



March 4, 2011

Notice Concerning Revision of Earnings Forecast and Expected Dividend

UNITED ARROWS LTD. hereby announces revision of earnings forecast for the full fiscal year ending March 2011, previously announced on August 5, 2010 and expected year-end dividend, previously announced on May 11, 2010, considering recent changes in business conditions.

1. Earnings forecast for the fiscal year ending March 2011

Consolidated

	Net sales (¥million)	Operating income (¥million)	Ordinary income (¥million)	Net income (¥million)	Net income per share (yen)
Previous forecast (A)	90,612	6,409	6,338	2,283	53.46
Current forecast (B)	92,146	7,324	7,188	3,543	94.82
Change in amount (B-A)	1,534	914	849	1,259	-
Change in percentage (%)	1.7	14.3	13.4	55.2	-
(For reference) Previous full term results	83,504	4,942	5,037	1,403	33.26

Non-consolidated

	Net sales (¥million)	Operating income (¥million)	Ordinary income (¥million)	Net income (¥million)	Net income per share (yen)
Previous forecast (A)	84,788	6,589	6,588	2,723	63.74
Current forecast (B)	86,350	7,117	7,018	2,980	79.76
Change in amount (B-A)	1,561	527	430	257	-
Change in percentage (%)	1.8	8.0	6.5	9.5	-
(For reference) Previous full term results	78,657	5,792	5,943	2,011	47.65

Reasons of revision

1) Non-consolidated basis

Sales of fall/winter items were favorable especially in our core businesses. Gross profit was better than forecast resulting from lowered COGP and improved mark-down loss ratio by enhancing accuracy of merchandising operation. SG&A expenses were increased due to intensified sales promotion but we believe those costs contributed to total sales increase.

As a result, operating income, ordinary income, and net income of FY 2011 are expected to be higher than forecasts.

2) Consolidated basis

Sales of consolidated subsidiaries were also favorable as well. Consolidated net income is expected to exceed forecasts significantly. We have announced the dissolution of consolidated subsidiary PERENNIAL UNITED ARROWS CO., LTD. on April 23, 2010 and liquidation of the company were planned to be completed in November, 2010. However, we did not posted liquidation cost of the company on revised earnings forecast, released on August 5, 2010 since there were possibility of delay of liquidation process depended on negotiations with developers on store closures and so forth.

As liquidation were completed by the end of December, 2010, our credit loss was fixed during the third quarter of FY 2011, and deferred tax assets which were posted on FY 2010 were reversed. Thus, consolidated operating income, ordinary income, and net income of FY 2011 are expected to exceed forecasts.

2. Expected Dividend

(yen)

	Dividend per share				
	1Q	2Q	3Q	Term end	Annual
Previous forecast (May 11, 2010)	-	-	-	16.00	26.00
Current forecast	-	-	-	19.00	29.00
FYE March 2011 result	-	10.00	-		
(For reference) FYE March 2010 result	-	10.00	-	18.00*	28.00

* Term end dividend of FYE March 2010 result includes memorial dividend of ¥3 for our 20th year in business.

Reasons of revision

Our basic targeted dividend policy allocates an amount that is based on the total targeted consolidated dividend on equity (DOE) ratio, which ensures stable dividends regardless of the level of net income in any given year. The targeted DOE ratio is around 4.5%. For the year to March 2011, we planned to pay an interim dividend per share of ¥10, and a year-end dividend per share of ¥16, in total an annual dividend per share of ¥26, which we forecasted were represent a consolidated dividend payout ratio of 48.89% and a DOE ratio of 4.47%.

We purchased 10,700,000 treasury stocks for ¥10,700 million on October 7, 2010 and we hold

11,254,380 shares in total as of the end of February. Although there were significant changes in shareholders' equity which influences dividend, we plan to increase payout as consolidated results are expected to be higher than forecasts, announced on May 11, 2010. Thus, a year-end dividend payout increase from ¥16 to ¥19 and an annual dividend per share has been revised upward to ¥29.

[Note]

Information noted above is based on information obtained at present and include uncertainties. Therefore, actual results may differ from our forecasts depending on changes in business conditions.