.9%	76.0%	99.5%	101.5%	101.6%	96.7%	101.0%	91.5%	91.0%	125.2%
<b>SBUs and UA Labs</b>											
	FYE Mar 2009			FYE Mar 2010		FYE Mar 2010					
	2Q	3Q	4Q	1Q	2Q	Apr	May	Jun	Jul	Aug	Sep
<b>Same store retail &amp; online sales YoY</b>	-	-	-	100.3%	102.9%	97.8%	101.9%	101.0%	96.4%	106.8%	107.7%
Same store retail sales	-	-	-	93.5%	96.2%	91.6%	95.4%	93.3%	89.8%	98.9%	101.5%
Same store online sales	-	-	-	148.5%	148.2%	142.7%	152.1%	150.4%	138.3%	155.5%	155.6%
<b>Same store retail sales by category, etc. (YoY)</b>											
<b>Men's</b>	-	-	-	84.1%	102.0%	83.1%	90.2%	79.3%	94.0%	95.7%	123.8%
<b>Women's</b>	-	-	-	94.4%	95.9%	91.4%	96.5%	95.1%	89.3%	98.9%	101.3%
<b>Number of customers</b>	-	-	-	101.1%	95.9%	102.7%	104.2%	96.5%	92.5%	96.9%	101.0%
<b>Ave. customer spending</b>	-	-	-	92.4%	100.3%	89.1%	91.5%	96.7%	97.1%	102.1%	100.5%

\*Sales of miscellaneous items in SBUs and UA Labs are not disclosed as amount is small.

**8. Historical store openings/CAPEX in 1H (non-consolidated)**

	FYE Mar 2008 1H	FYE Mar 2009 1H	FYE Mar 2010 1H
Number of store openings, employees, etc.			(/ term end)
Number of store openings	21	10	<b>5 / 136</b>
UA	6	6	<b>2 / 46</b>
GLR	5	0	<b>0 / 37</b>
CH	0	0	<b>0 / 5</b>
SBUs and UA Labs	10	4	<b>3 / 48</b>
Removal (inc. brand transfer)	1	7	<b>7</b>
Term end retail stores	124	130	<b>136</b>
Outlet stores	11	13	<b>0 / 15</b>
Term end employees	2,384	2,665	<b>2,661</b>
CAPEX and Depreciation			
Operating CAPEX	1,460	2,133	249
Land	-	-	-
Others	230	124	0
CAPEX Total	1,690	2,257	250
Guarantee Deposits	271	174	30
Depreciation (as of P/L)	378	559	500

\* Part-time workers have been converted to full-time workers in August 2007, and are indicated together from FYE March 2008.

\* Total employees include full-time workers and contract workers (and part-time workers from FYE March 2008) and do not include those who are sent to subsidiaries.

**9. Historical full term store openings/CAPEX and forecast (non-consolidated)**

	FYE March 2008	FYE March 2009	FYE March 2010 (est)
Number of store openings, employees, etc.			(/ term end)
Number of store openings	34	20	<b>9 / 139</b>
UA	9	11	<b>3 / 47</b>
GLR	9	1	<b>1 / 37</b>
CH	2	0	<b>0 / 5</b>
SBUs and UA Labs	14	8	<b>5 / 50</b>
Removal (inc. brand transfer)	10	10	<b>8</b>
Term end retail stores	128	138	<b>139</b>
Outlet stores	11	15	<b>0 / 15</b>
Term end employees	2,567	2,692	<b>2,788</b>
Term end part-timers			
CAPEX and Depreciation			
Operating CAPEX	2,310	2,988	<b>655</b>
Land	-	-	<b>-</b>
Others	522	286	<b>371</b>
CAPEX Total	2,832	3,275	<b>1,026</b>
Guarantee Deposits	908	328	<b>(8)</b>
Depreciation (as of P/L)	854	1,187	<b>1,143</b>

\* Part-time workers have been converted to full-time workers in August 2007, and are indicated together from FYE March 2008.

\* Total employees include full-time workers and contract workers (and part-time workers from FYE March 2008) and do not include those who are sent to subsidiaries.