August 4, 2011

Consolidated Financial Summary
For the First Quarter of Fiscal 2012, the Fiscal Year Ending March 31, 2012

Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)
English Translation of the Original Japanese-Language Report

Corporate Name:	UNITED ARROWS LTD.
Securities Traded:	Tokyo Stock Exchange, First Section
Code Number:	7606
URL:	http://www.united-arrows.co.jp/en/
Representative:	Osamu Shigematsu,
	President and Managing Director
Contact:	Takeo Nakazawa, Department Manager,
	Finance & Accounting Department
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Scheduled reporting date:	August 12, 2011
Scheduled date of dividend payment:	—
Supplementary information:	Yes

Note: Figures are rounded down to the nearest million yen.

1. Consolidated Business Results for the First Quarter of Fiscal 2012, the Fiscal Year Ending March 31, 2012 (April 1, 2011 to June 30, 2011)

(1) Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
1Q Fiscal 2012	23,448	14.5	3,003	39.8	3,017	40.0	1,626	—
1Q Fiscal 2011	20,475	7.3	2,148	51.6	2,155	51.4	102	(84.7)

Note: Comprehensive income 1Q Fiscal 2012: ¥1,610 million (—%)
1Q Fiscal 2011: ¥ 77 million (—%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	Yen	Yen
1Q Fiscal 2012	51.52	51.21
1Q Fiscal 2011	2.43	2.42

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	Yen
June 30, 2011	46,092	16,118	35.0	510.47
March 31, 2011	45,716	15,103	33.0	478.39

2. Status of Dividend Payment

	Annual Dividend				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	—	10.00	—	19.00	29.00
Fiscal 2012	—				
Fiscal 2012 (Forecast)		10.00	—	21.00	31.00

Note: Revision to recently disclosed dividend forecasts: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 2012 (From April 1, 2011 to March 31, 2012)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen
Interim Period	—	—	—	—	—	—	—	—	—
Full Fiscal Year	95,547 –96,493	5.5 – 6.5	7,724 – 8,124	4.6 – 10.0	7,678 – 8,078	6.0 – 11.6	4,195 – 4,423	16.6 – 23.0	131.01 – 138.13

Notes:

1) Revision to recently disclosed projected consolidated performance: None

2) UNITED ARROWS LTD. has decided to forego the disclosure of projected consolidated performance for the interim period of the fiscal year ending March 31, 2012. This is largely attributable to concerns surrounding the insufficient supply of electric power over the summer months as a result of the impact of the Great East Japan Earthquake and uncertainty regarding the affects of energy conservation measures at commercial facilities on consumer confidence. For the same reasons, the Company has provided a range for projected consolidated performance for the full fiscal year ending March 31, 2012.

4. Others

(1) Changes in Significant Subsidiaries during the Quarter under Review

(Changes in special subsidiaries that caused a change in the scope of consolidation): None

(2) Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

1. Changes due to revision of accounting standards: None
2. Changes other than 1: None
3. Changes in accounting estimates: None
4. Restatement of prior period financial statements after error corrections: None

(4) Number of Stocks Issued and Outstanding (Common Stocks)

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

1Q Fiscal 2012	42,800,000 stocks
Fiscal 2011	42,800,000 stocks

2. Number of treasury stock

1Q Fiscal 2012	11,223,580 stocks
Fiscal 2011	11,229,180 stocks

3. Average number of stocks issued and outstanding for the period

1Q Fiscal 2012	31,572,148 stocks
1Q Fiscal 2011	42,221,481 stocks

<u>* Note on the status of audit procedure implementation</u>

This Quarterly Consolidated Financial Summary is not subject to the audit procedures prescribed under the Financial Instruments and Exchange Act of Japan. As of the date this Quarterly Consolidated Financial Summary was disclosed, however, audit procedures applicable to financial statements prescribed under the aforementioned Financial Instruments and Exchange Act were in the process of being carried out.

<u>*Explanation regarding appropriate use of projected business performance</u>

The above projections were made based on management's assumptions and beliefs in light of currently available information. UNITES ARROWS LTD. cautions readers that due to a variety of factors actual results may differ materially from projections. Please refer to "Qualitative Information regarding Projected Performance" on page 5 of the supplementary materials to this Consolidated Financial Summary for details of underlying preconditions and an explanation regarding the appropriate use of projected business performance information.

1. Qualitative Information regarding Quarterly Financial Results

(1) Qualitative Information regarding Consolidated Business Performance

In the first quarter, the three-month period from April 1, 2011 to June 30, 2011, of fiscal 2012, the fiscal year ending March 31, 2012, conditions throughout the Japanese economy remained harsh. This was attributable to a variety of factors including the impact of the Great East Japan Earthquake that struck the nation on March 11, 2011, deflation and crude oil prices that continued to hover at a high level. In the apparel retail industry, trends remain mixed. While there are signs that the post-earthquake voluntary restraint on spending is beginning to thaw, indicating a recovery trend in consumer confidence reflected in such factors as sales growth in “cool-biz”-related apparel, there is an ongoing uncertainty surrounding the impact of enforced restrictions on the supply of electric power over the summer period.

Under these circumstances, the UNITED ARROWS Group worked diligently to implement measures and open new stores commensurate with the growth stage of each Group company and business and to enhance corporate value. By adhering strictly to a policy of collaboration between the product, sales and promotion divisions and ensuring diversified cost control, the UNITED ARROWS Group is endeavoring to further improve profitability and exceed its historic high consolidated ordinary profit of ¥7,639 million recorded in the fiscal year ended March 31, 2006. As mentioned, UNITED ARROWS LTD. steadily advanced the following two key management policies.

1. Strengthen collaboration between the product, sales and promotion divisions

The Company channeled all of its energies into strengthening and further enhancing the precision of collaboration between its core business product, sales and promotion divisions, which collectively generate UNITED ARROWS competitive advantage, in an effort to boost earnings. Putting to good use the customer information collected by the Sales Division, the Product Division bolstered activities aimed at enhancing the accuracy of its product lineup. In addition to reinforcing its sales capabilities, built on improved store management skills, the Sales Division took steps to improve the interior quality of stores. The Promotion Division in close collaboration with store-front product developments focused on strategically using all forms of publications, the website as well as social and mass media in order to boost the number of customers visiting stores.

2. Increase productivity while ensuring diversified cost control

In addition to placing considerable weight on increasing productivity by strengthening collaboration between divisions and improving daily business processes, UNITED ARROWS LTD. emphasized profitability growth through cost controls finely tuned to earnings. Moreover, the Company worked diligently to improve the planning accuracy of sales initiatives and to increase the sales rate by engaging in optimal weekly management. Through these means, UNITED ARROWS LTD. successfully improved inventory efficiency.

In the opening and closing of stores, the UNITED ARROWS Group opened four, three, three and one stores in its UNITED ARROWS, green label relaxing, small business unit and outlet store businesses, respectively, while closing one small business unit store. As a result, the number of retail stores as of June 30, 2011 stood at 155 stores, and 171 stores when including outlet stores.

Turning to consolidated subsidiaries, retail results were boosted by steady contributions from FIGO KICHIJOJI opened by FIGO CO., LTD. in October 2010. Wholesale results were also sound on the back of a recovery in the consumption environment encompassing department and specialty stores. In the context of consolidated subsidiary store opening and closing activities, the number of directly operated stores remained steady at 11.

With an accounting settlement date of January, consolidated subsidiary COEN CO., LTD. suspended operations at three stores in Miyagi Prefecture until the end of April following the Great East Japan Earthquake. Buoyed by robust sales at stores in other regions, revenue increased in overall terms. In the period under review, COEN CO., LTD. opened one new store. This brings the total number of stores to 35 as of April 30, 2011.

Accounting for each of the aforementioned factors, consolidated net sales for the first quarter of the fiscal year under review amounted to ¥23,448 million, an increase of 14.5% compared with the corresponding period of the previous fiscal year. This largely reflected solid retail and online existing store non-consolidated contributions particularly from the mainstay UNITED ARROWS and green label relaxing businesses. From a profit perspective, the gross margin contracted 0.7 of a percentage point year on year to 56.5%. From a non-consolidated perspective, this was mainly due to higher losses on product valuation including sales costs resulting from changes in the sales method of sample products, and an increase in the buying cost ratio owing primarily to the higher proportion of procured products and miscellaneous items. The selling, general and administrative (SGA) expenses to total sales ratio declined 3.1 percentage points compared with the corresponding period of the previous fiscal year to 43.6%. Despite the implementation of aggressive promotional measures including the placement of advertisements in magazines and other media as well as the publication of catalogues, this favorable result was attributable to the Group’s unwavering focus on lifting cost efficiency.

On this basis, operating profit for the period under review totaled ¥3,003 million, up 39.8% year on year. Ordinary profit also surged 40.0% to ¥3,017 million. While UNITED ARROWS Group incurred an extraordinary loss of ¥108 million due mainly to an impairment loss in line with the renewal and relocation of stores, taking into consideration the absence of the extraordinary loss totaling ¥921 million for amortization of previous periods’ asset retirement obligations recorded in the corresponding period of the previous fiscal year following the adoption of the accounting standard for asset retirement obligations, net income increased ¥1,524 million year on year to ¥1,626 million.

(2) Qualitative Information regarding Consolidated Financial Position

Assets

Compared with the end of the previous fiscal year, current assets increased ¥414 million, or 1.5%, to ¥28,756 million as of June 30, 2011. The increase in accounts receivable – other of ¥1,589 million was largely offset by decreases of ¥1,035 million, ¥78 million and ¥209 million in cash and deposits, notes and accounts receivable–trade and deferred tax assets, respectively.

Noncurrent assets as of June 30, 2011 stood at ¥17,335 million, down ¥37 million, or 0.2%, compared with March 31, 2011. The major movements were buildings and structures as well as long-term prepaid expenses, which increased ¥102 million and ¥18 million, respectively, intangible noncurrent assets other, intangible noncurrent assets and deferred tax assets, which decreased ¥50 million, ¥74 million and ¥28 million, respectively.

Liabilities

Current liabilities stood at ¥21,597 million as of June 30, 2011, down ¥5,887 million, or 21.4%, compared with the previous fiscal year-end. While notes and accounts payable–trade climbed ¥572 million and current portion of long-term loans payable increased ¥2,264 million, short-term loans payable decreased ¥8,000 million and provision for bonuses contracted ¥678 million.

Total noncurrent liabilities increased ¥5,248 million, or 167.8%, compared with the end of the previous fiscal year to ¥8,376 million as of June 30, 2011. The major component was long-term loans payable, which increased ¥5,191 million.

Net Assets

Net assets stood at ¥16,118 million as of June 30, 2011, ¥1,015 million, or 6.7%, higher than the end of the previous fiscal year. Taking into account quarterly net income, retained earnings climbed ¥1,626 million. Retained earnings also declined ¥599 million due to the payment of cash dividends.

(3) Qualitative Information regarding Projected Performance

UNITED ARROWS LTD. has decided to forego the disclosure of projected consolidated performance for the interim period of the fiscal year ending March 31, 2012. This is largely attributable to concerns surrounding the insufficient supply of electric power over the summer months as a result of the impact of the Great East Japan Earthquake and uncertainty regarding the affects of energy conservation measures at commercial facilities throughout the Kanto area on consumer confidence.

For the same reasons, the Company has provided a range for projected consolidated performance for the full fiscal year ending March 31, 2012. Accordingly, total sales are forecast to climb to between ¥95,547 million and ¥96,493 million, a year-on-year increase of between 5.5% and 6.5%. From a profit perspective, operating profit is projected to reach between ¥7,724 million and ¥8,124 million, up between 4.6% and 10.0%, ordinary profit between ¥7,678 million and ¥8,078 million, up between 6.0% and 11.6%, and net income between ¥4,195 million to ¥4,423 million, up between 16.6% and 23.0%.

UNITED ARROWS LTD. will update its projections for the interim period and full fiscal year if and when it is better positioned to provide clearer forecasts.

2. Items regarding Summary Information (Other)

(1) Changes in significant subsidiaries during the quarter under review

Not applicable

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements

Not applicable

(3) Changes in accounting policies, accounting estimates and restatement of corrections

Not applicable

3. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Fiscal 2011 (as of March 31, 2011)	1Q Fiscal 2012 (as of June 30, 2011)
Assets		
Current assets		
Cash and deposits	5,640	4,604
Notes and accounts receivable-trade	257	178
Merchandise	15,698	15,784
Supplies	169	187
Accounts receivable-other	5,108	6,698
Other	1,509	1,343
Allowance for doubtful accounts	(40)	(39)
Total current assets	28,342	28,756
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	6,592	6,695
Other (net)	1,596	1,545
Total tangible noncurrent assets	8,189	8,241
Intangible noncurrent assets		
Other	1,885	1,810
Total intangible assets	1,885	1,810
Investments and other assets		
Guarantee deposits	6,224	6,224
Other	1,079	1,063
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	7,299	7,283
Total noncurrent assets	17,373	17,335
Total assets	45,716	46,092
Liabilities		
Current liabilities		
Notes and accounts payable-trade	-	7,766
Accounts payable-trade	7,193	-
Short-term loans payable	12,800	4,800
Current portion of long-term loans payable	2,094	4,358
Income taxes payable	600	992
Provision for bonuses	1,233	554
Provision for directors' bonuses	60	-
Other	3,503	3,125
Total current liabilities	27,484	21,597
Noncurrent liabilities		
Long-term loans payable	1,238	6,429
Provision for directors' retirement benefits	91	91
Asset retirement obligations	1,791	1,848
Other	7	7
Total noncurrent liabilities	3,128	8,376
Total liabilities	30,613	29,973
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	19,514	20,540
Treasury stock	(11,537)	(11,532)
Total shareholders' equity	15,102	16,133
Accumulated other comprehensive income		
Other valuation adjustments on securities	(11)	(14)
Deferred gains or losses on hedges	12	(0)
Total accumulated other comprehensive income	0	(15)
Total net assets	15,103	16,118
Total liabilities and net assets	45,716	46,092

(2) Quarterly Statements of Consolidated Income and Comprehensive Income

Quarterly Statement of Consolidated Income

First Quarter (Three Months Aggregate)

(Millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2010 to June 30, 2010)	Current 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)
Net sales	20,475	23,448
Cost of sales	8,771	10,211
Gross profit	11,704	13,237
Selling, general and administrative expenses	9,556	10,234
Operating profit	2,148	3,003
Non-operating profit		
Interest income	0	0
Dividend income	3	3
Foreign exchange gains	11	8
Purchase discounts	9	9
Other	16	43
Total non-operating profit	41	65
Non-operating expenses		
Interest expenses	29	41
Other	4	9
Total non-operating expenses	34	50
Ordinary profit	2,155	3,017
Extraordinary income		
Reversal of provision for loss on store closing	22	-
Total extraordinary income	22	-
Extraordinary loss		
Loss on retirement of noncurrent assets	30	17
Impairment loss	165	108
Loss on adjustment for changes of accounting standard for asset retirement obligations standard for asset retirement obligations	921	-
Other	4	6
Total extraordinary loss	1,121	133
Income before income taxes	1,055	2,884
Income taxes-current	490	1,008
Income taxes-deferred	462	248
Total income taxes	953	1,257
Income before minority interests	102	1,626
Net income	102	1,626

Quarterly Statements of Consolidated Comprehensive Income

First Quarter (Three Months Aggregate)

(Millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2010 to June 30, 2010)	Current 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)
Income before minority interests	102	1,626
Other comprehensive income		
Other valuation adjustments on securities	4	(3)
Deferred gains or losses on hedges	(29)	(12)
Total other comprehensive income	(25)	(15)
Quarterly comprehensive income	77	1,610
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	77	1,610
Quarterly comprehensive income attributable to minority interests	-	-

(3) Quarterly Statements of Consolidated Cash Flows

(Millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2010 to June 30, 2010)	Current 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)
Cash flows from operating activities		
Income before income taxes	1,055	2,884
Depreciation and amortization	326	330
Depreciation of intangible assets	76	81
Amortization of long-term prepaid expenses	20	22
Impairment loss	165	108
Amortization of goodwill	79	-
Decrease in provision for bonuses	(986)	(678)
Decrease in provision for directors' bonuses	-	(60)
Decrease in provision for loss on store closing	(22)	-
Decrease in allowance for doubtful accounts	(2)	(0)
Interest and dividend income	(3)	(3)
Loss on adjustment for changes of accounting standard for asset retirement obligations retirement obligations	921	-
Interest expenses	29	41
Loss of retirement of property, plant and equipment	2	0
Decrease (increase) in notes and accounts receivable-trade	102	(1,508)
Increase in inventories	(294)	(104)
Decrease (increase) in other current assets	55	(65)
(Decrease) increase in notes and accounts payable-trade	(291)	572
Decrease in other current liabilities	(610)	(220)
Increase in other noncurrent liabilities	12	84
Other	0	-
Subtotal	637	1,485
Interest and dividend income received	3	3
Interest expenses paid	(30)	(40)
Income taxed paid	(1,731)	(659)
Net cash (used in) provided by operating activities	(1,121)	788
Cash flows from investing activities		
Payments into time deposits	(46)	(3)
Purchase of property, plant and equipment	(580)	(601)
Payments for retirement of property, plant and equipment	-	(68)
Purchase of intangible assets	(27)	(65)
Purchase of long-term prepaid expenses	(38)	(51)
Payment for guarantee deposits	(28)	(260)
Proceeds from collection of guarantee deposits	-	259
Net cash used in investing activities	(722)	(790)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,670	(8,000)
Proceeds from increase in long-term loans payable	-	8,000
Repayment of long-term loans payable	(544)	(544)
Proceeds from disposal of treasury stock	11	4
Cash dividends paid	(621)	(497)
Net cash provided by (used in) financing activities	1,516	(1,036)
Effect of exchange rate change on cash and cash equivalents	-	-
Decrease in cash and cash equivalents	(327)	(1,038)
Cash and cash equivalents at beginning of term	4,061	5,471
Cash and cash equivalents at end of the quarterly term	3,733	4,432