Fiscal 2015
Fiscal Year Ending March 2015
Second quarter
Earnings Announcement

November 6, 2014

UNITED ARROWS LTD.

25TH
Arigato Gozaimasu
United Arrows Ltd.
since 1989

UNITED ARROWS LTD.

Note: In this earnings announcement, fractional sums less than one million are rounded down and percentages are calculated from raw data.

Cautionary Statement

Earnings forecasts and objective views contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of the date of this report, and therefore include risks and uncertainties. Actual earnings may differ materially from forecasts due to global economic trends, market conditions and other factors. Investors are asked to refrain from making investment decisions based solely on this document.

Abbreviations used throughout this report: The following abbreviations have been used for each Group business
UA/UNITED ARROWS, BY/BEAUTY&YOUTH UNITED ARROWS, monkey time/monkey time BEAUTY&YOUTH UNITED ARROWS, District/District UNITED ARROWS, GLR/UNITED ARROWS green label relaxing, CH/CHROME HEARTS, Odette é Odile/Odette é Odile UNITED ARROWS, ARCHIPELAGO/ARCHIPELAGO UNITED ARROWS LTD., THE AIRPORT STORE/THE AIRPORT STORE UNITED ARROWS LTD., THE STATION STORE/THE STATION STORE UNITED ARROWS LTD., THE HIGHWAY STORE/THE HIGHWAY STORE UNITED ARROWS LTD., SBUs/Small Business Units

Net sales by business: Net sales of the following businesses have been included in UA and SBU net sales.
UA: UA, District, THE SOVEREIGN HOUSE, BOW & ARROWS, BY, monkey time, STEVEN ALAN
SBUs: Another Edition, Jewel Changes, Odette é Odile, Boisson Chocolat, DRAWER, ASTRAET, EN ROUTE, ARCHIPELAGO, THE AIRPORT STORE, THE STATION STORE, THE HIGHWAY STORE

■Consolidated 2Q P/L Overview

UNITED ARROWS LTD.

Both sales and gross profit fell below plans; ordinary income declined 4.0%, or ¥150 million, compared with initial plans despite efforts to cutback operating overhead expenses

(Comments largely reflect comparisons with plans)

- Consolidated sales: Down 1.3% compared with plans
  → This largely reflects the failure by UNITED ARROWS LTD. to achieve its plans
- Gross profit: Down 2.0% compared with plans → This is mainly due to the failure by UNITED ARROWS LTD. to achieve its plans and also reflects the impact of a downturn in the value of the yen
- SGA expense to sales ratio: Down 1.6% compared with plans
  → This primarily reflects successful efforts by UNITED ARROWS LTD. to curtail SGA expenses
- Extraordinary P/L: A positive difference of ¥270 million compared with plans → This is largely due to the decline compared with plans in the amount of impairment loss recorded by UNITED ARROWS LTD.

Millions of yen

	Consolidated Results FY15 2Q Cumulative						FY14 2Q		Initial	
	Results	vs. Sales	YoY Increase (Decrease)	%	vs. Plans	%	Results	vs. Sales	Plans	vs. Sales
Sales	**58,953**	100.0%	2,283	104.0%	(801)	98.7%	56,670	100.0%	59,754	100.0%
Gross Profit	**31,079**	52.7%	944	103.1%	(618)	98.0%	30,135	53.2%	31,698	53.0%
SGA Exp.	**27,588**	46.8%	1,868	107.3%	(446)	98.4%	25,719	45.4%	28,034	46.9%
Operating Inc.	**3,491**	5.9%	(924)	79.1%	(172)	95.3%	4,416	7.8%	3,663	6.1%
Non Op. P/L	**62**	0.1%	32	210.2%	23	161.1%	29	0.1%	38	0.1%
Ordinary Inc.	**3,553**	6.0%	(891)	79.9%	(148)	96.0%	4,445	7.8%	3,702	6.2%
Extraordinary P/L	**(262)**	-0.4%	25	—	270	—	(287)	-0.5%	(532)	-0.9%
Net Income	**1,958**	3.3%	(477)	80.4%	138	107.6%	2,435	4.3%	1,819	3.0%

■Consolidated 2Q P/L Overview

For the 1H (2Q cumulative period from April 1, 2014 to September 30, 2014) of FY15, the fiscal year ending March 31, 2015, both sales and gross profit fell below plans, down around ¥801 million and ¥618 million, respectively. Despite this downturn, the drop in ordinary income compared with plans was held to ¥148 million, or 4.0%, on the back of efforts to cutback operating overhead expenses. As a result, ordinary income came in at ¥3,553 million for the period under review.

Principal factors contributing to discrepancies compared with plans are presented briefly as follows:

Consolidated sales were ¥58,953 million, down 1.3% compared with plans. This largely reflects the failure by UNITED ARROWS LTD. to achieve its plans for June and July 2014.

Gross profit was ¥31,079 million, down 2.0% compared with plans. This was mainly due to such factors as the failure by UNITED ARROWS LTD. to achieve its sales plans and deterioration in the gross margin as a result of the impact of a downturn in the value of the yen.

Selling, general and administrative (SGA) expenses amounted to ¥27,588 million, down 1.6% compared with plans. This largely reflects the unused portion of SGA expenses by UNITED ARROWS LTD. as well as successful reduction endeavors.

Accounting for each of the aforementioned factors, operating income was ¥3,491 million, down 4.7% and 20.9% compared with plans and the corresponding period of the previous fiscal year, respectively. Again compared with plans and the corresponding period of the previous fiscal year, ordinary income declined 4.0% and 20.1%, respectively, totaling ¥3,553 million for the 1H of FY15.

Turning to extraordinary profit and loss, UNITED ARROWS LTD. saw an improvement of ¥270 million compared with plans. This essentially reflects the decline in impairment loss compared with initial plans. As a result, net income came in at ¥1,958 million. This was 7.6% higher than plans, but down 19.6% compared with the corresponding period of the previous fiscal year.

■Reference: Non-Consolidated 2Q P/L Results

UNITED ARROWS LTD.

Millions of yen

	Non-Consolidated Results FY15 2Q Cumulative									
	Results	vs. Sales	YoY Increase (Decrease)	%	vs. Plans	%	FY14 2Q Results	vs. Sales	Initial Plans	vs. Sales
Sales	**53,418**	100.0%	1,287	102.5%	(880)	98.4%	52,130	100.0%	54,298	100.0%
Gross Profit	**27,830**	52.1%	286	101.0%	(691)	97.6%	27,544	52.8%	28,522	52.5%
SGA Exp.	**24,408**	45.7%	1,075	104.6%	(491)	98.0%	23,333	44.8%	24,900	45.9%
Operating Inc.	**3,421**	6.4%	(788)	81.3%	(200)	94.5%	4,210	8.1%	3,622	6.7%
Non Op. P/L	**83**	0.2%	46	223.1%	39	190.7%	37	0.1%	43	0.1%
Ordinary Inc.	**3,505**	6.6%	(742)	82.5%	(160)	95.6%	4,247	8.1%	3,665	6.8%
Extraordinary P/L	**(242)**	-0.5%	33	—	269	—	(276)	-0.5%	(511)	-0.9%
Net Income	**1,985**	3.7%	(348)	85.1%	80	104.2%	2,333	4.5%	1,904	3.5%

■Non-Consolidated P/L Results

An explanation has been omitted.

■Non-Consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

Non-consolidated sales were up 2.5% YoY; however, this result was 1.6% lower than plans; Existing retail and online stores sales were up 0.2% YoY

- The Company struggled during clearance sales months and in particular June and July; trends during other months were however sound
- Increase in business unit revenues against a decrease in outlet store revenues; online store sales surpassed plans
- Sales composition: Online store sales 11.2% (10.3% in the 2Q of FY14); outlet store sales 12.3% (13.2% in the 2Q of FY14)

Millions of yen

	Non-Consolidated Results FY15 2Q Cumulative: Results	Share	YoY Increase (Decrease)	%	vs. Plans	%	FY14 2Q Results	Share	Initial Plans	Share
Non-Consolidated Sales	**53,418**	100.0%	1,287	102.5%	(880)	98.4%	52,130	100.0%	54,298	100.0%
Total Business Unit Sales	**46,857**	87.7%	1,612	103.6%	(365)	99.2%	45,244	86.8%	47,223	87.0%
Retail	**40,524**	75.9%	951	102.4%	(613)	98.5%	39,573	75.9%	41,138	75.8%
Online	**5,995**	11.2%	605	111.2%	204	103.5%	5,389	10.3%	5,790	10.7%
Outlet	**6,560**	12.3%	(325)	95.3%	(514)	92.7%	6,885	13.2%	7,075	13.0%

	Existing Stores YoY: Sales	Number of Customers	Ave. Spending per Customer
Retail + Online	100.2%	—	—
Retail	99.5%	93.0%	107.0%
Online	106.7%	—	—

■Non-Consolidated Sales Results by Sales Channel

Non-consolidated sales were up 2.5% compared with the corresponding period of the previous fiscal year. However, this result was 1.6% lower than plans. Meanwhile, existing retail and online store sales were up 0.2% year on year.

Compared with plans, the Company struggled during clearance sales months and in particular in June and July 2014. Other than that, trends during other months were sound.

By channel, business unit revenues increased against a decrease in outlet store revenues. Buoyed by positive benefits of casual trend items, online store sales, which are less susceptible to weather conditions, surpassed plans.

Looking at the composition of sales for the period under review, online store sales accounted for 11.2% of total sales, up 0.9 of a percentage point compared with the corresponding period of the previous fiscal year. Outlet store sales comprised 12.3% of total sales, down 0.9 of a percentage point year on year.

■Non-Consolidated Sales Results by Business Type

UNITED ARROWS LTD.

Revenue up across all businesses; YoY increase in existing UA, GLR, and CH stores; YoY decrease in existing SBU stores

- UA : men's and women's casual
- GLR : men's and women's dressy items and men's casual
- CH : gold and silver items as well as small leather items all exhibited robust trends
- SBUs: While SBUs struggled in overall terms during spring and summer, DRAWER exhibited signs of a recovery trend during fall and winter

Millions of yen

	Non-Consolidated Results FY15 2Q Cumulative			
	Results	YoY Increase (Decrease)	%	FY14 2Q Results
Total Business Unit Sales	**46,857**	1,612	103.6%	45,244
UA	**23,582**	836	103.7%	22,745
GLR	**11,639**	470	104.2%	11,169
CH	**4,625**	279	106.4%	4,345
SBUs	**7,009**	26	100.4%	6,983

	Existing Store Sales YoY		
	Retail + Online	Retail	Online
UA	100.6%	100.0%	114.5%
GLR	102.8%	102.3%	105.8%
CH	—	102.4%	—
SBUs	93.2%	91.3%	101.8%

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■Non-Consolidated Sales Results by Business Type

Revenue was up across all businesses. In the period under review, existing UNITED ARROWS (UA), green label relaxing (GLR), and CHROME HEARTS (CH) store sales were up compared with the corresponding period of the previous fiscal year and down year on year for existing SBU stores.

For men's and women's casual items in the UA business and men's and women's dressy items as well as men's casual wear in the GLR business trends were robust.

Trends were also strong for gold and silver items as well as small leather items in the CH business.

In contrast, SBUs struggled in overall terms during spring and summer. On a positive note, DRAWER exhibited signs of a recovery trend during fall and winter.

■Non-Consolidated Gross Margin Results

UNITED ARROWS LTD.

0.7 of a percentage point YoY decrease to 52.1% in the non-consolidated gross margin

- Total Business Unit Gross Margin: 0.5 of a percentage point YoY decrease to 56.3% largely reflecting the impact of the weak yen and an increase in the composition of sales made up of procured products
- Outlet: 3.5 percentage point YoY decrease to 31.3% due mainly to efforts aimed at promoting the reduction of inventories at regular businesses
- Other COGS: YoY increase in the loss in product devaluation on the back of an increase in inventories

	Non-Consolidated Results FY15 2Q Cumulative			Reference: 1Q (Three-month period)			Reference: 2Q (Three-month period)		
	Results	FY14 2Q Cumulative	Increase (Decrease)	Results	FY14 1Q	Increase (Decrease)	Results	FY14 2Q	Increase (Decrease)
Non-Consolidated Gross Margin	**52.1%**	52.8%	-0.7%	56.2%	56.6%	-0.3%	47.7%	48.8%	-1.1%
Total Business Units	**56.3%**	56.8%	-0.5%	59.3%	59.8%	-0.5%	53.1%	53.6%	-0.5%
Outlet	**31.3%**	34.9%	-3.5%	35.5%	38.9%	-3.3%	26.4%	30.0%	-3.6%
Other COGS Millions of yen	599	551	47	1	87	(85)	597	463	133

Note: Other COGS = Loss on product devaluation, disposal costs, etc.

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■Non-Consolidated Gross Margin Results

The non-consolidated gross margin declined 0.7 of a percentage point compared with the corresponding period of the previous fiscal year to 52.1%.

The gross margin for total business units fell 0.5 of a percentage point compared with the corresponding period of the previous fiscal year to 56.3% largely reflecting the impact of the weak yen and an increase in the composition of sales made up of procured products. Despite this decline, the negative impact of the weak yen continues to narrow.

The gross margin for outlet stores decreased 3.5 percentage points compared with the corresponding period of the previous fiscal year to 31.3%. This was mainly due to efforts aimed at promoting the reduction of inventories at regular businesses.

Other COGs grew ¥47 million compared with the corresponding period of the previous fiscal year owing primarily to an increase in the loss on product devaluation on the back of an increase in inventories.

■Non-Consolidated SGA Expenses

UNITED ARROWS LTD.

Non-consolidated SGA expense to sales ratio increased 0.9 of a percentage point YoY to 45.7 %; (Note) down 0.2 of a percentage point, or ¥490 million, compared with plans

・Factors contributing to the YoY increase (decrease) in SGA expenses as a ratio to sales

Advertising expenses: decrease in line with such factors as the decline in the placement of advertisements as well as transit advertising

Personnel expenses : increase in line with such factors as the increase in new store staff and promotions

Rent : increase in line with such factors as the opening of new business stores

Other : increase in line with such factors as the increase in IT-related costs as well as outsourcing expenses related to distribution on the back of an increase in inventory

(Note) Reference: Breakdown of the decrease compared with plans (¥490 million)…decrease in personnel expenses of ¥280 million in line with vacant positions and efforts to limit hiring; drop in temporary store opening overhead expenses of ¥130 million, and; a downturn in advertising expenses of ¥80 million

Millions of yen

	Non-Consolidated Results FY15 2Q Cumulative					
	Results	vs. Sales	YoY Increase (Decrease)	%	FY14 2Q Results	vs. Sales
Non-Consolidated Sales	**53,418**	**100.0%**	1,287	102.5%	52,130	100.0%
SGA Expenses	**24,408**	**45.7%**	1,075	104.6%	23,333	44.8%
Advertising Expenses	**1,061**	**2.0%**	(109)	90.6%	1,170	2.2%
Personnel expenses	**9,096**	**17.0%**	468	105.4%	8,627	16.6%
Rent	**6,856**	**12.8%**	275	104.2%	6,580	12.6%
Depreciation	**723**	**1.4%**	12	101.8%	710	1.4%
Other	**6,671**	**12.5%**	427	106.9%	6,243	12.0%

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■Non-Consolidated SGA Expenses

The non-consolidated SGA expenses to sales ratio increased 0.9 of a percentage point compared with the corresponding period of the previous fiscal year to 45.7%. This was 0.2 of a percentage point lower than plans.

Factors contributing to the increase and decrease in SGA expenses as a ratio to sales compared with the corresponding period of the previous fiscal year included a decrease in advertising expenses in line with such factors as the decline in the placement of advertisements as well as transit advertising, an increase in personnel expenses in line with such factors as the increase in new store staff and promotions, an increase in rent in line with such factors as the opening of new business stores, and an increase in other SGA expenses in line with such factors as the increase in IT-related costs as well as outsourcing expenses related to distribution on the back of an increase in inventory.

Looking at a breakdown of the decrease in SGA expenses compared with plans, the major components include a decrease in personnel expenses of approximately ¥280 million in line with vacant positions and efforts to limit hiring, a drop in temporary store opening overhead expenses of around ¥130 million, and a downturn in advertising expenses of about ¥80 million.

■Consolidated / Non-Consolidated B/S Overview

UNITED ARROWS LTD.

(Comparative analysis of consolidated balances as of the end of the 2Q FY15 and the end of the 2Q FY14)

- Current assets: Increase in the balance of inventory; decrease in the balance of cash and deposits
- Noncurrent assets: Increase in the balances of tangible noncurrent assets and guarantee deposits in line with the opening of new stores and other factors
- Current liabilities: Decrease in the current portion of long-term loans payable; increase in the balance of accounts payable-trade

Note: The balance of consolidated short- and long-term loans payable: down 25.1% YoY to ¥7,100 million
Note: The balance of non-consolidated inventory: up 14.9% YoY
(higher than the rate of cumulative sales: up 2.5% YoY; the number of inventory items: up 9.5% YoY)

Millions of yen

	Consolidated Results FY15 2Q-End				Non-Consolidated Results FY15 2Q-End			
	Results	Share	YoY	vs. FY14 -End	**Results**	Share	YoY	vs. FY14 -End
Total Assets	**61,549**	100.0%	107.6%	103.8%	**57,530**	100.0%	106.3%	104.0%
Current Assets	**40,264**	65.4%	110.0%	103.8%	**36,142**	62.8%	109.3%	104.8%
(Inventory)	**25,242**	41.0%	117.9%	123.9%	**23,110**	40.2%	114.9%	125.2%
Noncurrent Assets	**21,285**	34.6%	103.4%	103.8%	**21,387**	37.2%	101.5%	102.8%
Current Liabilities	**26,691**	43.4%	96.6%	106.3%	**23,786**	41.3%	93.3%	107.0%
Noncurrent Liabilities	**2,774**	4.5%	96.9%	105.0%	**2,413**	4.2%	93.6%	104.3%
Total Net Assets	**32,083**	52.1%	120.2%	101.7%	**31,329**	54.5%	120.3%	101.9%
Reference: Balance of Short- and Long-Term Loans Payable	**7,100**	11.5%	74.9%	139.7%	**5,400**	9.4%	66.8%	150.8%

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■Consolidated / Non-Consolidated B/S Overview

The balance of total consolidated assets stood at ¥61,549 million as of September 30, 2014, 7.6% higher than the balance as of the end of the corresponding period of the previous fiscal year and 3.8% higher than the balance as of March 31, 2013.

Principal factors contributing the year-on-year movements in consolidate balance sheet items are presented briefly as follows.

As of September 30, 2014, current assets increased 10.0% year on year to ¥40,264 million. While the balance of cash and deposits declined, the increase in current assets was largely attributable to the upswing in the balance of inventories on the back of business expansion. Noncurrent assets climbed 3.4% year on year to ¥21,285 million owing mainly to increases in the balances of tangible noncurrent assets and guarantee deposits in line with the opening of new stores.

Current liabilities declined 3.4% compared with the end of the corresponding period of the previous fiscal year to ¥26,691 million. Despite an increase in accounts payable-trade, this overall decrease in current liabilities was largely the result of a decrease in the balance of current portion of long-term loans payable.

As of September 30, 2014, the balance of short- and long-term loans payable fell 25.1% compared with the end of the corresponding period of the previous fiscal year to ¥7,100 million on a consolidated basis.

On a non-consolidated basis, the balance of inventories was up 14.9% year on year, which was higher than the 2.5% year-on-year growth in nonconsolidated sales for the 1H of FY15. Moving forward, the Company will engage in a variety of activities including the advance of sales initiatives in an effort to enhance the efficiency of inventories.

■Consolidated C/F Overview

UNITED ARROWS LTD.

Cash and cash equivalents at the end of the term came to ¥4,243 million

- Cash flows from operating activities: (major cash inflows) income before income taxes of ¥3,291 million, increase in notes and accounts payable—trade of ¥3,177 million; (major cash outflows) increase in inventories of ¥4,870 million, income taxes paid of ¥3,302 million
- Cash flows from investing activities: (major cash outflows) purchase of property, plant and equipment of ¥1,309 million, purchase of long-term prepaid expenses of ¥426 million
- Cash flows from financing activities: (major cash inflows) net increase in short-term loans payable of ¥2,700 million; (major cash outflows) repayment of long-term loans payable of ¥681 million, cash dividends paid of ¥1,494 million

Millions of yen

	Consolidated Results FY15 2Q	FY14 2Q
	Results	Results
Cash flows from operating activities (sub-total)	**3,885**	3,382
Cash flows from operating activities	**267**	1,032
Cash flows from investing activities	**(1,977)**	(2,342)
Cash flows from financing activities	**523**	566
Cash and cash equivalents at the end of the term	**4,243**	5,398

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■Consolidated C/F Overview

Cash and cash equivalents as of the end of the 2Q of FY15 stood at ¥4,243 million.

Net cash provided by operating activities amounted to ¥267 million. The major cash inflows were income before income taxes of ¥3,291 million and the increase in notes and accounts payable-trade of ¥3,177 million. The major cash outflows were the increase in inventories of ¥4,870 million and income taxes paid of ¥3,302 million.

Net cash used in investing activities totaled ¥1,977 million. The principal cash outflows included the purchase of property, plant and equipment of ¥1,309 million in line with such factors as the opening of new stores as well as long-term prepaid expenses of ¥426 million.

Net cash provided by financing activities came to ¥523 million. The major cash inflow was the ¥2,700 million increase in short-term loans payable associated with the payment of income taxes and other factors. Major cash outflows comprised the repayment of long-term loans payable totaling ¥681 million and cash dividends paid of ¥1,494 million.

■Results of FY15 2Q Group Total Opening and Closing of Stores and FY15 Forecasts

UNITED ARROWS LTD.

- FY15 2Q Group total: Number of new stores opened: 23; Closed: 3; Number of stores as of FY15 2Q-end: 334
- Full FY15 forecast Group total: Number of new stores opened: 31; Closed: 7; Number of stores as of FY15-end: 338 (one store less than the previous forecast)

	FY15 2Q Results				FY15 Forecasts						Reference
	No. of stores at the beginning of the period	Opened	Closed	**No. of stores as of 2Q-end**	No. of stores as of the beginning of the period	Opened 1H	Opened 2H	Opened Full Fiscal Year	Closed	**No. of stores at the end of the period**	Increase (decrease) from the previous period
Group Total	314	23	3	334	314	23	8	31	7	338	(1)
UNITED ARROWS LTD.	231	15	3	243	231	15	5	20	5	246	(1)
FIGO CO., LTD.	17	1		18	17	1		1	1	17	
COEN CO., LTD.	65	6		71	65	6	3	9	1	73	
UNITED ARROWS TAIWAN LTD.	1	1		2	1	1		1		2	

Note: COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. maintain a balance date of January 31 each year.
Details of the opening and closing of new stores for the second quarter cover the cumulative period from February 1, 2014 to July 31, 2014.

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■Results of FY15 2Q Group Total Opening and Closing of Stores and FY15 Forecasts

On a Group total basis 23 stores were newly opened and three stores closed during the 2Q cumulative period of FY15. The number of stores as of September 30, 2014 stood at 334.

For the full fiscal year ending March 31, 2015, the UNITED ARROWS Group is looking to open 31 new stores and close seven stores. This will bring the total number of stores to 338 as of March 31, 2015.

Compared with the previously announced forecast, the number of projected stores as of the end of FY15 has fallen by one store.

This change from the previously announced forecasts is attributable to the decision to suspend the opening of a new store next spring in the new women’s shoes Boisson Chocolat business of UNITED ARROWS LTD.

There is no change in consolidated subsidiary forecasts.

■Reference: UNITED ARROWS LTD. Results of FY15 2Q Opening and Closing of Stores and FY15 Forecasts

UNITED ARROWS LTD.

	FY15 2Q Results				FY15 Forecasts						Reference
	No. of stores at the beginning of the period	Opened	Closed	No. of stores as of 2Q-end	No. of stores as of the beginning of the period	Opened 1H	Opened 2H	Opened Full Fiscal Year	Closed	No. of stores at the end of the period	Increase (decrease) from the previous period
UNITED ARROWS LTD. Total	**231**	**15**	**3**	**243**	**231**	**15**	**5**	**20**	**5**	**246**	(1)
UNITED ARROWS Total	73	4		77	73	4	1	5	1	77	
UNITED ARROWS (General Merchandise Store)	11			11	11					11	
UNITED ARROWS	23			23	23					23	
BOW & ARROWS		2		2		2		2		2	
THE SOVEREIGN HOUSE	1			1	1					1	
District	1			1	1					1	
BEAUTY&YOUTH	35	2		37	35	2	1	3	1	37	
monkey time	1			1	1					1	
STEVEN ALAN	1			1	1					1	
green label relaxing	60	3	2	61	60	3	3	6	3	63	
CHROME HEARTS	9	1		10	9	1		1		10	
SBUs Total	70	6	1	75	70	6		6	1	75	(1)
Another Edition	16			16	16					16	
Jewel Changes	10	1	1	10	10	1		1	1	10	
Odette é Odile	23			23	23					23	
Boisson Chocolat	1	2		3	1	2		2		3	(1)
DRAWER	7			7	7					7	
ASTRAET	2	1		3	2	1		1		3	
EN ROUTE		1		1		1		1		1	
Cross Sales-Type / Traffic Channels: ARCHIPELAGO	1			1	1					1	
Cross Sales-Type / Traffic Channels: THE AIRPORT STORE	3			3	3					3	
Cross Sales-Type / Traffic Channels: THE STATION STORE	5	1		6	5	1		1		6	
Cross Sales-Type / Traffic Channels: THE HIGHWAY STORE	2			2	2					2	
Outlet	19	1		20	19	1	1	2		21	

Note: STEVEN ALAN TOKYO and STEVEN ALAN OSAKA are recorded as annex-type stores and are not included in the number of stores listed above.

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■Reference: UNITED ARROWS LTD. Results of FY15 2Q Opening and Closing of Stores and FY15 Forecasts

An explanation has been omitted.

■Reference:
FY15 2Q-end Results of the Opening and Closing of Stores

UNITED ARROWS LTD.

UNITED ARROWS LTD.

Month	Stores Opened and Closed	Store Name	Commercial Facilities / Address
September	Newly opened store	BY NAGASAKI	AMU PLAZA NAGASAKI (Nagasaki City, Nagasaki Prefecture)
	Newly opened store	Jewel Changes Omiya	LUMINE OMIYA (Omiya City, Saitama Prefecture)
	Newly opened store	EN ROUTE GINZA	Stand-alone store (Chuo-ku, Tokyo)
	Renovated store	UNITED ARROWS NIHONBASHI	COREDO Nihonbashi (Chuo-ku, Tokyo)
	Renovated store	GLR sapporo stellar place	Sapporo STELLAR PLACE (Chuo-ku, Sapporo City)
	Renovated store	GLR lalaport yokohama	LaLaport YOKOHAMA (Tsuzuki-ku, Yokohama City)
	Relocated store	GLR amu plaza kagoshima	AMU PLAZA KAGOSHIMA (Kagoshima City, Kagoshima Prefecture)
	Relocated store	Another Edition Kyoto	Fujii Daimaru (Shimogyo-ku, Kyoto City)
	Closed store (*1)	GLR shibuya mark city	SHIBUYA MARK CITY (Shibuya-ku, Tokyo)
	Newly opened store	GLR shibuya mark city	SHIBUYA MARK CITY (Shibuya-ku, Tokyo)
	Closed store	Jewel Changes Shibuya Tokyu Toyoko	TOKYU DEPARTMENT STORE TOYOKO (Shibuya-ku, Tokyo)
July	Closed store	GLR yokohama sotetsu joinus	YOKOHAMA SOTETSU JOINUS (Nishi-ku, Yokohama City)
May	Newly opened store	GLR atré ueno	atré Ueno (Taito-ku, Tokyo)
	Newly opened store	CHROME HEARTS FUKUOKA	Stand-alone store (Chuo-ku, Fukuoka City)
	Newly opened store	ASTRAET AOYAMA	Stand-alone store (Minato-ku, Tokyo)
	Newly opened store	THE STATION STORE OTEMACHI	Otemachi-tower (Chiyoda-ku, Tokyo)
April	Newly opened store	BOW & ARROWS DAIMARU SAPPORO	DAIMARU SAPPORO (Chuo-ku, Sapporo City)
	Newly opened store	BOW & ARROWS DAIMARU UMEDA	DAIMARU UMEDA (Kita-ku, Osaka)
	Newly opened store	BY KYOTO WOMEN's STORE	KYOTO PORTA (Shimogyo-ku, Kyoto City)
	Newly opened store	GLR musashi-kosugi	LaLa terrace MUSASHIKOSUGI (Nakahara-ku, Kawasaki City)
	Newly opened store	Boisson Chocolat Kichijouji	atré Kichijouji (Musashino City, Tokyo)
	Newly opened store	Boisson Chocolat Marunouchi	Marunouchi Building (Chiyoda-ku, Tokyo)
	Newly opened store	UNITED ARROWS LTD. OUTLET KURASHIKI	MITSUI OUTLET PARK KURASHIKI (Kurashiki City, Okayama Prefecture)

*1 The items handled by the GLR SHIBUYA MARK CITY have changed dramatically in line with the stores renovation.
From a store opening results management perspective, this store is treated as a close store and a newly opened store.

FIGO CO., LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
April	Newly opened store	Felisi FUKUOKA MITSUKOSHI	FUKUOKA MITSUKOSHI (Chuo-ku, Fukuoka City)

COEN CO., LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
July	Newly opened store	SURPLUS MARINPIA KOBE	MITSUI OUTLET PARK MARINPIA KOBE (Tarumi-ku, Kobe City)
	Newly opened store	SURPLUS KISARAZU	MITSUI OUTLET PARK KISARAZU (Kisarazu City, Chiba Prefecture)
April	Newly opened store	Musashikosugi	LaLa terrace MUSASHIKOSUGI (Nakahara-ku, Kawasaki City)
March	Newly opened store	GENERAL STORE Nishinomiya	HANKYU NISHINOMIYA GARDENS (Nishinomiya City, Hyogo Prefecture)
	Newly opened store	GENERAL STORE KUZUHA MALL	KUZUHA MALL (Hirakata City, Osaka Prefecture)
	Newly opened store	SURPLUS IRUMA	MITSUI OUTLET PARK IRUMA (Iruma City, Saitama Prefecture)

UNITED ARROWS TAIWAN LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
May	Newly opened store	BY TAIPEI	Stand-alone store (Taipei City, Taiwan)

Note: COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. maintain a balance date of January 31 each year. Details of the opening of new stores for the second quarter cover the cumulative period from February 1, 2014 to July 31, 2014.

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■Reference: FY15 2Q-End Results of the Opening and Closing of Stores

An explanation has been omitted.

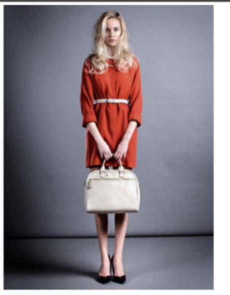
■Group Companies

UNITED ARROWS LTD.

FIGO CO., LTD.

Increase in revenue and decrease in earnings for the 2Q of FY15

- 2Q sales: ¥1,600 million; up 9% YoY
- Major factors relating to the decrease in earnings include increases in advertising as well as store personnel expenses in connection with such new brands as ASPESI
- Targeting an increase in both revenue and earnings for the full fiscal year through a variety of initiatives including efforts to upgrade and expand product planning that incorporates customers' needs and measures aimed at strengthening women's items

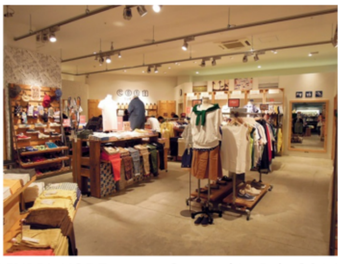


Felisi 2014 new fall and winter collection: the Bauletto Line

COEN CO., LTD.

Increase in revenue and earnings for the 2Q FY15

- 2Q sales: ¥4,000 million; up 27% YoY
- Sales and profits trending above plans
- Successful efforts to revise prices and strengthen sales and customer service
- Targeting an increase in revenue and earnings for the full fiscal year

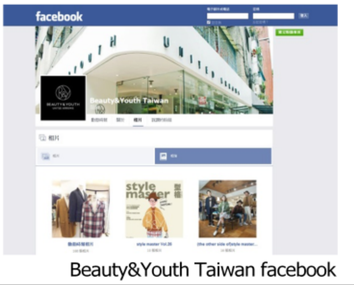


SURPLUS MARINPIA KOBE store: Opened in July 2014

UNITED ARROWS TAIWAN LTD.

2Q FY15 ordinary loss result within the parameter of initial plans

- Stores visited mainly by well-to-do, highly fashion-conscious customers; working to expand the development of products that accurately capture fashion trends
- Implementing measures aimed at revising prices and reviewing the balance of product sizes
- Implementing a system where products are delivered directly to the Taipei store from the factory in China in an effort to ensure the timely display of merchandise
- Strengthening sales through a variety of initiatives including the use of SNS and the training of sales staff in Japan



Beauty&Youth Taiwan facebook

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■Group Companies

・FIGO CO., LTD.

In the 1H of FY15, revenue increased while earnings decreased. While sales were up 9% compared with the corresponding period of the previous fiscal year to ¥1,600 million due to such factors as the growth in retail sales, earnings decreased due mainly to increase in advertising as well as store personnel expenses in connection with such new brands as ASPESI. FIGO is targeting an increase in both revenue and earnings for the full fiscal year through a variety of initiatives including efforts to upgrade and expand product planning that incorporates customers' needs and measures aimed at strengthening women's items.

・COEN CO., LTD. (Fiscal year-end: January)

In the 1Hof FY15, both revenue and earnings increased. Sales climbed 27% compared with the corresponding period of the previous fiscal year to ¥4,000 million. In addition to the increase in revenue attributable to the opening of new stores, the growth in sales was mainly due to robust trends in existing and online store sales. COEN received the support of customers after restoring product prices from spring and summer 2014 following a temporary increase in fall and winter 2013. Thanks largely to these positive factors, operating results exceeded plans. Buoyed by favorable trends, the company is targeting an increase in revenue and earnings for the full fiscal year.

・UNITED ARROWS TAIWAN LTD. (Fiscal year-end: January)

In the 1Hof FY15, UNITED ARROWS TAIWAN LTD. incurred an ordinary loss. The company's stores are visited mainly by well-to-do, highly fashion-conscious customers. Efforts are being channeled toward expanding the development of products that accurately capture fashion trends. While retail prices have been set at around 1.25 times the level found in Japan, steps have been taken to slightly reduce the prices of certain products after taking into consideration such factors as customer trends. In addition to initiating measures aimed at increasing sales rates at regular prices, the company is aligning products to match the needs of customers in Taiwan and shifting its balance to slightly larger sizes. Moreover, UNITED ARROWS TAIWAN LTD. is trialing a system where products are delivered directly to the Taipei store from the factory in China in an effort to ensure the timely display of merchandise while strengthening sales through a variety of initiatives including the ongoing use of SNS and the training of sales staff in Japan.

■Progress on Addressing Priority Issues

UNITED ARROWS LTD.

Management Slogan "The Spirit of a Creative Merchant"

Working diligently to surprise and excite customers, employees make full use of their originality and ingenuity to consistently create new and unique value. In this manner, we will increase the value of our brands and secure a fourth consecutive fiscal year of record results.

Bolster the cycle of collaboration between the product, sales, and promotion departments

Sales Department

Increase the number of purchasing customers though passionate customer service and styling proposals

Product Department

Lift the ratio of regular price sales through appealing product development

Promotion Department

Increase the number of store visitors by conveying to customers the creative force behind the Group's attractive products

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■Progress on Addressing Priority Issues

UNITED ARROWS LTD. has identified the single-year management slogan of "the spirit of a creative merchant" for the fiscal year ending March 31, 2015. Guided by this slogan, we will first look to surprise and excite customers, help employees make full use of their originality and ingenuity, consistently create new and unique value, and increase the value of our brands. In this manner, we will work diligently to secure a fourth consecutive fiscal year of record results.

In carrying out this slogan, we have positioned efforts aimed at bolstering the cycle of collaboration between the product, sales, and promotion departments as a priority issue.

Progress in addressing priority issues in the 2Q is explained as follows.
Introduce EN ROUTE as an initiative aimed at promoting new businesses
Provide an explanation about areas of focus from the 2H and beyond.

■Progress on Addressing Priority Issues

UNITED ARROWS LTD.

Launched the new EN ROUTE business, which offers a mix of mainly fashionable and sporty items

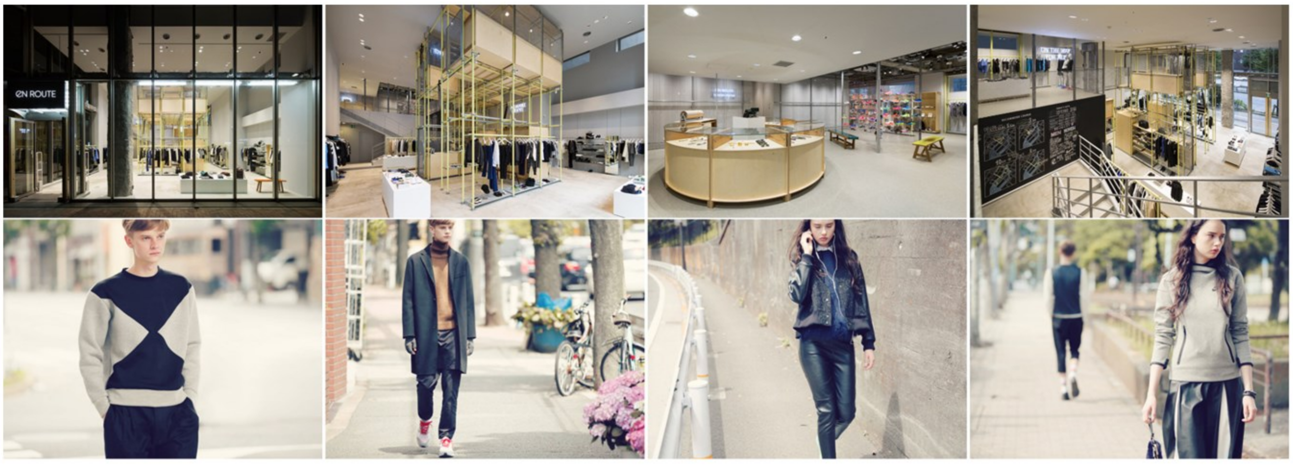
EN ROUTE GINZA

Date of store opening: September 12, 2014
Address: 1F 3-10-6 Ginza, Chuo-ku, Tokyo
Store space: 355.7 m²

* A running station attached to the store

* Commenced online sales through UA online and ZOZOTOWN stores

EN ROUTE



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EN ROUTE launched in September as a new business that offers a mix of mainly fashionable and sporty items. EN ROUTE GINZA, a bricks and mortar store, was opened in east Ginza with electronic sales conducted through the UNITED ARROWS LTD. and ZOZOTOWN online stores.

With ceilings that tower from a height of approximately six meters, the actual EN ROUTE GINZA store boasts a maisonette or duplex structure and configuration. With an expansive open plan, the store offers a unique interior. The first floor showcases private label mode taste brands focusing mainly on city-casual wear and items as well as purchased products from Japan and overseas. The second floor provides customers with a selection of city running wear including NIKE, New Balance, DESCENTE, and other brand products together with a facility for runners equipped with showers and lockers.

The top row of photos provides a view of the shop’s interior and exterior façade. Making the most of the high ceilings, the unique interior gives the store a perspective that encompasses the world and the feel of the EN ROUTE brand. A black panel adorns the staircase with such details as recommended running courses and the day’s weather. This panel is a key tool to communicate with customers. The bottom row of photos provides a selection of representative 2014 fall and winter items. Compared with the Company’s existing businesses, EN ROUTE GINZA has been designed to offer a strong mode taste.

In advance of the grand opening, an EN ROUTE — The Snap Up event was held on September 6 for general participation. As a part of the event, models wearing EN ROUTE merchandise walked around the Aoyama and Harajuku districts. Individuals from the general public were asked to take and post photographs using a designated smartphone application. Select photos were then posted on a specially established site and shared on a real time basis. By streaming live images of the event, successful steps were taken to ensure participation in the event and to raise awareness. At the same time, expansive use of social media such as Facebook and Twitter helped to boost the number of people with a strong interest in fashion visiting the store. Complementing this initiative, we also set up a limited period shop within District UNITED ARROWS from October 10 to 20. This also helped to raise the profile of the new business brand and store.

While the store is still very much in its early days, we are taking every opportunity to discern the customer base. Looking ahead, we will endeavor to increase both awareness and profile by disseminating information that is unique to the EN ROUTE brand.

■TOPICS: Areas of Focus from the Second Half and Beyond

UNITED ARROWS LTD.

1. Bolster the cycle of collaboration between the product, sales, and promotion departments

— Work to increase sales and the number of purchasing customers by putting forward proposals that are a half-step ahead of customers —

2. Review merchandising policies

— Work toward reviewing the seasonal merchandising strategy, increasing the ratio of regular price sales, and optimizing inventories —

3. Promote a reduction in inventory

— In line with the measures outlined in (2), work to secure an inventory growth rate that falls below the rate of sales growth during the next fiscal year —

4. Shore up new businesses

— Work toward the early rollout of new stores and renewed growth by reviewing and improving strategies —

5. Implement operating overhead cost control

— Work toward reducing the ratio of SGA expenses to sales through efficient operations and management —

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■TOPICS: Areas of Focus from the Second Half and Beyond

In the 1H of FY15, both sales and gross profit fell below plans. Ordinary income also failed to reach plans albeit by a small margin. Due in particular to the failure to reach plans during clearance sales months, inventory growth rates have surpassed the rate of sales increase. In addition, restraints have been placed on the opening of new business stores during the fall.

In an effort to improve each of these issues, UNITED ARROWS LTD. will focus on the following five areas from the 2H and beyond.

1. Bolster the cycle of collaboration between the product, sales, and promotion departments
While bolstering the cycle of collaboration has been identified as a priority issue for the fiscal year under review, the Company is yet to make any real headway. Since the hike in the consumption tax rate, customers have adopted an increasingly stringent approach toward the selection of merchandise. Now more than ever, improving the balance between price and value has become essential in securing increased sales. Reflecting on our performance for the 1H of FY15, sales of procured products were robust. Conversely, it can be argued that our private label brand products lacked sufficient appeal. Moving forward, we will focus on bolstering the cycle of collaboration between the product, sales, and promotion departments, accurately ascertaining the needs of customers, and creating items and proposals that are a half-step ahead of the market. At a meeting of managers held at the beginning of the 2H, management reconfirmed the action plan established at the beginning of the period for the benefit of all departments while instructing all departments to bolster collaboration. On top of this, we are endeavoring to confirm the progress of each business on a weekly and monthly basis. Through these means, we are striving to increase sales and the number of purchasing customers.

(Continued on the following page)

■TOPICS: Areas of Focus from the Second Half and Beyond

UNITED ARROWS LTD.

1. Bolster the cycle of collaboration between the product, sales, and promotion departments
   — Work to increase sales and the number of purchasing customers by putting forward proposals that are a half-step ahead of customers —
2. Review merchandising policies
   — Work toward reviewing the seasonal merchandising strategy, increasing the ratio of regular price sales, and optimizing inventories —
3. Promote a reduction in inventory
   — In line with the measures outlined in (2), work to secure an inventory growth rate that falls below the rate of sales growth during the next fiscal year —
4. Shore up new businesses
   — Work toward the early rollout of new stores and renewed growth by reviewing and improving strategies —
5. Implement operating overhead cost control
   — Work toward reducing the ratio of SGA expenses to sales through efficient operations and management —

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(Continued from the previous page)

2. Review merchandising policies

Over the past few years, we have seen a change in customers' awareness toward fashion spending. This change was most evident over the spring and summer seasons of the fiscal year under review. Looking at purchasing trends, it has become increasingly apparent that customers are purchasing items even for future use where they believed the product offered substantial value. At the same time, items for immediate use are generally being purchased only when considered absolutely necessary. Turning to the driving force behind these trends, it appears that consumption is influenced by changes in the way customers view each season as a result of shifts in weather conditions, the prolonged and staggered nature of clearance sales, and other factors including the polarization of purchasing trends between the weak yen and hike in the consumption tax rate. Taking these factors into consideration, UNITED ARROWS LTD. is looking to refine its seasonal merchandising strategy in a bid to enhance the fresh appeal of stores and ensure customer satisfaction. Currently, the Company as a whole is segmenting the year into six periods. Steps are being taken to revise operations on an optimal segment basis by business in line with target customers' sense of each season. On this basis, the Group maintains businesses with up to a maximum of eight classifications. Adjustments are currently underway with plans to launch operations during spring and summer of 2015. In this manner, we plan to further enhance customer satisfaction and as a result increase the ratio of regular price sales while optimizing inventories.

3. Promote a reduction in inventory

Due to a variety of factors including the slump in clearance sales during the fiscal year under review, the rate of inventory growth has exceeded the rate of sales growth. UNITED ARROWS LTD. is committed to optimizing inventory by taking all appropriate measures in a timely manner and promoting reductions at the right time, location, and price. In specific terms, steps will be taken to increase the use of online stores and to expand the scale and frequency of sales and events. Through these endeavors together with efforts to review the seasonal merchandising strategy, identified in focus area (2) above, we will minimize the impact on P/L and work toward lowering the rate of inventory growth to below the rate of sales growth.

(Continued on the following page)

■TOPICS: Areas of Focus from the Second Half and Beyond

UNITED ARROWS LTD.

1. Bolster the cycle of collaboration between the product, sales, and promotion departments

— Work to increase sales and the number of purchasing customers by putting forward proposals that are a half-step ahead of customers —

2. Review merchandising policies

— Work toward reviewing the seasonal merchandising strategy, increasing the ratio of regular price sales, and optimizing inventories —

3. Promote a reduction in inventory

— In line with the measures outlined in (2), work to secure an inventory growth rate that falls below the rate of sales growth during the next fiscal year —

4. Shore up new businesses

— Work toward the early rollout of new stores and renewed growth by reviewing and improving strategies —

5. Implement operating overhead cost control

— Work toward reducing the ratio of SGA expenses to sales through efficient operations and management —

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(Continued from the previous page)

4. Shore up new businesses

During spring of the fiscal year under review, we began opening new stores for the three businesses of ASTRAET, Boisson Chocolat, and BOW & ARROWS, a venture within the UA business. In the fall, we held back the opening of new business stores and are undertaking a strategic review. Under the ASTRAET brand, we will focus on efforts aimed at strengthening branding. In addition to displaying ASTRAET products at 10 UA stores during the fall, we are endeavoring to increase visibility and awareness by expanding media exposure and advancing various SNS-based initiatives encompassing Facebook and Instagram. From a product perspective, we are developing highly sensitive products that are unique to the ASTRAET brand. We are also working diligently to improve our lineup of merchandise to project an increasingly world view despite the small nature of stores that measure around 99 ㎡. Our efforts to promote the Boisson Chocolat brand mainly entail raising visibility and awareness while bolstering measures designed to address the demand for trendy products. Tracing its roots back to a specialized Odette e Odile online brand launched in 2010, Boisson Chocolat currently maintains a higher online profile as opposed to its visibility through actual stores. As a first step, we will therefore reinforce WEB-based advertising to attract customers to our online site, and then provide introductions to actual stores to lift bricks and mortar awareness. Again, with a focus on merchandise, we will boost our promotion of trendy products including sneakers and flat shoes as a part of efforts to address the needs of a broader customer base. Compared with our original estimates, BOW & ARROWS is attracting a growing number of slightly younger customers. As a result, we are reviewing the balance of products sizes and pursuing various initiatives which include a reassessment of our product lineup with a greater emphasis placed on casual item while slightly reducing the proportion of dressy products. In similar fashion, we are applying UA stores to promote the BOW & ARROWS brand. At the same time, we are offering a full lineup of products through the UNITED ARROWS LTD. ONLINE STORE channel in a bid to increase visibility and awareness. For certain new businesses, we have initiated mystery shopper surveys conducted by external experts in order to identify issues relating to products and sales. While we are yet to resume the opening of new business stores, we are working toward securing a foothold for renewed growth by diligently addressing each issue.

(Continued on the following page)

■TOPICS: Areas of Focus from the Second Half and Beyond

UNITED ARROWS LTD.

1. Bolster the cycle of collaboration between the product, sales, and promotion departments
   — Work to increase sales and the number of purchasing customers by putting forward proposals that are a half-step ahead of customers —
2. Review merchandising policies
   — Work toward reviewing the seasonal merchandising strategy, increasing the ratio of regular price sales, and optimizing inventories —
3. Promote a reduction in inventory
   — In line with the measures outlined in (2), work to secure an inventory growth rate that falls below the rate of sales growth during the next fiscal year —
4. Shore up new businesses
   — Work toward the early rollout of new stores and renewed growth by reviewing and improving strategies —
5. **Implement operating overhead cost control**
   — Work toward reducing the ratio of SGA expenses to sales through efficient operations and management —

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(Continued from the previous page)

5. Implement operating overhead cost control
We believe that customer will continue to adopt a cautious approach toward purchasing throughout the 2H. Under these circumstances, and as earlier stated, we will work to optimize inventories. Taking this into consideration, efforts to hold down costs will be based on a variety of endeavors including raising the efficiency and rationalizing operating overhead expenses as much as possible. In specific terms, we will undertake a stringent review of advertising expenditure with a view to assessing the cost vis a vis benefits. We will also reevaluate workforce numbers while reducing overtime by increasing operating efficiency. As one example, we will cutback travel expenses by broadcasting product briefing sessions to sales personnel. Moreover, we will undertake a thoroughgoing review of operating expenses across all departments.

By adopting each of the aforementioned measures and focusing on the identified areas throughout the 2H, we will further enhance customer satisfaction and promote sustainable growth.

UNITED ARROWS LTD.

Regarding cooperation with and response to institutional investors that adhere to the stewardship code

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The Company's Policy regarding Cooperation with and Response to Institutional Investors that Adhere to the Stewardship Code

The Stewardship Code was formulated in February 2014 as a part of the government's growth strategy. As an initiative aimed at ensuring sustainable growth in the corporate sector and enhancing corporate value, UNITED ARROWS LTD. is seriously committed to addressing this code. Moreover, and as a company engaged in business activities, we will cooperate with institutional investors to monitor investee companies so that they can appropriately fulfill their stewardship with an orientation toward the sustainable growth of the companies (Principle 3) and seek to arrive at an understanding with investee companies and work to solve problems through constructive engagement with investee companies (Principle 4) to the best of our ability.

In the context of Principle 3 of the Code, we will diligently provide details and an explanation of financial information including trends in our short-, medium-, and long-term operating performance as well as such non-financial information as external and internal environmental factors, business as well as financial strategies, and governance as well as risk management.

Turning to Principle 4, and in accordance with our five core values, which form a part of our Company Policy, we will consistently address the needs of investors in a sincere and positive manner in a bid to build sound relationships of trust. We will also apply the comments and opinions of investors obtained through dialog to our management and business activities. Through these means, we will endeavor to create a strong sense of mutual understanding and a common awareness.

Moving forward, UNITED ARROWS LTD. will work diligently to secure sustainable growth and enhance corporate value. In this manner, we will work toward increasing our value to stakeholders. As we work toward achieving our established goals, we kindly request your continued support and understanding.

Reference Materials

■Reference: Fiscal 2015 Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

Millions of yen

	Consolidated FY15 (full fiscal year)			FY14		Non-Consolidated FY15 (full fiscal year)			FY14	
	Forecasts	**vs. Sales**	**YoY**	Results	vs. Sales	**Forecasts**	**vs. Sales**	**YoY**	Results	vs. Sales
Sales	**135,914**	**100.0%**	105.8%	128,489	100.0%	**123,938**	**100.0%**	104.8%	118,212	100.0%
Gross Profit	**72,715**	**53.5%**	106.2%	68,492	53.3%	**65,753**	**53.1%**	105.1%	62,588	52.9%
SGA Exp.	**58,595**	**43.1%**	106.8%	54,842	42.7%	**52,153**	**42.1%**	105.2%	49,568	41.9%
Operating Inc.	**14,119**	**10.4%**	103.4%	13,649	10.6%	**13,600**	**11.0%**	104.5%	13,020	11.0%
Non Op. P/L	**80**	**0.1%**	89.4%	89	0.1%	**90**	**0.1%**	72.8%	124	0.1%
Ordinary Inc.	**14,200**	**10.4%**	103.4%	13,739	10.7%	**13,691**	**11.0%**	104.2%	13,145	11.1%
Extraordinary P/L	**(705)**	**-0.5%**	151.9%	(464)	-0.4%	**(682)**	**-0.6%**	188.6%	(361)	-0.3%
Net Income	**8,257**	**6.1%**	104.3%	7,920	6.2%	**8,113**	**6.5%**	105.6%	7,679	6.5%

■Reference: Fiscal 2015 Consolidated / Non-Consolidated P/L First Half Results and Second Half Forecasts

■Consolidated

Millions of yen

	Consolidated FY15 First Half				Consolidated FY15 Second Half		
	Results	vs. Sales	YoY	vs. Forecasts	Forecasts	vs. Sales	YoY
Sales	58,953	100.0%	104.0%	98.7%	76,159	100.0%	106.0%
Gross Profit	31,079	52.7%	103.1%	98.0%	41,017	53.9%	106.9%
SGA Exp.	27,588	46.8%	107.3%	98.4%	30,561	40.1%	104.9%
Operating Inc.	3,491	5.9%	79.1%	95.3%	10,455	13.7%	113.2%
Non Op. P/L	62	0.1%	210.2%	161.1%	41	0.1%	69.2%
Ordinary Inc.	3,553	6.0%	79.9%	96.0%	10,497	13.8%	113.0%
Extraordinary P/L	(262)	-0.4%	–	–	(173)	-0.2%	–
Net Income	1,958	3.3%	80.4%	107.6%	6,437	8.5%	117.4%

■Non-Consolidated

	Non-Consolidated FY15 First Half				Non-Consolidated FY15 Second Half		
	Results	vs. Sales	YoY	vs. Forecasts	Forecasts	vs. Sales	YoY
Sales	53,418	100.0%	102.5%	98.4%	69,639	100.0%	105.4%
Gross Profit	27,830	52.1%	101.0%	97.6%	37,231	53.5%	106.2%
SGA Exp.	24,408	45.7%	104.6%	98.0%	27,253	39.1%	103.9%
Operating Inc.	3,421	6.4%	81.3%	94.5%	9,978	14.3%	113.3%
Non Op. P/L	83	0.2%	223.1%	190.7%	46	0.1%	53.8%
Ordinary Inc.	3,505	6.6%	82.5%	95.6%	10,025	14.4%	112.7%
Extraordinary P/L	(242)	-0.5%	–	–	(171)	-0.2%	–
Net Income	1,985	3.7%	85.1%	104.2%	6,209	8.9%	116.1%

(Note) Second half data remains unchanged from initial forecasts. The total of first half results and second half forecasts do not match full fiscal year forecasts data.

■Reference: Details of Fiscal 2015 Non-Consolidated Sales First Half Results and Second Half Forecasts

UNITED ARROWS LTD.

Millions of yen

	Non-Consolidated Results FY15 First Half			Non-Consolidated Results FY15 Second Half		Non-Consolidated Results FY15 (full fiscal year)	
	Results	YoY	vs. Forecasts	**Forecasts**	YoY	**Forecasts**	YoY
Sales	**53,418**	102.5%	98.4%	**69,639**	105.4%	**123,938**	104.8%
Total Business Unit	**46,857**	103.6%	99.2%	**61,280**	105.2%	**108,503**	104.8%
Retail	**40,524**	102.4%	98.5%	**52,709**	104.9%	**93,847**	104.5%
Online	**5,995**	111.2%	103.5%	**8,169**	107.6%	**13,960**	107.6%
Outlet	**6,560**	95.3%	92.7%	**8,359**	107.0%	**15,434**	105.0%
Existing store sales YoY							
Retail + Online	100.2%			101.2%		101.1%	
Retail	99.5%			100.6%		100.5%	
Online	106.7%			105.7%		105.7%	

(Note) Second half data remains unchanged from initial forecasts. The total of first half results and second half forecasts do not match full fiscal year forecasts data.

■ Long-Term Vision Slogan

In Japan there is UNITED ARROWS LTD.
We are committed to becoming a retail fashion company that delivers unrivalled satisfaction to its customers in Japan and attracts the attention and loyalty of customers worldwide.

■ Management strategies aimed at achieving the long-term vision

1. Grow and expand existing businesses through a process of self-improvement and reform that is in tune with each era
2. Put forward new value proposals by developing and fostering new businesses that will drive next-generation growth
3. Take steps to enter overseas markets with a view to strengthening future international capabilities

■ Sales initiatives aimed at achieving the long-term vision

1. Strengthen collaboration between the product, sales, and promotion departments
2. Take a systematic approach toward business processes and operations
3. Bolster creativity

■ Quantitative targets for the final fiscal year of the medium-term management plan (Fiscal 2017)

Consolidated sales: ¥155.0 billion
Consolidated ordinary income: ¥17.0 billion
Ordinary income margin: 11.0%
Consolidated ROE: 20.0% or more

■ Quantitative targets for the final fiscal year of the long-term vision (Fiscal 2022)

Consolidated sales: ¥220.0 billion
Consolidated ordinary income: ¥26.4 billion
Ordinary income margin: 12.0%
Consolidated ROE: 20.0% or more

■Appendix: Explanation of Frequently Occurring Terms

UNITED ARROWS LTD.

About the Company's product platform
UNITED ARROWS LTD.'s product platform is a mechanism that is made up of a merchandising (MD) and production platform and supports such wide-ranging activities as product procurement, production, product launch, and inventory reduction. By standardizing operations that are easily affected by the experience and skills of responsible staff, and building the appropriate framework, the Company is promoting stable merchandising processes.

About the Company's merchandising platform
The merchandising platform is a mechanism for determining the current status of merchandise flows while at the same time supporting the next phase of decision-making. Utilizing the progress management tables and indices consistent across all businesses, the merchandising platform allows any individual to swiftly make decisions that allow the Group to promote the additional manufacture of top-selling items while reducing production and inventories of slow-selling items. As a result, UNITED ARROWS LTD. is increasing the rates of inventory reduction as well as final sales. This in turn is leading to improvements in gross profit, inventories, and cash flows.

About the Company's production platform
The production platform works to formulate the product procurement and production strategies that take the Company from merchandising planning through to realization. While manufacturing is outsourced, steps are taken to consolidate on a Group-wide basis the raw materials held by each business, the procurement of materials, and manufacturing plant information. At the same time, energies are channeled toward selecting the optimal outsourcing contractor by business and item. Through these means, the Company has established a process through which it optimizes procurement costs relating to purchases and production while targeting the supply of products that satisfy five key criteria*.

*Five key criteria: Customers can purchase (1) the products they want, (2) when they want, (3) where they want, (4) in the quantities they want, and (5) at prices they want.
(Please refer to UNITED ARROWS LTD.'s 2014 Annual Report posted on the "IR Library" section of the Company's IR homepage, and specifically to the "Product Platform" section on pages 28-29 for details. http://www.united-arrows.co.jp/en/ir/lib/data/enar14.pdf

About the cycle of collaboration between the Product, Sales, and Promotion departments
To utilize customer feedback across its sales activities, UNITED ARROWS LTD. is bolstering the cycle of collaboration between its product, sales, and promotion departments, with its stores as the starting point. Incorporating into product development policy the opinions gleaned by the sales department, which comes into direct contact with customers, and striking a balance between products that fulfill customer needs and products that propose keeping a half-step ahead of the times; these are regarded as the strengths of the product department. The staff responsible for products will take the initiative in lifting the ratio of regular priced sales by developing highly original and creative as well as appealing products. Serving as a bridge between the product and sales departments, the promotion department will continue to "encourage existing customers to visit a store again and sales promotions activities designed to make customers become fans" and move forward with "promotional activities designed to attract new customers to visit stores" that will lead to an increase in the number of customers visiting stores. In aiming to increase the number of purchasing customers, the sales department will work to instill in customers a sense of surprise and excitement through conversations with sales personnel and endeavor to increase the number of purchasing customers through customer service that exceeds customers' expectations and coordinating proposals that are brimming with an innate sense and creativity. Following the creation of a virtuous cycle of collaboration between these three departments, the Company will seek to maximize customer satisfaction by continuing to provide products and services that are unique to UNITED ARROWS LTD.