



May 2, 2007

**Notice Concerning Revision of Earnings Forecast**

UNITED ARROWS LTD. hereby announces revision of earnings forecast for fiscal year ended March 2007 (from April 1, 2006 to March 31, 2007) which was previously announced on May 29, 2006.

1 . Revision of earnings forecast for fiscal year ended March 2007 (from April 1, 2006 to March 31,2007)

&lt;Consolidated&gt;

(unit: million yen)

	Sales	Gross profit	Operating profit	Recurring profit	Net income
Previous forecast (A)	60,845	33,579	7,963	7,910	4,214
Current forecast (B)	60,959	33,072	7,350	7,337	3,511
Change in amount (B-A)	113	507	612	572	702
Change in percentage (%)	0.2	1.5	7.7	7.2	16.7
For reference Previous results (FYE March 2006)	53,813	29,018	7,663	7,639	4,076

&lt;Non-consolidated&gt;

(unit: million yen)

	Sales	Gross profit	Operating profit	Recurring profit	Net income
Previous forecast (A)	58,676	32,313	7,833	7,776	4,279
Current forecast (B)	58,666	31,752	7,148	7,156	3,540
Change in amount (B-A)	9	560	684	619	738
Change in percentage (%)	0.0	1.7	8.7	8.0	17.3
For reference Previous results (FYE March 2006)	52,610	28,298	7,487	7,442	4,032

2 . Reasons of revision

Early application of “Accounting standard on valuation of inventory assets” - booking of valuation difference caused by change in merchandise valuation

UNITED ARROWS LTD. has decided the early introduction of “Accounting standard of valuation of inventory

assets” from March 2007 which is to be applied to Japanese companies from business years starting from April 1, 2008 onwards. This is in order to improve soundness and transparency of financial conditions. As a result of applying this standard, following will be posted in cost of goods sold; 160 million yen as difference caused by valuation change in bought-in merchandise booked in the current fiscal year, 175 million yen as valuation loss of other merchandise. Additionally, following will be posted as extraordinary loss; 540 million yen as difference caused by valuation change in inventories booked at the beginning of the term.

#### Others

Consolidated sales resulted in line with initial forecasts, but as the amount of outlet sales and discount sales were higher than expected, gross profit is expected to be 171 million yen (0.5%) shorter than initial forecast disregarding reasons mentioned above in . Additionally, selling, general and administrative costs are expected to exceed initial forecasts by 105 million yen. As a result, consolidated recurring profit disregarding reasons mentioned above in , is expected to be 237 million yen (3.0%) shorter than forecast announced at the beginning of the fiscal year.

For reference: estimation of earnings forecast disregarding facts mentioned in

<Consolidated>

(unit: million yen)

	Sales	Gross profit	Operating profit	Recurring profit
Previous forecast (A)	60,845	33,579	7,963	7,910
Current forecast (B)	60,959	33,407	7,686	7,673
Change in amount (B-A)	113	171	276	237
Change in percentage (%)	0.2	0.5	3.5	3.0
For reference				
Previous results (FYE March 2006)	53,813	29,018	7,663	7,639

<Non-consolidated>

(unit: million yen)

	Sales	Gross profit	Operating profit	Recurring profit
Previous forecast (A)	58,676	32,313	7,833	7,776
Current forecast (B)	58,666	32,088	7,484	7,492
Change in amount (B-A)	9	225	348	283
Change in percentage (%)	0.0	0.7	4.4	3.7
For reference				
Previous results (FYE March 2006)	52,610	28,298	7,487	7,442

### 3 . Other information

At present, there are no changes expected in dividend forecast for fiscal year ended March 2007.

(Interim: 3 yen, term end: 7 yen, total annual: 10 yen)