

**Consolidated Financial Summary**  
**For the First Quarter of the Fiscal Year Ending March 31, 2017**  
**(April 1, 2016 to June 30, 2016)**

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

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Corporate Name:	UNITED ARROWS LTD.
Securities Traded:	Tokyo Stock Exchange, First Section
Code Number:	7606
URL:	<a href="http://www.united-arrows.co.jp">http://www.united-arrows.co.jp</a>
Representative:	Mitsuhiro Takeda,  Representative Director,  President and Executive Officer
Contact:	Takeo Nakazawa, Department Manager,  Finance and Accounting Department
Telephone:	+81-3-5785-6325
Scheduled Date of Dividend Payment:	—
Scheduled Reporting Date:	August 12, 2016
Supplementary Information:	Yes

Note: Figures smaller than one million are rounded down.

## 1. Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)

### (1) Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended June 30, 2016	32,947	2.7	2,103	(24.7)	2,112	(24.5)	1,305	(25.0)
Three months ended June 30, 2015	32,093	7.5	2,794	(5.6)	2,797	(7.1)	1,740	1.2

Note: Comprehensive income

Three months ended June 30, 2016: ¥1,318 million (-22.4%) Three months ended June 30, 2015: ¥1,697 million (-1.0%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	yen	yen
Three months ended June 30, 2016	43.19	—
Three months ended June 30, 2015	57.54	—

Note: There are no dilutive shares for nine months ended December 31, 2014 and 2015.

### (2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Per-share net worth
	¥ million	¥ million	%	¥
As of June 30, 2016	65,710	33,325	50.7	1,102.95
As of March 31, 2016	63,877	33,760	52.8	1,117.23

Reference: Net worth As of June 30, 2016: ¥33,324 million As of March 31, 2016: ¥33,755 million

## 2. Conditions of Dividend Payment

	Annual Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2016	—	20.00	—	58.00	78.00
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (Forecast)		20.00	—	58.00	78.00

Note: Revision to recently disclosed projected dividend payment: None

## 3. Projected Consolidated Performance of the Fiscal Year Ending March 2017 (From April 1, 2016 to March 31, 2017)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income attributable to owners of parent		Net Income per Share	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	yen	
Interim Period	67,680	5.6	2,575	(28.8)	2,589	(28.5)	1,433	(32.9)	47.45	
Full Fiscal Year	150,438	6.8	11,364	2.6	11,432	2.3	6,890	6.1	228.06	

Note: Revision to recently disclosed projected consolidated performance: None

#### 4. Others

##### (1) Changes in Significant Subsidiaries during the Current Quarter: None

(Changes in special subsidiaries that caused a change in scope of consolidation)

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

##### (3) Changes in Accounting Principles, Procedures, Methods of Presentation and Other Items

1. Changes due to revision of accounting standards: Yes
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 (Common Stocks)

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

As of June 30, 2016:	30,213,676 stocks
As of March 31, 2016:	30,213,676 stocks
2. Number of treasury stock

As of June 30, 2016:	73 stocks
As of March 31, 2016:	73 stocks
3. Average number of stocks issued and outstanding for the period

Three months ended June 30, 2016:	30,213,603 stocks
Three months ended June 30, 2015:	30,258,130 stocks

##### \*Note on the status of audit procedure implementation

This Financial Results Report is not subject to the audit procedures prescribed under the Financial Instruments and Exchange Act of Japan. As of the date this Financial Results Report 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 projection was made based on information available at present. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the figures stated above due to any possible factor. Please refer to the attached documents starting from the next page for the preconditions and further information for the projected figures.

**Consolidated Financial Results**  
**(1) Quarterly Consolidated Balance Sheet**

(millions of yen)

	At the end of the previous fiscal year (March 31, 2016)	At the end of the first quarter (June 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	6,027	4,311
Notes and accounts receivable-trade	245	121
Merchandise	23,473	26,961
Supplies	492	522
Accounts receivable-other	9,803	9,517
Other	2,334	2,099
Allowance for doubtful accounts	(10)	(8)
Total current assets	42,367	43,525
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	7,896	8,415
Other (net)	1,761	1,751
Total tangible noncurrent assets	9,658	10,166
Intangible noncurrent assets		
Other	1,850	1,928
Total intangible noncurrent assets	1,850	1,928
Investments and other assets		
Guarantee deposits	8,398	8,438
Other	1,625	1,672
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	10,001	10,089
Total noncurrent assets	21,510	22,184
Total assets	63,877	65,710

<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	9,495	11,584
Short-term loans payable	2,150	6,050
Current portion of long-term loans payable	2,004	2,004
Income taxes payable	2,312	497
Provision for bonuses	1,588	922
Provision for directors' bonuses	8	-
Other	7,405	6,506
Total current liabilities	24,964	27,565
Noncurrent liabilities		
Long term loans payable	1,992	1,491
Asset retirement obligations	3,148	3,313
Other	11	14
Total noncurrent liabilities	5,152	4,819
Total liabilities	30,117	32,384
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	26,712	26,265
Treasury stock	(0)	(0)
Total shareholders' equity	33,838	33,390
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(105)	(93)
Forex adjustment account	22	27
Total accumulated other comprehensive income	(82)	(66)
Non-controlling interests	4	1
Total net assets	33,760	33,325
Total liabilities and net assets	63,877	65,710

## (2) Statements of Consolidated Income and Comprehensive Income

### Statements of Consolidated Income

Three months ended June 30, 2015 and 2016

	Three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)
Net sales	32,093	32,947
Cost of sales	14,616	14,983
Gross profit	17,476	17,964
Selling, general and administrative expenses	14,682	15,860
Operating income	2,794	2,103
Non-operating income		
Interest income	0	0
Dividend income	3	-
Foreign exchange gains	23	-
Purchase discounts	13	16
Rent income	4	4
Other	17	21
Total non-operating income	63	41
Non-operating expenses		
Interest expenses	11	7
Foreign exchange losses	-	15
Rent expenses	4	4
Commission for Purchase of treasury stock	33	-
Other	11	4
Total non-operating expenses	60	32
Ordinary income	2,797	2,112
Extraordinary profit		
Gain on sales of investment securities	27	-
Total extraordinary profit	27	-
Extraordinary loss		
Loss on retirement of noncurrent assets	2	33
Impairment loss	16	72
Other	-	11
Total extraordinary loss	19	117
Income before income taxes	2,805	1,995
Income taxes-current	756	378
Income taxes-deferred	307	314
Total income taxes	1,064	693
Net income	1,740	1,301
Loss attributable to non-controlling interests	-	(3)
Net income attributable to owners of parent	1,740	1,305

## Statements of Consolidated Comprehensive Income

Three months ended June 30, 2015 and 2016

(millions of yen)

	Three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)
Income before minority interests	1,740	1,301
Other comprehensive income		
Other valuation adjustments on securities	(6)	-
Deferred gains or losses on hedges	(35)	11
Forex adjustment account	(1)	4
Total other comprehensive income	(43)	16
Comprehensive income	1,697	1,318
Comprehensive income attributable to:		
Owners of the parent company	1,697	1,321
Non-controlling interests	-	(3)

### (3) Consolidated Cash Flows

	(millions of yen)	
	Three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,805	1,995
Depreciation	432	444
Depreciation of intangible assets	42	47
Amortization of long-term prepaid expenses	33	35
Impairment loss	16	72
Increase (decrease) in provision for bonuses	(710)	(666)
Increase (decrease) in provision for directors' bonuses	(11)	(8)
Increase (decrease) in allowance for doubtful accounts	(0)	(1)
Interest and dividends income	(3)	(0)
Interest expenses	11	7
Increase in notes receivable	771	472
Increase in inventories	(1,369)	(3,518)
Increase in other current assets	(68)	(100)
Increase in purchase liabilities	2,440	2,062
Increase (decrease) in other current liabilities	(566)	(513)
Increase (decrease) in other noncurrent liabilities	0	2
Other	14	83
Subtotal	3,837	416
Interest and dividends income received	3	0
Interest expenses paid	(12)	(7)
Income taxes paid	(1,231)	(2,124)
Net cash provided by operating activities	2,597	(1,715)



	Three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)
<b>Cash flows from investment activities</b>		
Payments into time deposits	(3)	(3)
Proceeds from sales of investment securities	52	-
Purchase of property, plant and equipment	(809)	(1,320)
Payments for asset retirement obligations	(39)	(80)
Purchase of intangible assets	(68)	(78)
Purchase of long-term prepaid expenses	(157)	(284)
Payment for guarantee deposits	(341)	(126)
Proceeds from collection of guarantee deposits	53	86
Other	0	-
Net cash provided by investment activities	(1,311)	(1,807)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	580	3,900
Repayment of long-term loans payable	(501)	(501)
Purchase of treasury stock	(1,418)	-
Cash dividends paid	(1,565)	(1,599)
Net cash provided by financing activities	(2,904)	1,799
Effect of exchange rate change on cash and cash equivalents	(1)	4
Increase (decrease) in cash and cash equivalents	(1,619)	(1,718)
Cash and cash equivalents at beginning of term	5,585	5,799
Cash and cash equivalents at end of term	3,965	4,080