
Consolidated Financial Summary
For the 1st Half of Fiscal 2017, the Fiscal Year Ending March 31, 2017
(April 1, 2016 to September 30, 2016)

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 |
| 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: | November 14, 2016 |
| Supplementary Information: | Yes |

Note: Figures smaller than one million yen are rounded down.

1. Consolidated Business Results for the 1st half of Fiscal 2017, the Fiscal Year Ending March 31, 2017 (April 1, 2016 to September 30, 2016)

(1) Consolidated Business Performance (aggregate)

(% indicates increase / decrease YoY)

| | Total Sales | | Operating Profit | | Ordinary Profit | | Net Income attributable to owners of parent | |
|-------------------------------------|-------------|-----|------------------|--------|-----------------|--------|---|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Six months ended September 30, 2016 | 65,083 | 1.5 | 1,714 | (52.6) | 1,803 | (50.2) | 870 | (59.3) |
| Six months ended September 30, 2015 | 64,102 | 8.7 | 3,615 | 3.5 | 3,618 | 1.8 | 2,136 | 9.1 |

Note: Comprehensive income

Six months ended September 30, 2016: ¥883 million (-56.7%) Six months ended September 30, 2015: ¥2,041 million (-0.3%)

| | Net Income per Share | Net Income per Share after Adjusting for Dilutive Effects |
|-------------------------------------|----------------------|---|
| | yen | yen |
| Six months ended September 30, 2016 | 28.80 | — |
| Six months ended September 30, 2015 | 70.67 | — |

Note: There are no dilutive shares for 2Q Fiscal 2015 and 2Q Fiscal 2016.

(2) Consolidated Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Per-share net worth |
|--------------------------|--------------|------------|--------------|---------------------|
| | ¥ million | ¥ million | % | ¥ |
| As of September 30, 2016 | 67,726 | 32,891 | 48.6 | 1,088.68 |
| As of March 31, 2016 | 63,877 | 33,760 | 52.8 | 1,117.23 |

Reference: Net worth September 30, 2015: ¥32,892 million March 31, 2015: ¥33,755 million

2. Conditions of Dividend Payment

| | Annual Dividend | | | | |
|--|-----------------|--------|--------|-----------------|--------|
| | 1Q End | 2Q End | 3Q End | Fiscal Year End | Annual |
| | yen | yen | yen | yen | yen |
| Fiscal year ended March 31, 2015 | - | 20.00 | - | 58.00 | 78.00 |
| Fiscal year ending March 31, 2016 | - | 20.00 | | | |
| Fiscal year ending March 31, 2016 (Forecast) | | | - | 58.00 | 78.00 |

Note: Revision to recently disclosed projected dividend payment: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 2016 (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 |
| Full Fiscal Year | 145,000 | 2.9 | 9,092 | (17.9) | 9,200 | (17.7) | 5,200 | (19.9) | 172.11 |

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 September 30, 2016: | 30,213,676 stocks |
| As of March 31, 2016: | 30,213,676 stocks |

2. Number of treasury stock

| | |
|---------------------------|-----------|
| As of September 30, 2016: | 73 stocks |
| As of March 31, 2016: | 73 stocks |

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

| | |
|--------------------------------------|-------------------|
| Six months ended September 30, 2016: | 30,213,603 stocks |
| Six months ended September 30, 2015: | 30,235,782 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 second quarter (September 30, 2016) |
|-------------------------------------|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,027 | 3,956 |
| Notes and accounts receivable-trade | 245 | 233 |
| Merchandise | 23,473 | 28,077 |
| Supplies | 492 | 548 |
| Accounts receivable-other | 9,803 | 8,942 |
| Other | 2,334 | 2,860 |
| Allowance for doubtful accounts | (10) | (8) |
| Total current assets | 42,367 | 44,610 |
| Noncurrent assets | | |
| Tangible noncurrent assets | | |
| Buildings and structures (net) | 7,896 | 9,084 |
| Other (net) | 1,761 | 1,852 |
| Total tangible noncurrent assets | 9,658 | 10,936 |
| Intangible noncurrent assets | | |
| Other | 1,850 | 1,977 |
| Total intangible noncurrent assets | 1,850 | 1,977 |
| Investments and other assets | | |
| Guarantee deposits | 8,398 | 8,472 |
| Other | 1,625 | 1,751 |
| Allowance for doubtful accounts | (21) | (21) |
| Total investments and other assets | 10,001 | 10,201 |
| Total noncurrent assets | 21,510 | 23,115 |
| Total assets | 63,877 | 67,726 |

(millions of yen)

| | At the end of the previous fiscal year (March 31, 2016) | At the end of the second quarter (September 30, 2016) |
|--|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 9,495 | 11,682 |
| Short-term loans payable | 2,150 | 7,100 |
| Current portion of long-term loans payable | 2,004 | 2,004 |
| Income taxes payable | 2,312 | 861 |
| Provision for bonuses | 1,588 | 1,772 |
| Provision for directors' bonuses | 8 | - |
| Other | 7,405 | 6,955 |
| Total current liabilities | 24,964 | 30,376 |
| Noncurrent liabilities | | |
| Long term loans payable | 1,992 | 990 |
| Asset retirement obligations | 3,148 | 3,450 |
| Other | 11 | 18 |
| Total noncurrent liabilities | 5,152 | 4,459 |
| Total liabilities | 30,117 | 34,835 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,030 | 3,030 |
| Capital surplus | 4,095 | 4,095 |
| Retained earnings | 26,712 | 25,830 |
| Treasury stock | (0) | (0) |
| Total shareholders' equity | 33,838 | 32,955 |
| Accumulated other comprehensive income | | |
| Deferred gains or losses on hedges | (105) | (103) |
| Forex adjustment account | 22 | 40 |
| Total accumulated other comprehensive income | (82) | (62) |
| Non-controlling interests | 4 | (1) |
| Total net assets | 33,760 | 32,891 |
| Total liabilities and net assets | 63,877 | 67,726 |

(2) Statements of Consolidated Income and Comprehensive Income

Statements of Consolidated Income

Second Quarter (Six Months Aggregate)

(millions of yen)

| | Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
|--|--|--|
| Net sales | 64,102 | 65,083 |
| Cost of sales | 31,435 | 32,051 |
| Gross profit | 32,667 | 33,031 |
| Selling, general and administrative expenses | 29,051 | 31,316 |
| Operating income | 3,615 | 1,714 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 4 | - |
| Foreign exchange gains | - | 35 |
| Purchase discounts | 29 | 32 |
| Rent income | 10 | 8 |
| Other | 40 | 46 |
| Total non-operating income | 85 | 124 |
| Non-operating expenses | | |
| Interest expenses | 22 | 16 |
| Foreign exchange loss | 2 | - |
| Rent expenses | 9 | 8 |
| Commission for Purchase of treasury stock | 33 | - |
| Other | 14 | 10 |
| Total non-operating expenses | 81 | 35 |
| Ordinary income | 3,618 | 1,803 |
| Extraordinary profit | | |
| Gain on sales of investment securities | 64 | - |
| Total extraordinary profit | 64 | - |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 14 | 64 |
| Impairment loss | 178 | 260 |
| Loss on valuation of investment securities | 15 | 0 |
| Other | 4 | 11 |
| Total extraordinary loss | 213 | 336 |
| Income before income taxes | 3,469 | 1,466 |
| Income taxes-current | 1,340 | 645 |
| Income taxes-deferred | (8) | (42) |
| Total income taxes | 1,332 | 602 |
| Net income | 2,136 | 863 |
| Loss attributable to non-controlling interests | - | (6) |
| Net income attributable to owners of parent | 2,136 | 870 |

Statements of Consolidated Comprehensive Income

Second Quarter (Six Months Aggregate)

(millions of yen)

| | Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
|---|--|--|
| Income before minority interests | 2,136 | 863 |
| Other comprehensive income | | |
| Other valuation adjustments on securities | (31) | - |
| Deferred gains or losses on hedges | (62) | 1 |
| Forex adjustment account | (1) | 18 |
| Total other comprehensive income | (95) | 19 |
| Comprehensive income | 2,041 | 883 |
| Comprehensive income attributable to: | | |
| Owners of the parent company | 2,041 | 889 |
| Non-controlling interests | - | (6) |

(3) Consolidated Cash Flows

(millions of yen)

| | Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
|---|--|--|
| Cash flows from operating activities | | |
| Income before income taxes | 3,469 | 1,466 |
| Depreciation | 871 | 895 |
| Depreciation of intangible assets | 88 | 104 |
| Amortization of long-term prepaid expenses | 68 | 73 |
| Impairment loss | 178 | 260 |
| Increase (decrease) in provision for bonuses | 123 | 183 |
| Increase (decrease) in provision for directors' bonuses | (11) | (8) |
| Increase (decrease) in allowance for doubtful accounts | (0) | (1) |
| Interest and dividends income | (4) | (0) |
| Interest expenses | 22 | 16 |
| Increase in notes receivable | 748 | 1,070 |
| Increase in inventories | (2,164) | (4,660) |
| Increase in other current assets | (157) | (621) |
| Increase in purchase liabilities | 3,726 | 1,778 |
| Increase (decrease) in other current liabilities | (1,033) | (555) |
| Increase (decrease) in other noncurrent liabilities | 0 | 6 |
| Other | (49) | 186 |
| Subtotal | 5,877 | 195 |
| Interest and dividends income received | 4 | 0 |
| Interest expenses paid | (23) | (16) |
| Income taxes paid | (1,219) | (2,121) |
| Net cash provided by operating activities | 4,639 | (1,942) |

(millions of yen)

| | Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015) | Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016) |
|--|--|--|
| Cash flows from investment activities | | |
| Payments into time deposits | (6) | (6) |
| Proceeds from sales of investment securities | 226 | - |
| Purchase of property, plant and equipment | (1,071) | (1,544) |
| Payments for asset retirement obligations | (66) | (108) |
| Purchase of intangible assets | (105) | (243) |
| Purchase of long-term prepaid expenses | (94) | (356) |
| Payment for guarantee deposits | (450) | (271) |
| Proceeds from collection of guarantee deposits | 103 | 197 |
| Other | 0 | (16) |
| Net cash provided by investment activities | (1,464) | (2,350) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (820) | 4,950 |
| Repayment of long-term loans payable | (1,002) | (1,002) |
| Purchase of treasury stock | (1,418) | - |
| Cash dividends paid | (1,770) | (1,750) |
| Net cash provided by financing activities | (5,011) | 2,197 |
| Effect of exchange rate change on cash and cash equivalents | (1) | 18 |
| Increase (decrease) in cash and cash equivalents | (1,837) | (2,077) |
| Cash and cash equivalents at beginning of term | 5,585 | 5,799 |
| Cash and cash equivalents at end of term | 3,747 | 3,722 |