



April 23, 2010

Notice Concerning Posting of Extraordinary Loss and Revision of Earnings Forecast

UNITED ARROWS LTD. hereby announces extraordinary loss posted during the fourth quarter of the fiscal year ended March 2010. We have also revised our earnings forecasts for fiscal year ended March 2010 which were previously announced on May 12, 2009.

1. Posting of Extraordinary Loss

1) Consolidated basis

Impairment loss ¥788 million

According to recent sales conditions, asset groups that have continued to post loss through operation and asset groups that find difficulties in investment recovery from existing assets will follow the “accounting standards on impairment of fixed assets” and post impairment loss, and total amount of impairment loss for the term is expected to be ¥788 million.

On a non-consolidated basis, total amount of impairment loss for the term is expected to be ¥530 million.

Addition to loss provision due to store closure ¥418 million

As announced separately, our consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. (PERENNIAL) is expected to post extraordinary loss of ¥418 million as addition to loss provision due to store closure.

For details of dissolution of PERENNIAL, please look at “Notice Concerning Dissolution of Subsidiary PERENNIAL UNITED ARROWS CO., LTD.” announced separately today.

2) Non-consolidated basis

Addition to loss provision on debt guarantees ¥1,736 million

As we guarantee debt such as bank borrowings for PERENNIAL, we will post addition to loss provision on debt guarantees of ¥1,736 million as extraordinary loss for future debt guarantee losses.

As addition to loss provision on debt guarantees will only be posted on a non-consolidated basis, there will be no affect on consolidated results.

Valuation loss on stocks of affiliated company ¥100 million

As it is difficult to continue business of PERENNIAL, we will post valuation loss on stocks of affiliated company of ¥100 million.

As valuation loss on stocks of affiliated company will only be posted on a non-consolidated basis, there will be no affect on consolidated results.

2. Revision of earnings forecast

1) Revision of Consolidated Forecasts of FYE March 2010 (from April 1, 2009 to March 31, 2010)

	Net sales (¥ million)	Operating profit (¥ million)	Ordinary profit (¥ million)	Net income (¥ million)	Net income per share
Previous forecast (A)	82,644	4,478	4,300	1,943	45.48
Current forecast (B)	83,504	4,942	5,037	1,349	31.98
Change in amount (B-A)	860	463	737	(593)	-
Change in percentage (%)	1.0	10.4	17.1	(30.5)	-
For reference Previous results (FYE March 2009)	79,665	4,319	4,283	1,274	30.19

2) Revision of Non-consolidated Forecasts of FYE March 2010 (from April 1, 2009 to March 31, 2010)

	Net sales (¥ million)	Operating profit (¥ million)	Ordinary profit (¥ million)	Net income (¥ million)	Net income per share
Previous forecast (A)	76,906	4,990	4,900	2,529	59.21
Current forecast (B)	78,657	5,792	5,943	2,011	47.65
Change in amount (B-A)	1,751	801	1,043	(518)	-
Change in percentage (%)	2.3	16.1	21.3	(20.5)	-
For reference Previous results (FYE March 2009)	76,582	4,838	4,866	2,074	49.14

3. Reasons of revision

For UNITED ARROWS LTD, consolidated net sales are expected to be higher than forecasts by 1.0% due to favorable sales from December 2009. Consolidated operating profit and consolidated ordinary profit are also expected to be higher than forecasts (10.4% and 17.1%, respectively) due to improvement in gross margin and reduction of selling, general and administrative costs. Reasons of revision of non-consolidated results are similar to that of consolidated results.

On the other hand, consolidated net income is expected to be ¥1,349 million, short of forecasts by 30.5% due to extraordinary losses that are expected to be posted, namely impairment losses (¥788 million) and addition to loss provision due to store closure (¥418 million) caused by the dissolution of PERENNIAL, as explained above.

We expect consolidated gross profit to reach ¥42,865 million, higher than forecasts by 1.6% or ¥657 million, and consolidated selling, general and administrative expenses to reach ¥37,922 million, higher than forecasts by 0.5% or ¥194 million. We also expect non-consolidated gross profit to reach ¥40,419 million, higher than forecasts by 2.7% or ¥1,048 million and non-consolidated selling, general and administrative expenses to reach ¥34,627 million, higher than forecasts by 0.7% or ¥246 million.

[Cautionary note]

Earnings forecast stated above are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of April 23, 2010, and actual earnings may differ materially from forecasts due to various factors.