Fiscal 2012
The Fiscal Year Ended March 31, 2012
Earnings Announcement

May 9, 2012

UNITED ARROWS LTD.

Contents

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]

UA/UNITED ARROWS, BY/BEAUTY & YOUTH UNITED ARROWS
GLR/UNITED ARROWS green label relaxing
CH/CHROME HEARTS
SBUs/Small Business Units
(Another Edition, Jewel Changes, Odette é Odile/Odette é Odile UNITED ARROWS, DRAWER, 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.)
COEN/COEN CO., LTD.

Consolidated P/L Overview

UNITED ARROWS LTD.

Revenue and earnings growth; achieved new highs in operating income, ordinary income and net income

- Sales: revenue growth on the back of robust newly opened, existing retail and online store sales
- Gross margin: 1.5 percentage point YoY increase due mainly to the improvement in mark-down losses
- Extraordinary loss: recorded impairment loss, merit bonus payments and other extraordinary losses for the period

Note: Previous year's extraordinary loss: The Company incurred an extraordinary loss following the application of the accounting standard on asset retirement obligations, impairment and other extraordinary losses

(Millions of yen)

	Consolidated Results FY12									
	Results	vs. Sales	YoY Increase (Decrease)	%	vs. Revised Forecast	%	FY11 Results	vs. Sales	Revised Forecast	vs. Sales
Sales	**102,052**	**100.0%**	11,480	112.7%	779	100.8%	90,571	100.0%	101,272	100.0%
Gross Profit	**55,661**	**54.5%**	7,659	116.0%	633	101.2%	48,001	53.0%	55,028	54.3%
SGA Exp.	**45,468**	**44.6%**	4,850	111.9%	(9)	100.0%	40,617	44.8%	45,477	44.9%
Operating Inc.	**10,193**	**10.0%**	2,809	138.0%	643	106.7%	7,384	8.2%	9,550	9.4%
Non Op. P/L	**79**	**0.1%**	222	–	29	159.8%	(143)	-0.2%	49	0.0%
Ordinary Inc.	**10,272**	**10.1%**	3,032	141.9%	672	107.0%	7,240	8.0%	9,600	9.5%
Extraordinary P/L	**(908)**	**-0.9%**	404	69.2%	(533)	242.2%	(1,312)	-1.4%	(375)	-0.4%
Net Income	**5,016**	**4.9%**	1,419	139.5%	(151)	97.1%	3,596	4.0%	5,167	5.1%

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*Comments with respect to presentation slides 3 to 16 provided by Satoshi Tan, General Manager of Planning Management Office

■ Consolidated P/L Overview

Consolidated sales for FY12, the fiscal year ended March 31, 2012, amounted to ¥102,052 million, an increase of 12.7% compared with the previous fiscal year. This was largely attributable to contributions from newly opened stores and robust sales at existing retail and online stores. Marking a significant milestone for the Company, this is the first time since its foundation that UNITED ARROWS Group has surpassed ¥100,000 million in sales.

The gross profit margin improved 1.5 percentage points year on year to 54.5%. This improvement mainly reflected the decrease in total business unit mark-down losses.

The selling, general and administrative (SG&A) expenses to total sales ratio declined 0.2 of a percentage point to 44.6%. While advertising expenses increased on the back of aggressive promotional measures, which included the use of such media as magazine advertisements, television commercials as well as the publication of catalogues and other tools, this favorable result was primarily due to successful efforts to lift cost efficiency.

As a result, operating income was ¥10,193 million, up 38.0% compared with the previous fiscal year. Consolidated ordinary income hit an historic high reaching ¥10,272 million. This was an increase of 41.9% year on year and a substantial improvement over the previous record of ¥7,639 million posted in the fiscal year ended March 31, 2006.

In FY12, the Group incurred an extraordinary loss of ¥908 million, which included an impairment loss of ¥433 million on the relocation and renewal of stores and the payment of merit bonuses totaling ¥430 million to two directors. This was a vast improvement over the extraordinary loss of ¥1,417 million, which mainly comprised amortization of previous periods' asset retirement obligations of ¥921 million following the adoption of the relevant accounting standard and an impairment loss of ¥408 million, reported in FY2011. Accounting for these factors, net income jumped 39.5% year on year to ¥5,016 million.

Reference: Non-Consolidated P/L Overview

Revenue and earnings growth; achieved new highs in operating income, ordinary income and net income

(Details of sales, gross margin and SGA expenses to follow)

(Millions of yen)

	Non-Consolidated Results FY12									
	Results	vs. Sales	YoY Increase (Decrease)	%	vs. Revised Forecast	%	FY11 Results	vs. Sales	Revised Forecast	vs. Sales
Sales	**95,406**	**100.0%**	10,316	112.1%	803	100.8%	85,090	100.0%	94,603	100.0%
Gross Profit	**51,636**	**54.1%**	6,909	115.4%	615	101.2%	44,726	52.6%	51,020	53.9%
SGA Exp.	**42,236**	**44.3%**	4,637	112.3%	(33)	99.9%	37,599	44.2%	42,270	44.7%
Operating Inc.	**9,399**	**9.9%**	2,272	131.9%	649	107.4%	7,126	8.4%	8,749	9.2%
Non Op. P/L	**106**	**0.1%**	172	–	42	166.2%	(65)	-0.1%	64	0.1%
Ordinary Inc.	**9,505**	**10.0%**	2,444	134.6%	691	107.8%	7,061	8.3%	8,814	9.3%
Extraordinary P/L	**(903)**	**-0.9%**	422	68.2%	(531)	242.9%	(1,325)	-1.6%	(371)	-0.4%
Net Income	**4,502**	**4.7%**	1,582	154.2%	(129)	97.2%	2,919	3.4%	4,632	4.9%

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■ Non-Consolidated P/L Overview

An explanation has been omitted.

Non-Consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

Non-consolidated sales 112.1% YoY; up ¥10,316 million

- Across-the-board increase in retail, online and outlet sales
- Existing retail and online stores sales 109.2% YoY
- Ratio of online sales to total sales 11.1% (10.6% in FY11)

(Millions of yen)

	FY12								
	Results	Share	YoY Increase (Decrease)	%	vs. Revised Forecast	%	FY11 Results	Share	Revised Forecast
Non-Consolidated Sales	95,406	100.0%	10,316	112.1%	803	100.8%	85,090	100.0%	94,603
Total Business Unit Sales	83,335	87.3%	9,783	113.3%	358	100.4%	73,552	86.4%	82,976
Retail	71,890	75.4%	8,294	113.0%	5	100.0%	63,595	74.7%	71,884
Online	10,599	11.1%	1,601	117.8%	340	103.3%	8,997	10.6%	10,259
Outlet	12,071	12.7%	532	104.6%	444	103.8%	11,538	13.6%	11,626

	Existing Store YoY		
	Sales	Number of Customers	Ave. Spending per Customer
Retail + Online	109.2%	—	—
Retail	106.1%	100.8%	105.2%
Online	132.2%	—	—

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■ Non-Consolidated Sales Results by Sales Channel

Non-consolidated sales for the fiscal year under review climbed 12.1% compared with the previous fiscal year to ¥10,316 million. As indicated in the results by sales channel table, revenues increased across-the-board with growth in retail, online and outlet sales.

Retail sales were 13.0% higher year on year. In addition to earnings growth at newly opened stores, this largely reflected strong sales at existing retail stores, which improved 6.1%.

Online sales were up 17.8% compared with the previous fiscal year. This was primarily due to the increase in revenue from existing sales of online stores including ZOZOTOWN, Amazon and own sites, which improved 32.2% year on year.

The overall year-on-year increase of 17.8% in online sales fell below the year-on-year upswing of 32.2% in existing online store sales. This was largely attributable to the drop in sales following the withdrawal from the Cath Kidston, TOKISHIRAZU and other businesses at the end of FY11. For the full fiscal year under review, the decline in retail and online sales due to the withdrawal from businesses was ¥1,345 million and ¥1,200 million, respectively, for business unit total of ¥2,560 million.

Non-Consolidated Sales Results by Business Type

YoY existing store sales growth across all business types

- UA, GLR, CH: revenue growth; YoY increase in existing store sales
- SBU: despite a drop in revenue, 20% or more YoY revenue growth after excluding the results of businesses withdrawn from during the previous year

(Millions of yen)

	FY12				
	Results	YoY Increase (Decrease)	%	vs. Revised Forecast	%
UA	43,637	4,235	110.8%	(32)	99.9%
GLR	20,943	4,558	127.8%	28	100.1%
CH	6,068	1,206	124.8%	224	103.8%
SBUs and UA Labs	12,684	(218)	98.3%	138	101.1%

	Existing Store YoY		
	Retail + Online	Retail	Online
UA	106.3%	103.4%	130.4%
GLR	111.4%	106.9%	138.7%
CH	-	121.6%	-
SBUs and UA Labs	110.3%	106.6%	127.7%

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■ Non-Consolidated Sales Results by Business Type

Revenue increased in each of the Group’s three mainstay UNITED ARROWS (UA), green label relaxing (GLR) and CHROME HEARTS (CH) businesses.

In the GLR business, existing retail and online store sales registered strong growth compared with the previous fiscal year on the back of successful promotional measures implemented during the second half.

CH existing store sales were robust. In addition to stable sales of such merchandise as apparel and accessories, results were buoyed by the successful introduction of new products.

In the SBU business, total sales declined 1.7% compared with the previous fiscal year. This was primarily due to the drop in sales attributable to the withdrawal from certain businesses in FY11. As mentioned in the explanation for the previous slide, this reduction in sales from the withdrawal from businesses for the full fiscal year came to around ¥2,560 million. Removing this factor from the equation, SBU results improved more than 20% year on year owing largely to growth in revenues at existing businesses and positive contributions from the opening of new stores in new businesses.

Non-Consolidated Gross Margin

UNITED ARROWS LTD.

1.6 percentage point YoY increase due mainly to the improvement in mark-down losses

- Positive factors: Improvement in total business unit sales mark-down losses; decline in the ratio of outlet sales to total sales (13.6%→12.7%)

  Note: Factors also contributing to a decrease in gross profit margins due to the increase in sales mark-down losses following the withdrawal from businesses in the 4Q of FY11
- Improvement in outlet store gross margins; decrease in other COGS due to a drop in the disposal of products and other factors

	FY12			FY12 4Q (3 months)		
	Results	FY11 Results	YoY	Results	FY11 Results	YoY
Non-Consolidated Gross Margin	**54.1%**	52.6%	1.6%	**50.3%**	**46.4%**	3.9%
Total Business Unit Sales	**58.3%**	57.2%	1.0%	**55.0%**	**52.8%**	2.2%
Outlet	**32.4%**	30.7%	1.7%	**25.6%**	**23.6%**	2.0%
Other COGS (Millions of yen)	815	909	(93)	315	626	(310)

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

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■ Non-Consolidated Gross Margin

For the period under review, the non-consolidated gross margin improved 1.6 percentage points year on year to 54.1%.

This was essentially attributable to the improvement in total business unit sales mark-down losses and strong business unit sales which led to a decline in the ratio of outlet store sales to total sales.

In addition, such factors as improvements in sales mark-down rates helped to increase outlet store gross margins. Moreover, the year-on-year decrease in other COGS due to a drop in the disposal of products at the end of the period led to higher non-consolidated gross margin results.

Reflecting the clearance sale attributable to the withdrawal from businesses in the 4Q of the previous fiscal year, gross profit is down. The impact on the business unit total is around 1.2 percentage points.

Non-Consolidated SGA Expenses

UNITED ARROWS LTD.

SGA expenses to sales ratio increased 0.1 of a percentage point to 44.3%; increase in the ratio of advertising expenses to sales; decrease in other SGA expenses

- Advertising expenses: Increase attributable to the active implementation of promotions including the placement of magazine and television commercial advertising, the publication of catalogues and other activities (Ratio of advertising expenses to sales 3.0%, up 0.9 of a percentage point from 2.1% in FY11)
- Other costs: Increase in the absolute amount of other costs due mainly to the expansion of operations; decrease in the ratio of other costs to sales (Ratio of SGA expenses excluding advertising expenses to sales 41.3%, down 0.8 of a percentage point from 42.0% in FY11)

(Millions of yen)

	FY12		FY11			
	Results	vs. Sales	FY11 Results	vs. Sales	YoY Increase (Decrease)	%
Sales	95,406	100.0%	85,090	100.0%	10,316	112.1%
SGA Expenses	42,236	44.3%	37,599	44.2%	4,637	112.3%
Advertising Expenses	2,857	3.0%	1,823	2.1%	1,034	156.7%
Personnel Expenses	15,099	15.8%	13,153	15.5%	1,946	114.8%
Rent	11,623	12.2%	10,658	12.5%	965	109.1%
Depreciation	1,246	1.3%	1,204	1.4%	42	103.5%
Other	11,408	12.0%	10,760	12.6%	648	106.0%

Reference	FY12	FY11	Difference
Ratio of advertising expenses to sales	3.0%	2.1%	0.9%
Ratio of SGA expenses excluding advertising expenses to sales	41.3%	42.0%	-0.8%
Total	44.3%	44.2%	0.1%

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■ Non-Consolidated SGA Expenses

In FY12, the SGA expenses to sales ratio increased 0.1 of a percentage point compared with the previous fiscal year to 44.3%.

The ratio of advertising expenses to sales increased 0.9 of a percentage point year on year to 3.0%. This was mainly due to the active implementation of promotions including the placement of magazine and television commercial advertising, the publication of catalogues and other activities.

The ratio of SGA expenses excluding advertising expenses to sales contracted 0.8 of a percentage point compared with the previous fiscal year. The principal contributing factor was enhanced efficiency resulting from strong sales.

Consolidated / Non-Consolidated B/S Overview

Major factors contributing to the year-on-year increase and decrease in consolidated financial position (balance sheet footings)

- Current assets: Increase in cash and deposits as well as accounts receivable - other (higher developer, card and other receivables owing to sales growth)
- Noncurrent assets: Increase in tangible noncurrent assets and guarantee deposits in line with the opening of new stores
- Liabilities: Decrease in short-term loans payable due to debt refinancing; increase in long-term loans payable as well as income taxes payable
- Total net assets: Increase in retained earnings

Note: Consolidated short- and long-term loans payable: 62.7% YoY (down ¥6,000 million): Non-consolidated inventory: 98.7% YoY

(Millions of yen)

	Consolidated FY12-End				Non-Consolidated FY12-End			
	Balance	Share	YoY Increase (Decrease)	%	Balance	Share	YoY Increase (Decrease)	%
Total Assets	**51,278**	100.0%	5,562	112.2%	**50,145**	100.0%	4,947	110.9%
Current Assets	**33,207**	64.8%	4,865	117.2%	**31,149**	62.1%	4,299	116.0%
(Inventory)	**15,753**	30.7%	(114)	99.3%	**14,870**	29.7%	(194)	98.7%
Noncurrent Assets	**18,071**	35.2%	697	104.0%	**18,995**	37.9%	648	103.5%
Current Liabilities	**25,696**	50.1%	(1,788)	93.5%	**24,536**	48.9%	(1,829)	93.1%
Noncurrent Liabilities	**6,290**	12.3%	3,162	201.1%	**6,040**	12.0%	3,103	205.7%
Total Net Assets	**19,291**	37.6%	4,188	127.7%	**19,568**	39.0%	3,673	123.1%
Reference: Balance of Short- and Long-Term Loans Payable	**10,114**	19.7%	(6,017)	62.7%	**9,814**	19.6%	(6,017)	62.0%

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■ Consolidated / Non-Consolidated Balance Sheet Overview

This slide provides a summary of the major year-on-year movements in consolidated balance sheet item balances.

Current assets stood at ¥33,207 million as of March 31, 2012, up 17.2% compared with the end of the previous fiscal year. This is mainly due to the increase in cash and deposits and higher credit card and other company accounts receivable – other on the back of improved sales. Inventory, on the other hand, declined year on year on both a consolidated and non-consolidated basis.

Noncurrent assets rose 4.0% compared with the previous fiscal year-end to ¥18,071 million. This largely reflected growth in tangible noncurrent assets and guarantee deposits in line with business-related capital investment.

Current liabilities amounted to ¥25,696 million, a decrease of 6.5% compared with the end of the previous fiscal year. While income taxes payable and accounts payable – other increased, this decrease was primarily attributable to the drop in short-term loans payable. Lower short-term loans payable was in turn due to refinancing through long-term loans payable for funds used to purchase treasury stock during the previous fiscal year.

Noncurrent liabilities stood at ¥6,290 million as of March 31, 2012, up 101.1% compared with the previous fiscal year-end. As previously mentioned, this increase is in line with refinancing, which resulted in higher long-term loans payable. The balance of short- and long-term loans payable was ¥10,114 million, down 37.3% compared with March 31, 2011.

Net assets were ¥19,291 million, 27.7% higher than the previous fiscal year-end. This was mainly attributable to the increase in retained earnings.

Consolidated C/F Overview

UNITED ARROWS LTD.

- Cash flows from operating activities: (Factors contributing to an increase) Increase in income before income taxes; increase in accounts payable – other; (Factors contributing to a decrease) Increase in notes and accounts receivable – trade
- Cash flows from investing activities: (Factors contributing to a decrease) Purchase of property, plant and equipment; payment for guarantee deposits
- Cash flows from financing activities: (Factors contributing to a decrease) Decrease owing to the repayment of loans payable

(Millions of yen)

	Consolidated FY12 Results	FY11 Results
Cash flows from operating activities (sub-total)	**13,758**	10,198
Cash flows from operating activities	**12,081**	6,923
Cash flows from investing activities	**(2,711)**	(2,069)
Cash flows from financing activities	**(6,875)**	(3,443)
Cash and cash equivalents at the end of the term	**7,966**	5,471

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■ Consolidated C/F Overview

Net cash provided by operating activities came to ¥12,081 million. Major cash inflows were income before income taxes totaling ¥9,364 million, increase in other current liabilities of ¥1,883 million and depreciation and amortization of ¥1,417 million. Principal cash outflows included increase in notes and accounts receivable – trade amounting to ¥1,948 million and income taxes paid of ¥1,549 million.

Net cash used in investing activities was ¥2,711 million. This largely represented the purchase of property, plant and equipment of ¥2,012 million in line with such activities as the opening of new stores as well as the renovation of existing stores and payment for guarantee deposits totaling ¥624 million.

Net cash used in financing activities was ¥6,875 million. During the period under review, the principal inflow was proceeds from increase in long-term loans payable of ¥8,000 million. Major outflows included net decrease in short-term loans payable amounting to ¥10,000 million, repayment of long-term loans payable of ¥4,017 million and cash dividends paid of ¥917 million.

Accounting for each of the aforementioned activities cash and cash equivalents at the end of the term came to ¥7,966 million. This was ¥2,494 million higher than the end of the previous fiscal year.

Fiscal 2013 Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

Targeting both consolidated and non-consolidated revenue and earnings growth; increase in earnings to again record a historic high

- Consolidated sales of ¥111,400 million (109.2% YoY); ordinary income of ¥11,100 million (108.2% YoY); net income of ¥6,400 million (127.9% YoY)
- Consolidated gross margin of 54.7% (54.5% in FY12); SGA expenses to sales ratio of 44.7% (44.6% in FY12); ordinary income margin of 10.0% (10.1% in FY12)
- Decline in consolidated and non-consolidated earnings in the first half; projected increase in earnings for the second half and full fiscal year (please refer to the next page)

(Millions of yen)

	Consolidated FY13			FY12		Non-Consolidated FY13			FY12	
	Forecasts	vs. Sales	YoY	Results	vs. Sales	Forecasts	vs. Sales	YoY	Results	vs. Sales
Sales	**111,469**	**100.0%**	109.2%	102,052	100.0%	**103,466**	**100.0%**	108.4%	95,406	100.0%
Gross Profit	**60,936**	**54.7%**	109.5%	55,661	54.5%	**56,087**	**54.2%**	108.6%	51,636	54.1%
SGA Exp.	**49,802**	**44.7%**	109.5%	45,468	44.6%	**45,891**	**44.4%**	108.7%	42,236	44.3%
Operating Inc.	**11,134**	**10.0%**	109.2%	10,193	10.0%	**10,195**	**9.9%**	108.5%	9,399	9.9%
Non Op. P/L	**(14)**	**0.0%**	-	79	0.1%	**4**	**0.0%**	-	106	0.1%
Ordinary Inc.	**11,119**	**10.0%**	108.2%	10,272	10.1%	**10,200**	**9.9%**	107.3%	9,505	10.0%
Extraordinary P/L	**(462)**	**-0.4%**	-	(908)	-0.9%	**(462)**	**-0.4%**	-	(903)	-0.9%
Net Income	**6,414**	**5.8%**	127.9%	5,016	4.9%	**5,745**	**5.6%**	127.6%	4,502	4.7%

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■ Fiscal 2013 Consolidated / Non-Consolidated P/L Forecasts

Looking at consolidated and non-consolidated forecasts for the fiscal year ending March 31, 2013, revenue and earnings are again projected to grow with earnings in particular hitting another historic high.

On a consolidated basis, sales are anticipated to climb 9.2% year on year to ¥111,469 million. From a profit perspective, gross profit is forecast to increase 9.5% to ¥60,936 million with the gross margin expected to improve 0.2 of a percentage point to 54.7%.

On a year-on-year basis, ordinary income is estimated to increase 8.2% to ¥11,119 million while net income is forecast to climb 27.9% to ¥6,414 million.

For reference, consolidated and non-consolidated revenue and earnings forecasts for the first and second halves of FY13 are presented on the next slide. In the first half, earnings are expected to decline due to increases in expenses relating to the opening of new stores as well as advertising. Earnings in the second half, on the other hand, are estimated to rise.

Reference: Fiscal 2013 First and Second Half Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

■ Consolidated (Millions of yen)

	First Half FY13			FY12		Second Half FY13			FY12	
	Forecasts	vs. Sales	YoY	Results	vs. Sales	Forecasts	vs. Sales	YoY	Results	vs. Sales
Sales	**49,818**	**100.0%**	109.8%	45,361	100.0%	**61,650**	**100.0%**	108.7%	56,691	100.0%
Gross Profit	**27,030**	**54.3%**	111.0%	24,354	53.7%	**33,906**	**55.0%**	108.3%	31,306	55.2%
SGA Exp.	**23,677**	**47.5%**	116.9%	20,246	44.6%	**26,124**	**42.4%**	103.6%	25,222	44.5%
Operating Inc.	**3,352**	**6.7%**	81.6%	4,108	9.1%	**7,781**	**12.6%**	127.9%	6,084	10.7%
Non Op. P/L	**(12)**	**0.0%**	-	43	0.1%	**(2)**	**0.0%**	-	35	0.1%
Ordinary Inc.	**3,340**	**6.7%**	80.4%	4,152	9.2%	**7,779**	**12.6%**	127.1%	6,120	10.8%
Extraordinary P/L	**(252)**	**-0.5%**	-	(193)	-0.4%	**(210)**	**-0.3%**	-	(715)	-1.3%
Net Income	**1,794**	**3.6%**	79.9%	2,246	5.0%	**4,620**	**7.5%**	166.8%	2,769	4.9%

■ Non-Consolidated

	First Half FY13			FY12		Second Half FY13			FY12	
	Forecasts	vs. Sales	YoY	Results	vs. Sales	Forecasts	vs. Sales	YoY	Results	vs. Sales
Sales	**46,237**	**100.0%**	109.1%	42,369	100.0%	**57,228**	**100.0%**	107.9%	53,037	100.0%
Gross Profit	**24,844**	**53.7%**	110.1%	22,556	53.2%	**31,242**	**54.6%**	107.4%	29,079	54.8%
SGA Exp.	**21,790**	**47.1%**	116.2%	18,757	44.3%	**24,100**	**42.1%**	102.6%	23,479	44.3%
Operating Inc.	**3,053**	**6.6%**	80.4%	3,798	9.0%	**7,142**	**12.5%**	127.5%	5,600	10.6%
Non Op. P/L	**(2)**	**0.0%**	-	51	0.1%	**6**	**0.0%**	-	55	0.1%
Ordinary Inc.	**3,051**	**6.6%**	79.3%	3,849	9.1%	**7,148**	**12.5%**	126.4%	5,656	10.7%
Extraordinary P/L	**(252)**	**-0.5%**	-	(190)	-0.4%	**(210)**	**-0.4%**	-	(713)	-1.3%
Net Income	**1,595**	**3.5%**	77.0%	2,073	4.9%	**4,149**	**7.3%**	170.8%	2,428	4.6%

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■ Reference: Fiscal 2013 First and Second Half Consolidated / Non-Consolidated P/L Forecasts

An explanation has been omitted.

Fiscal 2013 Non-Consolidated Sales Forecasts by Sales Channel and Business Type

UNITED ARROWS LTD.

- Total Business Unit Sales 109.4% YoY; Retail 109.2% YoY; Online 112.6% YoY forecast
- Ratio of online sales to total sales 11.5% forecast (11.1% in FY12); ratio of outlet sales to total sales 11.9% (12.7% in FY12)
- Existing retail and online store sales 101.7% YoY forecast

(Millions of yen)

	FY13 Forecasts				FY12 Results	
	Forecasts	Share	YoY Increase (Decrease)	YoY	FY12 Results	Share
Non-Consolidated Sales	103,466	100.0%	8,059	108.4%	95,406	100.0%
Total Business Unit Sales	91,129	88.1%	7,794	109.4%	83,335	87.3%
Retail	78,491	75.9%	6,601	109.2%	71,890	75.4%
Online	11,937	11.5%	1,337	112.6%	10,599	11.1%
Outlet	12,336	11.9%	265	102.2%	12,071	12.7%
Total Business Unit Sales UA	47,584		3,946	109.0%	43,637	
Total Business Unit Sales GLR	23,500		2,556	112.2%	20,943	
Total Business Unit Sales CH	6,330		261	104.3%	6,068	
Total Business Unit Sales SBUs	13,714		1,029	108.1%	12,684	

	FY13 Existing Store YoY Forecasts		
	Retail + Online	Retail	Online
Total Business Unit Sales	101.7%	100.5%	109.5%
UA	101.8%	101.0%	107.7%
GLR	102.6%	99.8%	117.2%
CH	-	97.1%	-
SBUs	102.3%	102.1%	102.8%

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■ Fiscal 2013 Non-Consolidated Sales Forecasts by Sales Channel and Business Type

Non-consolidated total business unit sales are projected to climb 9.4% to ¥91,129 million in FY13. Of this total, retail and online sales are forecast to rise 9.2% and 12.6%, respectively, year on year.

Compared with FY12, the share of online sales to total sales is estimated to increase 0.4 of a percentage point to 11.5% while the share of outlet sales is expected to contract 0.8 of a percentage point to 11.9%.

Turning to assumptions regarding year-on-year existing store performance, retail + online store sales are anticipated to increase 1.7%. On an individual basis, existing retail and online store sales are projected to improve 0.5% and 9.5%, respectively, compared with FY12.

Reference: Fiscal 2013 Non-Consolidated Sales First Half and Second Half Forecasts by Sales Channel

(Millions of yen)

	FY13 First Half Forecasts					FY13 Second Half Forecasts		
	1Q	2Q	First Half Cumulative Forecasts	YoY Increase (Decrease)	YoY	Second Half Cumulative Forecasts	YoY Increase (Decrease)	YoY
Sales	**23,737**	**22,500**	**46,237**	3,868	109.1%	**57,228**	4,190	107.9%
Total Business Unit Sales	**20,754**	**19,809**	**40,564**	3,785	110.3%	**50,564**	4,008	108.6%
Retail	**17,999**	**17,111**	**35,111**	3,168	109.9%	**43,380**	3,433	108.6%
Online	**2,597**	**2,555**	**5,153**	727	116.4%	**6,784**	610	109.9%
Outlet	**2,982**	**2,690**	**5,672**	82	101.5%	**6,663**	182	102.8%
Existing Retail + Online Store YoY	99.6%	102.9%	101.1%			102.2%		
Existing Retail Store YoY	98.1%	101.2%	99.5%			101.3%		
Existing Online Store YoY	110.1%	114.3%	112.1%			107.7%		

■ Reference: Fiscal 2013 Non-Consolidated Sales First Half and Second Half Forecasts by Sales Channel

An explanation has been omitted.

Fiscal 2013 Consolidated Forecasts for the Opening and Closing of Stores

UNITED ARROWS LTD.

Efforts to strengthen the opening of new UA, BY, GLR and COEN stores (note: UA includes women's stores)

- FY13 (full fiscal year) consolidated number of stores (planned): Opened: 39; Closed: 5;
  Total number of stores at the end of the period: 270
- FY13 (full fiscal year) non-consolidated number of stores (planned): Opened: 28; Closed: 4;
  Total number of stores at the end of the period: 209

	FY12 Actual				FY13 Forecasts					
	Opened			Closed	No. of stores at the beginning of the period	Opened			Closed	No. of stores at the end of the period
	Full Term	1H	2H			Full Term	1H	2H		
Total Consolidated	**35**	**16**	**19**	**5**	**236**	**39**	**23**	**16**	**5**	**270**
Total Non-Consolidated	**28**	**13**	**15**	**4**	**185**	**28**	**18**	**10**	**4**	**209**
UNITED ARROWS Total	9	4	5		59	12	6	6	2	69
UNITED ARROWS (General Merchandise Store)	1		1		12				1	11
UNITED ARROWS	1	1			16	8	3	5		24
BEAUTY & YOUTH	7	3	4		29	4	3	1	1	32
UA Label Image Stores					2					2
green label relaxing	8	4	4	2	48	8	7	1	2	54
CHROME HEARTS	1		1		7					7
SBUs Total	8	4	4	1	55	6	4	2		61
Another Edition					14					14
Jewel Changes	2	2		1	7	1		1		8
Odette é Odile	2	1	1		21	3	2	1		24
DRAWER	1	1			6					6
Cross-Sales Type: ARCHIPELAGO					1					1
Cross-Sales Type: THE AIRPORT STORE					3					3
Cross-Sales Type: THE STATION STORE	2		2		2	1	1			3
Cross-Sales Type: THE HIGHWAY STORE	1		1		1	1	1			2
Outlet	2	1	1	1	16	2	1	1		18
FIGO CO., LTD.	1	1		1	11	2	2		1	12
COEN CO. LTD.	6	2	4		40	9	3	6		49

Note: GLR closed one store on the last day of fiscal 2012. That store is not included in the number of stores at the beginning of the period for fiscal 2013.

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■ Fiscal 2013 Consolidated Forecasts for the Opening and Closing of Stores

In addition to the BY, GLR and COEN businesses, which are positioned as drivers of medium-term growth, proactive steps will be taken to open new stores in the UA business, which continues to enjoy robust results, focusing mainly on women's stores in FY13.

Turning to the opening and closing of stores over the full fiscal year, plans are in place to open 39 new stores and close five stores on a consolidated basis bringing the total number of stores at the end of the period to 270. Looking at the opening and closing of stores by company, UNITED ARROWS LTD. intends to open 28 stores and close four stores, FIGO CO., LTD. plans to open two stores and close one store and COEN CO., LTD. expects it will open nine new stores.

Group Companies

UNITED ARROWS LTD.

FIGO CO., LTD. Felisi

coen

Fiscal 2012 closed on a positive note with an increase in revenue and earnings

- Despite the impact of delays in delivery, the period closed on a positive note with increased revenue and earnings on the back of retail and online sales growth
  Note: Fiscal 2012 (March) sales totaled ¥2,500 million 103% YoY
- Targeting revenue and earnings growth in the new fiscal year buoyed by efforts to rebuild the supply chain and resolve issues relating to delivery delays

Felisi spring and summer 2012 collection

Fiscal 2012 witnessed substantial growth in revenue and a return to the black on an ordinary income basis

- Substantial growth in revenue and a return to the black on an ordinary income basis due to successful efforts to improve the precision of product lineup and enhance brand awareness.
  Note: Fiscal 2012 (January) sales totaled ¥4,400 million 144% YoY
- Targeting revenue and earnings growth in the new fiscal year on the back of further improvement in existing store sales and aggressive efforts to open new stores

COEN Terrace Mall Shonan store opened in November 2011

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■ Group Companies

・FIGO CO., LTD.

Despite the impact of delays in the delivery of products, FIGO recorded revenue and earnings growth in FY12. This was attributable to a variety of factors including aggressive promotional measures and the popularity of limited edition mobile tool cases for such devices as smart phones resulting in retail and online performance growth. Taking into consideration the aforementioned factors, sales in FY12 rose 3.0% year on year to ¥2,500 million.

In FY13, FIGO will again target an increase in revenue and earnings on the back of efforts to rebuild the supply chain and resolve issues relating to delivery delays.

・COEN CO., LTD. (Account settlement: January)

In addition to improving the precision of the company's product lineup, steps were taken through such initiatives as sales campaigns to enhance brand awareness. As a result, full fiscal year revenue increased with a return to the black on an ordinary income basis. Sales for the fiscal year ended January 31, 2012 came to ¥4,400 million, an increase of 44.0% year on year.

In the new fiscal year, energies will be channeled toward further expanding revenue and earnings by boosting existing store sales and aggressively opening new stores (nine stores).

Progress Report on Addressing Priority Issues in Fiscal 2012

UNITED ARROWS LTD.

Management Policy
Further enhance profitability and secure record high consolidated ordinary income by adhering strictly to a policy of collaboration between product, sales, and promotion divisions and ensuring diversified cost control.

Non-consolidated priority issue (1); Strengthen the collaboration cycle between the product, sales, and promotion divisions

- The sales rate compared with corresponding periods of the previous year
  2011 spring / summer **2.1 percentage point improvement**
  2011 fall / winter **4.8 percentage point improvement**
- The number of retail purchasing customers YoY
  Group-wide **up 6.5 percentage points;**
  existing stores **up 0.8 of a percentage point**

Non-consolidated priority issue (2); Increase productivity and ensure diversified cost control

- Increase productivity by strengthening collaboration between related divisions and improving operating processes and practices
- Implement cost control finely tuned to earnings
- Improve inventory efficiency by improving the planning accuracy of sales initiatives

Ratio of advertising expenses to sales (strategic cost)
up 0.9 of a percentage point
Ratio of SGA expenses excluding advertising expenses to sales
down 0.8 of a percentage point
Non-consolidated inventory **98.7%** YoY
(Three consecutive fiscal years of decline Fiscal 2010 90.4%; fiscal 2011 93.6%)

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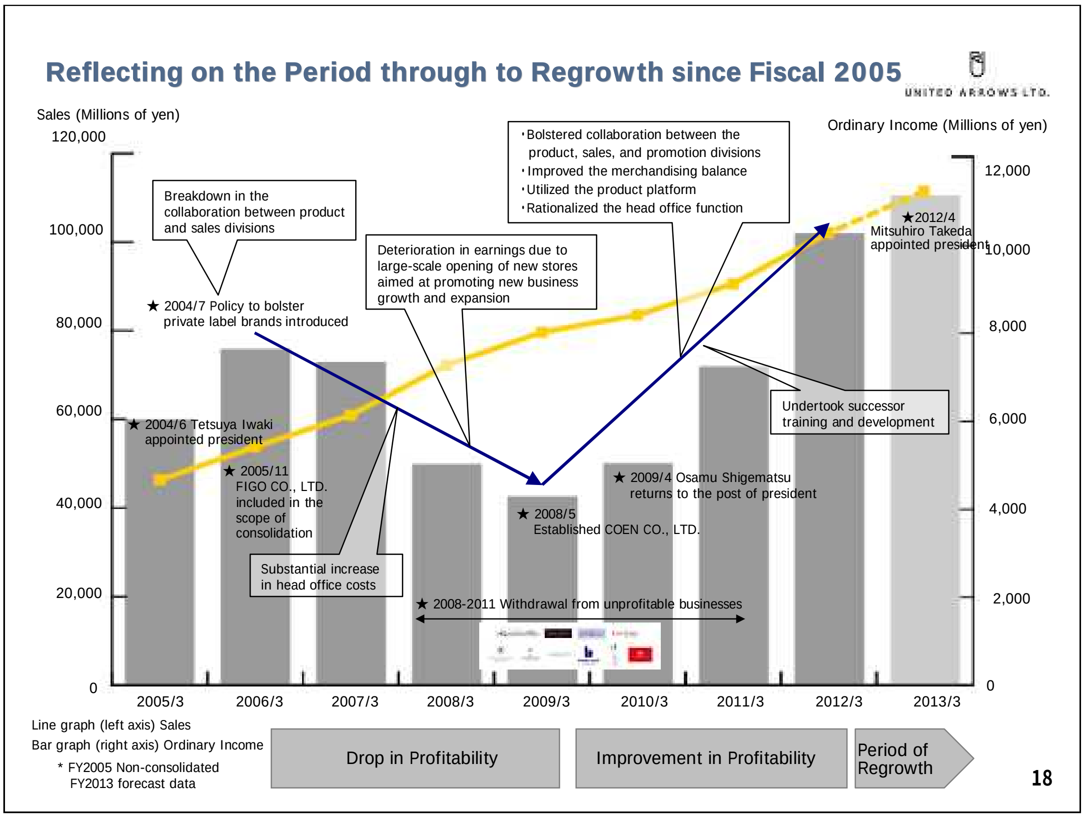
*Comments with respect to presentation slides 17 to 18 provided by Osamu Shigematsu, Chairman and Director.

■ Progress Report on Addressing Priority Issues in Fiscal 2012

On a non-consolidated basis, the Company identified the two priority issues of bolstering the collaboration cycle between the product, sales, and promotion divisions and increasing productivity while ensuring diversified cost control in FY12. This was under the overarching management policy of further enhancing profitability and surpassing the previous record for consolidated ordinary income by adhering strictly to a policy of collaboration between the product, sales, and promotion divisions and ensuring diversified cost control.

As outlined in previous earnings announcements, a variety of measures have been undertaken in each business in an effort to achieve the first priority of strengthening the collaboration cycle between the product, sales, and promotion divisions. Collaboration between the product, sales, and promotion divisions is now a well-established internal concept and has spurred a 2.1 percentage point improvement in the 2011 spring and summer final sales rate and a 4.8 percentage point upswing in the 2011 fall and winter final sales rate compared with the corresponding periods of the previous year. On a year-on-year basis, the Group-wide numbers of retail purchasing customers and existing stores have increased 6.5 percentage points and 0.8 of a percentage point, respectively.

Increasing productivity and ensuring diversified cost control are collectively a second priority issue that has been raised and pursued by each business. As a result, and as earlier identified in the context of SGA expenses, particular emphasis has been placed on strategic costs including advertising expenses while reducing the ratio of other SGA expenses to total sales compared with FY11. In addition, the non-consolidate balance of inventory as of March 31, 2012 fell below the level recorded as of the end of the previous fiscal year. With respect to non-consolidated inventory, the balance recorded as of the end of each period has continued to decline for three consecutive fiscal years since FY10. This is despite the growth in sales and largely reflects successful efforts to improve the planning accuracy of product planning and sales.



■ Reflecting on the Period through to Regrowth since Fiscal 2005

Effective April 1, 2012, I left the post of representative director and president. Mitsuhiro Takeda was then appointed to take on this role.

Coinciding with Tetsuya Iwaki's appointment as president in 2004, I pushed forward the idea of strengthening private label brands on the recognition that purchased products alone would not serve as effective differentiation. Traditionally, UNITED ARROWS LTD.'s competitive advantage had been underpinned by its ability to promote a product policy that harnessed feedback from sales divisions. This entailed optimally balancing the delivery of products that were in high demand with proposals that were a half-step ahead of consumer sentiment and the times. Unfortunately, as this policy took root, it became distorted and misconstrued. Excessive emphasis was placed on the thoughts and ideas of the Product Division, which greatly strained the relationship between the Product and Sales divisions.

At that time, the Company also lacked a developed product platform. Management with respect to key indicators remained weak resulting in product procurement that lead to excessive levels of inventory. Moreover, in our exuberance to expand new businesses, we opened large numbers of new stores in business categories that lacked adequate profitability. Focusing also on enhancing head office services and functions, head office expenses ballooned. The end result was an accumulation of factors that placed considerable downward pressure on profitability inviting three consecutive fiscal years of declining profits from FY07.

Recognizing that the mistakes made were the responsibility of top management, I was demoted to president and Mr. Iwaki to executive vice president in 2009. Immediate steps were then taken to bring about a positive turnaround.

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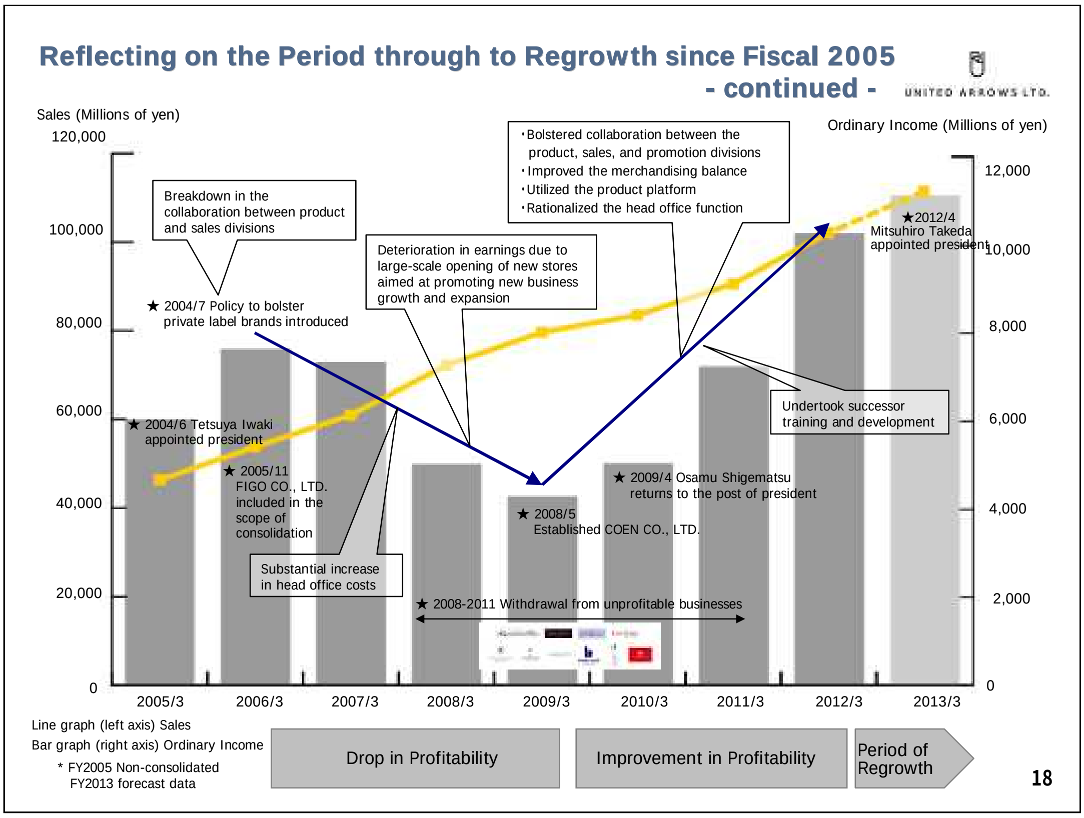

■ Reflecting on the Period through to Regrowth since Fiscal 2005

(Continued from the previous page)

After returning to the position of president, steps were taken to bolster collaboration between the Product and Sales divisions. This entailed adhering strictly to a policy of mutual respect and cooperation to ensure that the ideas of the Sales Division truly flowed through to the Product Division. We also made steady progress toward building a robust product platform and have now reached a point where its application is being widely promoted. As a part of efforts to review unprofitable activities, steps were taken between 2008 and 2011 to withdraw from a total of 10 businesses. We also cast a keen eye over head office operations with a view to eliminating waste. In this manner, we successfully cutback head office operating expenses.

In conjunction with each of these reforms, we commenced efforts to nurture the next generation of leaders. For the position of president, prerequisites included expertise and experience in each of the product, sales, marketing, and management categories. Sifting through a large number of candidates, responsibility fell finally on the shoulders of Mitsuhiro Takeda. Having achieved a modicum of success in the implementation of a series of reforms through to FY12, Mr. Takeda was selected and appointed representative director, president and executive officer.

In addition to the Group's brand activities including CHROME HEARTS, Mr. Takeda oversaw several core businesses in his role as General Manager Business Unit Division 1. Blessed with extensive experience in product manufacturing, Mr. Takeda is equally well versed in overseas business development. Given his understanding of and commitment to our corporate philosophy, Mr. Iwaki and I have complete confidence in his stewardship and have no hesitation in handing over the Company's reigns.

In my role as chairman, I intend to focus mainly on the creative aspects of our business. This will include providing ongoing support in efforts to bolster private label brands. Mr. Iwaki will serve as a director and consultant providing invaluable advice on business operations including the Group's core and subsidiary company activities.

Mitsuhiro Takeda
Representative Director, President and Executive Officer Profile

UNITED ARROWS LTD.

Date of Birth April 13, 1963 (49)

Place of Birth Fukuoka City, Fukuoka Prefecture

1986	Apr.	Entered Kanematsu-Gosho Ltd. (current KANEMATSU TEXTILE CORPORATION) Experience in each of the company's Osaka, Italy, and Tokyo offices supplying raw materials and products to major apparel companies in Japan and overseas as well as retail companies including UNITED ARROWS LTD.; experience managing related group company
2005	Sep.	Entered UNITED ARROWS LTD.; oversaw operations at CHROME HEARTS, SBUs, and consolidated subsidiary FIGO. CO., LTD.
2008	Jul.	Appointed Senior Executive Officer
2010	Apr.	Oversaw UNITED ARROWS, BEAUTY & YOUTH UNITED ARROWS, and CHROME HEARTS operations in his capacity as General Manager, Business Unit Control Div. 1 / General Manager, Brand Business Division
2010	Jun.	Appointed Director and Managing Executive Officer
2011	Apr.	Appointed Director and Executive Vice President
2012	Apr.	Appointed Representative Director, President and Executive Officer

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*Comments with respect to presentation slides 19 to 22 provided by Mitsuhiro Takeda, Representative Director, President and Executive Officer

■ Mitsuhiro Takeda, Representative Director, President and Executive Officer, Profile

I entered the current KANEMATSU TEXTILE CORPORATION following graduation. Since I was a child, I have held a keen interest in fashion and began my working career at a general trading company in the hope of bringing western fashions and brands to Japan.

My relationship with UNITED ARROWS LTD. extends well beyond my service with the Company and includes the 11 years prior to first joining the Company in 2005. In my former employ, and as a supplier, I handled many of the Company's purchased brands including CHROME HEARTS and Cath Kidston. This helped establish close-knit ties with the Company. Working for a general trading company, however, I was unable to glean information directly from end users. Confronted by this dilemma, I was approached by Mr. Shigematsu, who opening the door for me to enter the UNITED ARROWS LTD. family.

After entering the Company, I oversaw the operations of CHROME HEARTS and Cath Kidston, with whom I had already established a relationship, as well as the Group's small business units and the Group company FIGO CO., LTD. From 2010, I was responsible for UA, BY, and CH, the Group's mainstay businesses, as General Manager, Business Unit Control Division 1. Last year, I was appointed executive vice president, allowing me to not only engage in business operations, but also to participate in general management and steering the Group forward.

(Continued on the following page)

Mitsuhiro Takeda
Representative Director, President and Executive Officer
Profile - continued -

UNITED ARROWS LTD.

Date of Birth April 13, 1963 (49)

Place of Birth Fukuoka City, Fukuoka Prefecture

1986	Apr.	Entered Kanematsu-Gosho Ltd. (current KANEMATSU TEXTILE CORPORATION) Experience in each of the company's Osaka, Italy, and Tokyo offices supplying raw materials and products to major apparel companies in Japan and overseas as well as retail companies including UNITED ARROWS LTD.; experience managing related group company
2005	Sep.	Entered UNITED ARROWS LTD.; oversaw operations at CHROME HEARTS, SBUs, and consolidated subsidiary FIGO. CO., LTD.
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2010	Jun.	Appointed Director and Managing Executive Officer
2011	Apr.	Appointed Director and Executive Vice President
2012	Apr.	Appointed Representative Director, President and Executive Officer

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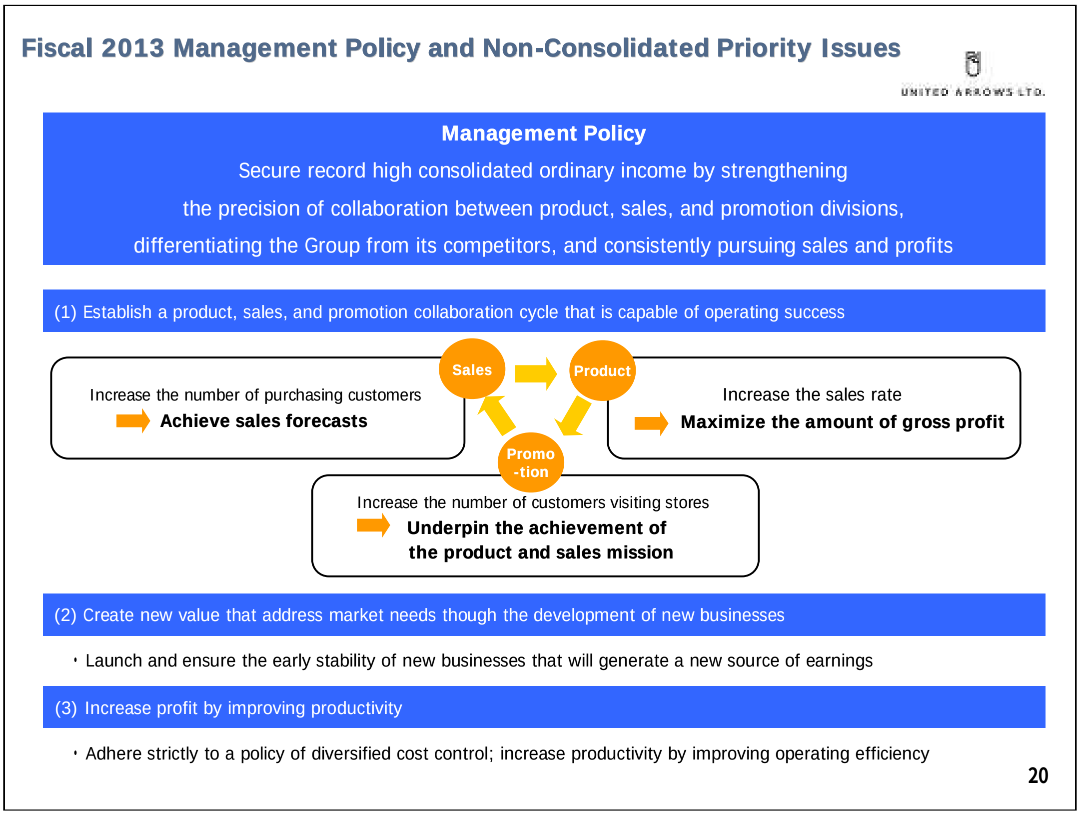
■ Mitsuhiro Takeda, Representative Director, President and Executive Officer, Profile

(Continued from the previous page)

Since April this year, I have had the honor of serving in my current role as representative director. As Mr. Shigematsu mentioned earlier, I gained experience in the product manufacturing concept and process. As someone, whose roots lie outside the Company, I have the added advantage of evaluating UNITED ARROWS LTD. in a more impassive and objective nature. As president, I hope to fully harness this experience and attributes to drive the UNITED ARROWS Group toward new horizons.

Quite naturally, I plan to pursue the Group's unwavering 23-year focus on and commitment to the customer's needs and expectations. While steadily adapting to each era as well as the natural evolution of fashion tastes and trends, I am hoping to develop the necessary structure and systems that will enable us to overcome any and all obstacles. With this basic management philosophy, I humbly ask for your understanding and support.



■ Fiscal 2013 Management Policy and Non-Consolidated Priority Issues

UNITED ARROWS Group maintains the management policy of securing record high consolidated ordinary income by strengthening the precision of collaboration between products, sales, and promotion divisions, differentiating the Group from its competitors, and consistently pursuing sales and profits.

Establish a product, sales, and promotion collaboration cycle that is capable of operating success

UNITED ARROWS LTD. recognizes that its current robust operating performance is the result of a stable product, sales, and promotion collaboration cycle. In the current fiscal year, the Company will implement a variety of measures to further lift the precision of this collaboration.

In the Product Division, initiatives will include improving the private label brand development and merchandise verification capabilities. Through these means, the Company will increase the sales rate and maximize the amount of gross profit.

In the Sales Division, we will continue to bolster our customer service capabilities. At the same time, we will improve how we display stores and verify merchandise as a part of efforts to achieve sales plans by increasing the number of purchasing customers.

In the Promotion Division, we will engage in promotional activities that truly reflect the attributes and contemporary nature of our business. At the same time, we will work to capture new customers while encouraging existing customers to adopt an increasingly keen interest in our products and services. In this manner, we plan to increase the number of customers visiting stores, which will in turn underpin the achievement of the product and sales mission.

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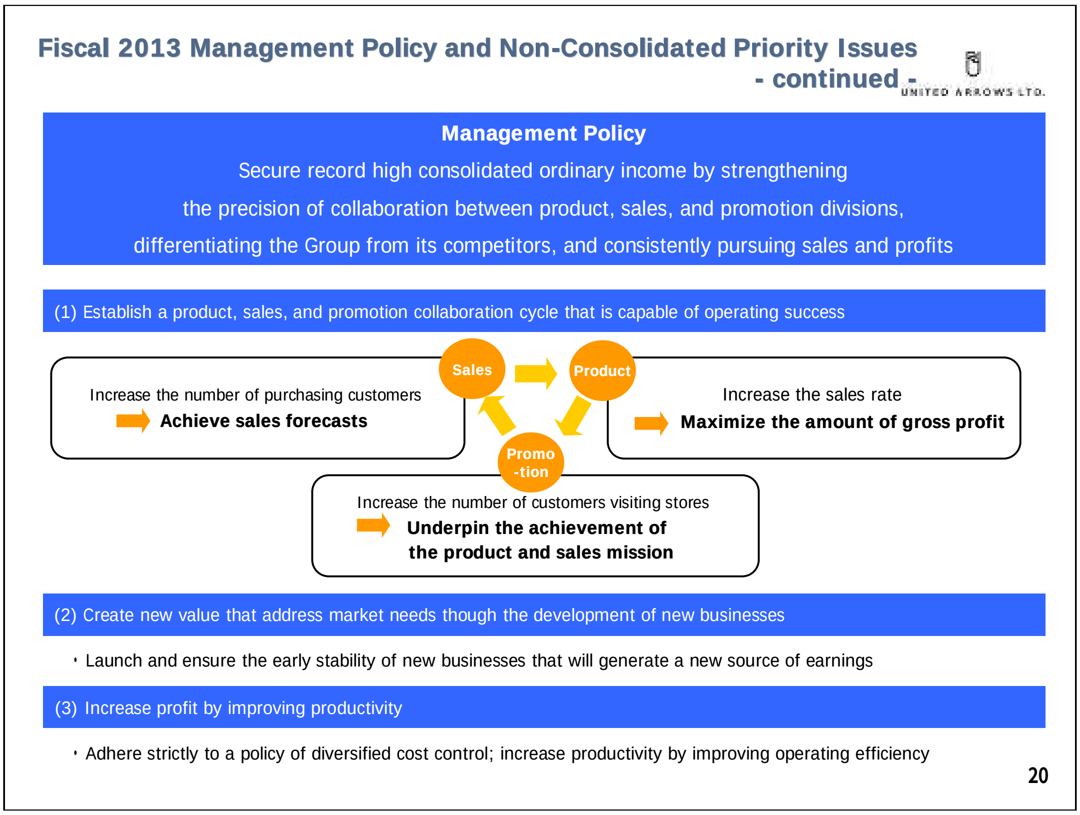

■ Fiscal 2013 Management Policy and Non-Consolidated Priority Issues

(Continued from the previous page)

Buoyed by these measures, the UNITED ARROWS LTD. will continue to strengthen existing businesses.

Create new value that addresses market needs through the development of new businesses

Since 2008, the Company has prioritized efforts to withdraw from unprofitable businesses. As a result, we temporarily suspended initiatives aimed at developing new businesses. In FY13, we will take up the new challenge of forging a path toward regrowth. Determining that the framework was in place to achieve this end, weight will now be placed on re-launching new business development endeavors.

While we cannot at this stage provide details of specific business concepts, we can say that our direction lies in developing new businesses that do not overly rely on existing business models or brand loyalty. The two Business Unit Control divisions will take the lead in running new businesses underpinned by a Group-wide support framework. This is aimed at securing stable operations and profitability at an early stage.

Increase profit by improving productivity

While strengthening existing businesses and developing new businesses, the UNITED ARROWS LTD. will continue to adhere strictly to a policy of diversified cost control from a management perspective and improve operating efficiency with the aim of increasing productivity. In addition to engaging in flexible cost management commensurate with the status of revenue and earnings, each company, business, and division will pay close attention to its income and expenditure with a view to strengthening collaboration between related departments and improving individual operations. Collectively these endeavors will help increase productivity.

About the Medium-Term Business Plan

UNITED ARROWS LTD.

■ **Fiscal 2014 consolidated medium-term business plan**

— Toward the Uppermost Range of Sales and Ordinary Income —

Consolidated sales **¥120,000 million** (previous target ¥110,000 to ¥120,000 million)

Consolidated ordinary income **¥11,500 million or more** (previous target ¥10,500 to ¥11,500 million)

Consolidated ROE **20% or more** (no change)

■ **Medium-term business strategy — No Change to the Board Outline —**

(1) Reinforce existing business (strengthen product, sales, and promotion collaboration; improve the accuracy of product planning; shift to a level of expertise and structure that is capable of securing successful operations; continue to bolster online sales; develop new business within existing domains)

(2) Develop new sales channels (develop traffic channels, department stores, licensing and other channels)

(3) Enter new fields (consider entering such new domains as miscellaneous lifestyle goods, furniture, and food through various initiatives including alliance and licensing)

Note: Under the medium-term business plan, UNITED ARROWS LTD. will adopt a cautious approach toward entering overseas markets; concentrate management resources in Japan, which is expected to expand.

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■ About the Medium-Term Business Plan

I would like to go over some minor changes made to our medium-term business plan, which carries through to the fiscal year ending March 31, 2014, details of which were first announced in November last year.

First, we have amended our quantitative targets. Taking into consideration recent robust results and the fact that our performance for the fiscal year ended March 31, 2012 substantially exceeded initial forecasts, we have revised our targets for consolidated sales and ordinary income to each upper most limit as indicated. From an ordinary income perspective, there is considerable potential for the Group to register earnings above the maximum identified. Accordingly, we have amended our quantitative target for consolidated ordinary income to ¥11,500 million or more. The target for consolidated ROE remains unchanged at 20% or more.

In broad terms, our medium-term business strategies also remain unchanged. Over the medium-term covered by the Plan, we will reinforce existing businesses to build a solid earnings base, develop new sales channels, and uncover fresh business opportunities in Japan by entering new fields. After expanding into traffic channels from FY11, we have witnessed steady progress in the opening of new stores in airports, railway stations, and service areas.

As a part of efforts to enter new fields, and as outlined in our press release dated February 17, 2012, the UNITED ARROWS Group is tapping into its accumulated know-how in store environment development to partner with Nomura Real Estate Development Co., Ltd. to explore opportunities housing domain, which includes miscellaneous lifestyle goods and furniture.

As our eyes turn beyond domestic shores, we have positioned the medium-term covered by our business plan as a period of growth. Notwithstanding these views toward overseas expansion, we will concentrate management resources in Japan, which we are confident offers considerable ongoing potential. With regard to our overseas aspirations, we will therefore conduct test marketing and research with a view to uncovering long-term business opportunities.

Returning Profits to Shareholders

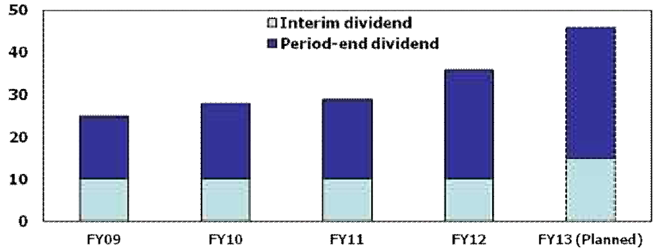
UNITED ARROWS LTD.

- Adopting a balanced approach toward the return of profits to shareholders taking into consideration the retained earnings required to fund investments in new stores and maintaining appropriate levels of profit and the dividend payout ratio

→ Fiscal 2012 (Results) **Annual ¥36** (**Up ¥7** YoY; up ¥5 from forecast at the beginning of the period)

→ Fiscal 2013 (Forecast) **Annual ¥46** (**Up ¥10** YoY) Planned (Interim: ¥15; Period-end: ¥31)

Reference: Trends in Annual Dividends per Share (Yen)



	FY09	FY10	FY11	FY12	FY13 (Planned)
Cash dividend per share (Yen)	**25**	**28**	**29**	**36**	**46**
Interim dividend	10	10	10	10	15
Period-end dividend	15	18	19	26	31
Consolidated dividend payout ratio	82.8%	84.2%	29.9%	22.7%	23.0%
Consolidated DOE	4.6%	5.1%	6.8%	5.9%	–

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■ Returning Profits to Shareholders

As announced in a press release dated April 27, 2012, and taking into consideration robust results for the fiscal year ended March 31, 2012, UNITED ARROWS LTD. has decided to increase its cash dividend by ¥5 compared with initial forecasts and ¥7 compared with the previous fiscal year. This translates to an annual cash dividend of ¥36 per share. With respect to the fiscal year ending March 31, 2013, we will adopt a balanced approach toward retained earnings taking into consideration the need for appropriate profit levels and our dividend payout ratio. On this basis, we have set the target of increasing the year-on-year cash dividend by ¥10 to ¥46 yen per share for FY13.

We are often questioned about our stance toward treasury stock. In this regard, our thoughts are guided by ongoing efforts to enhance corporate value through capital and business alliances and M&As, and providing in-house incentives to employees. Taking the aforementioned into consideration, we are contemplating the retirement of that portion of treasury stock that we determine cannot be used for the previously mentioned purposes.

In closing, I come back to the fact that UNITED ARROWS LTD. is now represented by someone outside the Company's founding members. From a medium- and long-term perspective, this is indeed a major turning point for UNITED ARROWS Group. As I mentioned in my introduction, I believe very strongly in respecting our traditions while placing equal emphasis on moving forward and steadily evolving. I am committed to the mission of ensuring that the Company remains a viable and robust entity for the next century and more. With this pledge, I kindly request your continued support and understanding.