November 7, 2011

Consolidated Financial Summary
For the Second 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:	November 11, 2011
Scheduled date of dividend payment:	December 5, 2011
Supplementary information:	Yes

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

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

(1) Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2Q Fiscal 2012	45,361	9.6	4,108	54.6	4,152	61.8	2,246	788.0
2Q Fiscal 2011	41,387	8.4	2,657	66.7	2,566	56.3	253	(59.1)

Note: Comprehensive income 2Q Fiscal 2012: ¥2,189 million (982.7%)
2Q Fiscal 2011: ¥ 202 million (—%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	Yen	Yen
2Q Fiscal 2012	71.14	70.71
2Q Fiscal 2011	5.99	5.97

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	Yen
September 30, 2011	47,612	16,719	35.1	529.06
March 31, 2011	45,716	15,103	33.0	478.39

(Reference) Shareholders' equity September 30, 2011: ¥16,719 million
March 31, 2011: ¥15,103 million

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	—	10.00			
Fiscal 2012 (Forecast)			—	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
Full Fiscal Year	98,512	8.8	8,497	15.1	8,486	17.2	4,608	28.1	143.91

Note: Revision to recently disclosed projected consolidated performance: None

4. Others

(1) Changes in Significant Subsidiaries during the Period 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)

2Q Fiscal 2012	42,800,000 stocks
Fiscal 2011	42,800,000 stocks

2. Number of treasury stock at term end

2Q Fiscal 2012	11,196,780 stocks
Fiscal 2011	11,229,180 stocks

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

2Q Fiscal 2012	31,582,377 stocks
2Q Fiscal 2011	42,221,958 stocks

* Note on the status of audit procedure implementation

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.

*Explanation regarding appropriate use of projected business performance

The above projections were made based on management's assumptions and beliefs in light of currently available information. UNITED 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 6 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

During the second quarter cumulative, the six-month period from April 1, 2011 to September 30, 2011, of fiscal 2012, the fiscal year ending March 31, 2012, uncertainty surrounding future operating conditions continued to cloud the Japanese economy. Despite a gradual let up in the voluntary restraints on spending by consumers in the immediate aftermath of the Great East Japan Earthquake, this uncertainty was attributable to a variety of factors including the slump in economic activity reflecting concerns surrounding restrictions on the supply of electric power, the difficult employment environment, persistent appreciation in the value of the yen, the price of raw materials which continue to hover at a high level, Europe's mounting debt problem and a slowdown in the U.S. economy.

In the apparel retail industry, growth in sales of "cool-biz"-related products and other factors provided a bright spot in an otherwise dull economy. This was negated, however, by the oppressive summer heat that lingered through to September and powerful typhoons that delayed sales of fall and winter items resulting in extremely difficult operating conditions.

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. To this end, steps were taken to put in place a management policy that emphasizes further improving profitability and surpassing the historic high consolidated ordinary profit of ¥7,639 million recorded in the fiscal year ended March 31, 2006 by strengthening collaboration between the product, sales and promotion divisions and ensuring diversified cost control.

Guided by this policy, UNITED ARROWS LTD. accordingly advanced the following two key management policies.

i. 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 net sales and 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.

ii. Increase productivity while ensuring diversified cost control

During the period under review, 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 addition, steps were taken to place considerable weight on increasing productivity by strengthening collaboration between divisions and improving daily business processes.

In the opening and closing of stores, the UNITED ARROWS Group opened four, four, four and one stores in its UNITED ARROWS, green label relaxing, small business unit and outlet store businesses, respectively, while closing one store in each of its green label relaxing, small business unit and outlet store businesses. As a result, the number of retail stores as of September 30, 2011 stood at 156 stores, and 171 stores when including outlet stores.

Turning to consolidated subsidiaries, results were impacted by delays in the delivery of products at FIGO CO., LTD. This was more than offset, however, by sales promotion initiatives encompassing mail magazines and a point card campaign. As a result, contributions from consolidated subsidiaries increased. During the period under review, one directly operated consolidated subsidiary store was closed and one outlet store newly opened. Taking the aforementioned into consideration, the number of directly operated retail stores stood at 10 and 11 including outlet stores as of September 30, 2011.

With an account settlement date of January each year, consolidated subsidiary COEN CO., LTD. suspended operations at three stores in Miyagi Prefecture until the end of April 2011 due to the Great East Japan Earthquake. In response, every effort was made to minimize the impact of lost sales opportunities by bringing forward the changeover from fall and winter items to spring and summer merchandise, raising the quality and fresh appeal of the company’s product lineup and upgrading and expanding inventories including summer shirts and cut items. Complementing these endeavors, results were buoyed by robust activity at stores in other regions and robust online sales. Accounting for each of the aforementioned, COEN CO., LTD. reported an increase in revenue returning to the black at an ordinary profit level. During the period under review, the company opened two new stores. This brought the total number of stores to 36 as of July 31, 2011.

Based on the aforementioned measures and factors, consolidated net sales for the second quarter cumulative of the fiscal year ending March 31, 2012 amounted to ¥45,361 million, an increase of 9.6% compared with the corresponding period of the previous fiscal year. This largely reflected solid retail and online existing store non-consolidated contributions from the mainstay UNITED ARROWS and green label relaxing businesses. From a profit perspective, the gross margin improved 0.4 of a percentage point year on year to 53.7%. Despite an increase in the disposal of merchandise including sample products, this increase was mainly attributable to an improvement in total business unit mark-down losses on a non-consolidated basis. The selling, general and administrative (SGA) expenses to total sales ratio declined 2.3 percentage points to 44.6%. Notwithstanding the increase in advertising expenses on the back 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 successful efforts to lift cost efficiency.

On this basis, operating profit for the period under review totaled ¥4,108 million, up 54.6% compared with the corresponding period of the previous fiscal year. Ordinary profit also surged 61.8% year on year to ¥4,152 million. This was a record for the Group, exceeding the previous consolidated ordinary profit high of ¥2,922 million reported for the second quarter cumulative of the fiscal year ended March 31, 2006. While UNITED ARROWS incurred an extraordinary loss of ¥193 million, which included an impairment loss for the period of ¥162 million on the renewal and relocation of stores, quarterly net income for the period under review jumped 788.0% compared with the corresponding period of the previous year to ¥2,246 million. This was mainly due to the absence of the extraordinary loss totaling ¥921 million representing amortization of previous periods’ asset retirement obligations following the adoption of the relevant accounting standard.

(2) Qualitative Information regarding Consolidated Financial Position

Assets

Compared with the end of the previous fiscal year, current assets increase ¥1,848 million, or 6.5%, to ¥30,191 million. While cash and deposits as well as notes and accounts receivable-trade declined ¥974 million and ¥67 million, respectively, the upswing in current assets represented was mainly attributable to increases in merchandise, accounts receivable-other and deferred tax assets of ¥1,525 million, ¥1,285 million and ¥26 million, respectively.

Noncurrent assets as of September 30, 2011 stood at ¥17,421 million, up ¥47 million, or 0.3%, compared with the previous fiscal year-end. The principal increases were in buildings and structures of ¥146 million due mainly to the opening of new stores and guarantee deposits, which climbed ¥64 million. The major decreases in noncurrent assets comprised other (net) tangible noncurrent assets, intangible noncurrent assets and other investments and other assets, which contracted ¥12 million, ¥109 million and 42 million, respectively.

Liabilities

Total current liabilities came to ¥23,330 million as of September 30, 2011, down ¥4,154 million, or 15.1%, compared with the end of the previous fiscal year. Despite increases of ¥2,068 million, ¥2,031 million and ¥1,030 million in notes and accounts payable-trade, current portion of long-term loans payable and income taxes payable, respectively, this decrease was mainly attributable to declines of ¥8,800 million and ¥142 million in short-term loans payable and provision for bonuses, respectively.

Total noncurrent assets stood at ¥7,562 million, an increase of ¥4,433 million, or 141.7%, compared with the balance as of March 31, 2011. The principal movement was in long-term loans payable, which climbed ¥4,306 million.

Net Assets

Total net assets amounted to ¥16,719 million, an increase of ¥1,616 million, or 10.7%, compared with the end of the previous fiscal year. Retained earnings rose ¥2,246 million reflecting quarterly net income and decreased ¥599 million representing the payment of cash dividends.

(3) Qualitative Information regarding Projected Performance

There is no change to projected consolidated business performance details announced previously on September 12, 2011.

2. Items regarding Summary Information (other)

(1) Changes in significant subsidiaries during the cumulative 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

1. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Fiscal 2011 (as of March 31, 2011)	2Q Fiscal 2012 (as of September 30, 2011)
Assets		
Current assets		
Cash and deposits	5,640	4,665
Notes and accounts receivable-trade	257	190
Merchandise	15,698	17,223
Supplies	169	181
Accounts receivable-other	5,108	6,394
Other	1,509	1,575
Allowance for doubtful accounts	(40)	(38)
Total current assets	28,342	30,191
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	6,592	6,739
Other (net)	1,596	1,583
Total tangible noncurrent assets	8,189	8,323
Intangible noncurrent assets		
Other	1,885	1,776
Total intangible assets	1,885	1,776
Investments and other assets		
Guarantee deposits	6,224	6,289
Other	1,079	1,037
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	7,299	7,321
Total noncurrent assets	17,373	17,421
Total assets	45,716	47,612
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,193	9,262
Short-term loans payable	12,800	4,000
Current portion of long-term loans payable	2,094	4,125
Income taxes payable	600	1,630
Provision for bonuses	1,233	1,150
Provision for directors' bonuses	60	—
Other	3,503	3,161
Total current liabilities	27,484	23,330
Noncurrent liabilities		
Long-term loans payable	1,238	5,544
Provision for directors' retirement benefits	91	91
Asset retirement obligations	1,791	1,881
Other	7	44
Total noncurrent liabilities	3,128	7,562
Total liabilities	30,613	30,892
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	19,514	21,155
Treasury stock	(11,537)	(11,504)
Total shareholders' equity	15,102	16,776
Accumulated other comprehensive income		
Other valuation adjustments on securities	(11)	(30)
Deferred gains or losses on hedges	12	(25)
Total accumulated other comprehensive income	0	(56)
Total net assets	15,103	16,719
Total liabilities and net assets	45,716	47,612

(2) Quarterly Statements of Consolidated Income and Comprehensive Income

Quarterly Statements of Consolidated Income

Second Quarter (Six Months Cumulative)

(Millions of yen)

	Previous 2Q (Six Months Cumulative) (from April 1, 2010 to September 30, 2010)	Current 2Q (Six Months Cumulative) (from April 1, 2011 to September 30, 2011)
Net sales	41,387	45,361
Cost of sales	19,317	21,006
Gross profit	22,069	24,354
Selling, general and administrative expenses	19,411	20,246
Operating profit	2,657	4,108
Non-operating profit		
Interest income	0	0
Dividend income	3	3
Foreign exchange gains	22	33
Purchase discounts	18	19
Other	55	79
Total non-operating profit	101	136
Non-operating expenses		
Interest expenses	57	75
Commission fee	109	0
Other	26	17
Total non-operating expenses	192	93
Ordinary profit	2,566	4,152
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Reversal of provision for loss on store closing	92	—
Total extraordinary income	94	0
Extraordinary loss		
Loss on retirement of noncurrent assets	54	24
Impairment loss	319	162
Loss on adjustment for changes of accounting standar for asset retirement obligations standard for asset retirement obligation:	921	—
Other	4	6
Total extraordinary loss	1,300	193
Income before income taxes	1,360	3,958
Income taxes-current	786	1,614
Income taxes-deferred	321	97
Total income taxes	1,107	1,711
Income before minority interests	253	2,246
Net income	253	2,246

Quarterly Statements of Consolidated Comprehensive Income
Second Quarter (Six Months Cumulative)

(Millions of yen)

	Previous 2Q (Six Months Cumulative) (from April 1, 2010 to September 30, 2010)	Current 2Q (Six Months Cumulative) (from April 1, 2011 to September 30, 2011)
Income before minority interests	253	2,246
Other comprehensive income		
Other valuation adjustments on securities	(4)	(19)
Deferred gains or losses on hedges	(46)	(37)
Total other comprehensive income	(50)	(57)
Quarterly comprehensive income	202	2,189
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	202	2,189
Quarterly comprehensive income attributable to minority interests	—	—

(3) Quarterly Statements of Consolidated Cash Flows

(Millions of yen)

	Previous 2Q (Six Months Cumulative) (from April 1, 2010 to September 30, 2010)	Current 2Q (Six Months Cumulative) (from April 1, 2011 to September 30, 2011)
Cash flows from operating activities		
Income before income taxes	1,360	3,958
Depreciation and amortization	663	667
Depreciation of intangible assets	155	163
Amortization of long-term prepaid expenses	40	45
Impairment loss	319	162
Amortization of goodwill	159	—
Decrease in provision for bonuses	(474)	(82)
Decrease in provision for directors' bonuses	—	(60)
Decrease in provision for loss on store closing	(118)	—
Decrease in allowance for doubtful accounts	(2)	(1)
Interest and dividend income	(4)	(3)
Loss on adjustment for changes of accounting standard f asset retirement obligations retirement obligatior	921	—
Interest expenses	57	75
Loss of retirement of property, plant and equipment	5	7
Gain on sales of property, plant and equipment	(1)	(0)
(Increase) decrease in notes and accounts receivable-trade	185	(1,135)
Increase in inventories	(1,263)	(1,537)
Increase in other current asset	(156)	(143)
Increase in notes and accounts payable-trade	1,384	2,068
Decrease in other current liabilities	(309)	(343)
Increase in other noncurrent liabilities	9	1
Other	0	—
Subtotal	2,933	3,841
Interest and dividend income received	4	3
Interest expenses paid	(58)	(74)
Income taxed paid	(1,731)	(657)
Net cash provided by operating activities	1,148	3,112
Cash flows from investing activities		
Payments into time deposits	(49)	(6)
Purchase of property, plant and equipment	(806)	(735)
Payments for retirement of property, plant and equipment	—	(76)
Purchase of intangible assets	(98)	(90)
Purchase of long-term prepaid expenses	(51)	(87)
Payment for guarantee deposits	(48)	(341)
Proceeds from collection of guarantee deposits	—	276
Proceeds from sales of property, plant and equipment	1	1
Net cash used in investing activities	(1,054)	(1,058)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,400	(8,800)
Proceeds from increase in long-term loans payable	—	8,000
Repayment of long-term loans payable	(1,088)	(1,662)
Proceeds from disposal of treasury stock	11	26
Cash dividends paid	(755)	(598)
Net cash used in financing activities	(432)	(3,034)
Effect of exchange rate change on cash and cash equivalents	—	—
Decrease in cash and cash equivalents	(338)	(980)
Cash and cash equivalents at beginning of term	4,061	5,471
Cash and cash equivalents at end of the quarterly term	3,723	4,491

(6) Medium to Long-term Business Strategy and Management Indicators

Our basic business strategy consists of the following three factors:

1. Implement a diversified business axis — enhance and widen market coverage by expanding new businesses laterally
2. Restrict the number of stores — maintain high store loyalty by identifying the optimum number of stores, and
3. Maximize customer value — strive to create further customer value

The goals are to increase the Company's overall market scale and corporate size by expanding new businesses laterally in concert with the existing mainstay business axis; simultaneously enhance market coverage and improve store loyalty by identifying the optimum number of stores for each particular business, and; increase customer loyalty by actively acquiring new customers and carrying out one-to-one marketing in tune with the wants and needs of each and every customer.

Medium-term Management Targets for the Fiscal Year Ending March 31, 2014

The UNITED ARROWS Group will pursue specific medium-term targets as it works toward fiscal 2014. Moving forward, the Group will reinforce existing businesses, develop new sales channels, expand overseas and enter new fields, as it strives to secure a position as the dominant specialist fashion store group and identify the next step required to ensure business growth and expansion.

1) Reinforce existing businesses

Comprehensively bolstering existing businesses is a core component of the Group's business strategies. In addition to reinforcing its existing retail and online sales stores, the UNITED ARROWS Group has designated the BEAUTY&YOUTH UNITED ARROWS and UNITED ARROWS green label relaxing business as key drivers of future growth. With respect to COEN CO., LTD., steps will also be taken to aggressively open new stores as an additional means to promote growth and expansion.

2) Develop new sales channels

The UNITED ARROWS Group is committed to developing new sales channels that will actively expand points of customer contact.

During the fiscal year ended March 31, 2011, the new THE AIRPORT STORE UNITED ARROWS LTD. business opened three new stores within airport commercial facilities. Plans are also in place to launch a new business category during the second half of the fiscal year ending March 31, 2012 targeting railways stations as well as expressway service areas. The UNITED ARROWS Group is primed to establish successful business models in each channel, which will be harnessed as a part of the Group's store opening strategy.

In its department store development activities, the Group launched a new UNITED ARROWS women's stand-alone business. As a part of this initiative, steps were taken to open the UNITED ARROWS DAIMARU KOBE WOMEN'S STORE. Moving forward, the UNITED ARROWS Group will ensure flexibility in developing new store business models taking into careful consideration the specific characteristics of each market.

In its licensing business, UNITED ARROWS LTD. will harness its brand equity nurtured over a lengthy period. Every effort will be made to develop new businesses in collaboration with other companies. As a part of these endeavors, ITO-YA WITH UNITED ARROWS was opened in collaboration with established stationery store Ginza itoya in Hankyu MEN'S TOKYO in October 2011. The store features a clothing and related products corner set up jointly with license manufacturers. Looking ahead, UNITED ARROWS LTD. will work to augment the products of collaborating license manufacturers and develop business opportunities across major nationwide department stores.

3) Expand overseas

In its overseas business development activities, UNITED ARROWS LTD. is already engaging in ongoing marketing encompassing wholesale sales in Hong Kong and test sales in such countries as Singapore. In determining the most appropriate timing for a full-fledged entry into the overseas arena, UNITED ARROWS LTD. will adopt a cautious approach taking into consideration the global economy and market trends.

4) Enter new fields

UNITED ARROWS LTD. will consider entering new areas outside the fashion industry including the household goods, furniture and other fields. To this end, UNITED ARROWS LTD. will collaborate with other companies through alliance, licensing and other arrangements.

By promoting each of these business strategies, the UNITED ARROWS Group will work diligently to achieve specific management targets by the fiscal year ending March 31, 2014. These targets include consolidate net sale of between ¥110 and ¥120 billion, consolidated ordinary income of between ¥10.5 and ¥11.5 billion and a consolidated ROE of 20% or more.