
Consolidated Financial Summary
For the First Quarter of Fiscal 2013, the Fiscal Year Ending March 31, 2013

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

Corporate Name:	UNITED ARROWS LTD.
Securities Traded:	Tokyo Stock Exchange, First Section
Code Number:	7606
URL:	http://www.united-arrows.co.jp
Representative:	Mitsuhiro Takeda, Representative Director, President and Executive Officer
Contact:	Takeo Nakazawa, Department Manager, Finance & Accounting Department
Telephone:	+81-3-5785-6325
Scheduled Date of Dividend Payment:	—
Scheduled Reporting Date:	August 10, 2012
Supplementary Information:	Yes

Note: Figures smaller than ¥100 million are rounded down.

1. Consolidated Business Results for the First Quarter of Fiscal 2013, the Fiscal Year Ending March 31, 2013 (April 1, 2012 to June 30, 2012)

(1) Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
1Q Fiscal 2013	25,736	9.8	3,664	22.0	3,698	22.6	2,301	41.5
1Q Fiscal 2012	23,448	14.5	3,003	39.8	3,017	40.0	1,626	-

Note: Comprehensive income 1Q Fiscal 2013: ¥2,226 million (38.2%) 1Q Fiscal 2012: ¥1,610 million (—%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	yen	yen
1Q Fiscal 2013	72.72	72.25
1Q Fiscal 2012	51.52	51.21

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio
	¥ million	¥ million	%
June 30, 2012	50,642	20,714	40.9
March 31, 2012	51,278	19,291	37.6

Reference: Net worth June 30, 2012: ¥20,714million March 31, 2012: ¥19,291million

2. Conditions of Dividend Payment

	Annual Dividend				
	1Q End	2Q End	3Q End	Fiscal Year End	Annual
	yen	yen	yen	yen	yen
Fiscal 2012	-	10.00	-	26.00	36.00
Fiscal 2013	-	-	-	-	-
Fiscal 2013 (Forecast)	-	15.00	-	31.00	46.00

Note: Revision to recently disclosed projected dividend payment: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 2013 (From April 1, 2012 to March 31, 2013)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	yen
Interim Period	49,818	9.8	3,352	(18.4)	3,340	(19.6)	1,794	(20.1)	56.04
Full Fiscal Year	111,469	9.2	11,134	9.2	11,119	8.2	6,414	27.9	200.32

Note: Revision to recently disclosed projected consolidated performance: None

4. Others

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

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

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

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

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1: None
3. Changes in accounting estimates: Yes
4. Restatement of prior period financial statements after error corrections: None

(4) Number of Stocks Issued (Common Stocks)

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

1Q Fiscal 2013	42,800,000 stocks	Fiscal 2012	42,800,000 stocks
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2. Number of treasury stock

1Q Fiscal 2013	11,133,180 stocks	Fiscal 2012	11,156,780 stocks
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3. Average number of stocks issued and outstanding for the period

1Q Fiscal 2013	31,653,045 stocks	1Q Fiscal 2012	31,572,148 stocks
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*Note on the status of audit procedure implementation

This Financial Results Report is not subject to the audit procedures prescribed under the Financial Instruments and Exchange Act of Japan. As of the date this Financial Results Report was disclosed, however, audit procedures applicable to financial statements prescribed under the aforementioned Financial Instruments and Exchange Act were in the process of being carried out.

*Explanation regarding appropriate use of projected business performance

The above projection was made based on information available at present. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the figures stated above due to any possible factor. Please refer to the attached documents starting from the next page for the preconditions and further information for the projected figures.

Qualitative Information, Financial Results

1. Business Performance

(1) Qualitative Information on Consolidated Business Performance

During the first quarter, the three-month period from April 1, 2012 to June 30, 2012, of fiscal 2013, uncertainty surrounding future operating conditions continued to cloud the Japanese economy. Despite a gradual recovery from the Great East Japan Earthquake, this uncertainty was largely attributable to the slump in economy activity reflecting, persistent appreciation in the value of the yen, the sharp increase in raw material prices, and Europe's mounting debt problem.

In the apparel retail industry, a positive turnaround in consumer spending provided bright spots. However, harsh operating conditions continued for several reasons including concerns with restrictions of the electric power supply, anxiety for the consumption tax increase and delayed sales of summer items due to unsettled weather.

Under these circumstances, the UNITED ARROWS Group has established the management policy of securing record high consolidated ordinary income by strengthening the precision of collaboration between Products, Sales, and Promotion Departments, differentiating the Group from its competitors, and consistently pursuing sales and profits. Guided by this policy, UNITED ARROWS LTD. accordingly advanced the following three key management policies.

i. Establish a product, sales, and promotion collaboration cycle

The Company channeled all of its energies into further enhancing the precision of collaboration between its core business Product, Sales and Promotion Departments. Putting information gained by the Sales Department through communication with customers to the Product Department and delivering products that accurately match customer needs. In addition to reinforcing its sales capabilities, built on improved store management skills, the Sales Department took steps to prevent the recurrence of claims from customers and improve the way of product display. The Promotion Department engaged in promotional activities that appropriately reflect the attributes of each business as well as the trend of each era. Efforts were aimed at reaching potential customers and securing the loyalty of a growing customer base.

ii. Create new value through the development of new businesses

It is considered that a necessary framework is in place to take up the challenge of forging a path toward regrowth. As a new business development, monkey time BEAUTY&YOUTH UNITED ARROWS SHINJUKU where selling a private label brand, monkey time, will be opened in September 2012.

iii. Increase profits by improving productivity

From a management perspective, UNITED ARROWS LTD. continued adopting a flexible cost control management approach commensurate with the status of sales and earnings. Moreover, the Company worked on boosting productivity by enhancing each employee's mindset toward revenues and expenditure, reinforcing collaboration between related departments, and improving operations.

In the opening and closing of stores, UNITED ARROWS LTD. opened three, four, three, and one stores in its UNITED ARROWS, green label relaxing, small business unit and outlet store businesses, respectively, while closing one store in its green label relaxing. As a result, the number of retail stores as of June 30, 2012 stood at 178 stores, and 195 stores when including outlet stores.

Turning to consolidated subsidiaries, strong wholesale boosted revenues and profit at FIGO CO., LTD. The number of directly operated retail stores stood at 12, including one store opened during the period under review.

At consolidated subsidiary COEN CO., LTD. (an account settlement date: January), results were buoyed by robust sales of newly opened stores and online stores, thus revenue were increased during the period under review. COEN CO., LTD. opened three new stores. This brought the total number of stores to 43 as of April 30, 2012.

Accounting for each of the aforementioned measures and factors, consolidated net sales for the first quarter of the fiscal year under review amounted to ¥25,736 million, an increase of 9.8% compared with the corresponding period of the previous fiscal year. This largely reflected solid sales of new stores and online store sales at all group companies. While same store sales of retail and online stores declined by 1.0 percentage point at UNITED ARROWS LTD. due to delayed spring and summer clearance sales, gross margin improved by 1.5 percentage points to 58.0%. The selling, general and administrative (SG&A) expenses to total sales ratio increased 0.2 of a percentage point to 43.8%. This increase was mainly due to increase in labor costs with new stores and advertising expenses as a result of aggressive promotional measures.

On this basis, operating profit for the period under review totaled ¥3,664 million, up 22.0% year on year. Ordinary profit surged 22.6% to ¥3,698 million year on year. Both operating profit and ordinary profit were the highest-ever records in the first quarter period. Net income also jumped 41.5% to ¥2,301 million compared with the corresponding period of the previous fiscal year.

2. Consolidated Financial Results

(1) Quarterly Consolidated Balance Sheet

(millions of yen)

	Fiscal 2012 (as of March 31, 2012)	1Q Fiscal 2013 (as of June 30, 2012)
Assets		
Current assets		
Cash and deposits	8,146	6,750
Notes and accounts receivable-trade	179	130
Merchandise	15,548	16,779
Supplies	204	205
Accounts receivable-other	7,156	7,348
Other	1,975	1,319
Allowance for doubtful accounts	(3)	(3)
Total current assets	33,207	32,531
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	6,969	7,153
Other (net)	1,716	1,603
Total property, plant and equipment	8,685	8,757
Intangible noncurrent assets		
Other	1,725	1,671
Total intangible noncurrent assets	1,725	1,671
Investments and other assets		
Guarantee deposits	6,478	6,491
Other	1,207	1,217
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	7,659	7,682
Total noncurrent assets	18,071	18,111
Total assets	51,278	50,642

(millions of yen)

	Fiscal 2012 (as of March 31, 2012)	1Q Fiscal 2013 (as of June 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,983	9,062
Short-term loans payable	2,800	6,400
Current portion of long-term loans payable	3,541	3,499
Income taxes payable	3,866	734
Provision for bonuses	1,993	703
Provision for directors' bonuses	99	—
Other	5,412	4,177
Total current liabilities	25,696	24,576
Noncurrent liabilities		
Long-term loans payable	3,773	2,929
Provision for directors' retirement benefits	521	313
Asset retirement obligations	1,954	2,067
Other	41	39
Total noncurrent liabilities	6,290	5,350
Total liabilities	31,987	29,927
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	23,600	25,075
Treasury stock	(11,463)	(11,439)
Total shareholders' equity	19,262	20,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(21)	(39)
Deferred gains or losses on hedges	49	(7)
Total accumulated other comprehensive income	28	(46)
Total net assets	19,291	20,714
Total liabilities and net assets	51,278	50,642

(2) Statements of Consolidated Income and Comprehensive Income

Quarterly Statements of Consolidated Income

First Quarter (Three Months Aggregate)

(millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)	Current 1Q (3 months aggregate) (from April 1, 2012 to June 30, 2012)
Net sales	23,448	25,736
Cost of sales	10,211	10,800
Gross profit	13,237	14,936
Selling, general and administrative expenses	10,234	11,271
Operating income	3,003	3,664
Non-operating income		
Interest income	0	0
Dividends income	3	3
Foreign exchange gains	8	27
Purchase discounts	9	12
Rent income	3	18
Other	39	13
Total non-operating income	65	75
Non-operating expenses		
Interest expenses	41	24
Rent expenses	2	9
Other	6	7
Total non-operating expenses	50	41
Ordinary income	3,017	3,698
Extraordinary loss		
Loss on retirement of noncurrent assets	17	20
Impairment loss	108	104
Other	6	—
Total extraordinary loss	133	125
Income before income taxes	2,884	3,573
Income taxes-current	1,008	620
Income taxes-deferred	248	651
Total income taxes	1,257	1,272
Income before minority interests	1,626	2,301
Net income	1,626	2,301

Statements of Consolidated Comprehensive Income

First Quarter (Three Months Aggregate)

(millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)	Current 1Q (3 months aggregate) (from April 1, 2012 to June 30, 2012)
Income before minority interests	1,626	2,301
Other comprehensive income		
Other valuation adjustments on securities	(3)	(18)
Deferred gains or loss on hedges	(12)	(57)
Total other comprehensive income	(15)	(75)
Quarterly comprehensive income	1,610	2,226
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	1,610	2,226
Quarterly Comprehensive income attributable to minority interests	—	—

(3) Consolidated Cash Flows

(millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)	Current 1Q (3 months aggregate) (from April 1, 2012 to June 30, 2012)
Cash flows from operating activities		
Income before income taxes	2,884	3,573
Depreciation and amortization	330	359
Depreciation of intangible assets	81	62
Amortization of long-term prepaid expenses	22	27
Impairment loss	108	104
Increase (decrease) in provision for bonuses	(678)	(1,290)
Increase (decrease) in provision for directors' bonuses	(60)	(99)
Increase (decrease) in provision for directors' retirement benefits	—	(207)
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Interest and dividends income	(3)	(3)
Interest expenses	41	24
Loss on retirement of property, plant and equipment	0	0
Decrease (increase) in notes and accounts receivable-trade	(1,508)	(68)
Decrease (increase) in inventories	(104)	(1,231)
Decrease (increase) in other current assets	(65)	(64)
Increase (decrease) in notes and accounts payable-trade	572	1,078
Increase (decrease) in other current liabilities	(220)	(1,209)
Increase (decrease) in other noncurrent liabilities	84	5
Subtotal	1,485	1,060
Interest and dividends income received	3	3
Interest expenses paid	(40)	(25)
Income taxed paid	(659)	(3,764)
Net cash provided by operating activities	788	(2,725)

(millions of yen)

	Previous 1Q (3 months aggregate) (from April 1, 2011 to June 30, 2011)	Current 1Q (3 months aggregate) (from April 1, 2012 to June 30, 2012)
Cash flows from investment activities		
Payments into time deposits	(3)	(3)
Purchase of property, plant and equipment	(601)	(550)
Payments for fulfillment of asset retirement obligations	(68)	(8)
Purchase of intangible assets	(65)	(54)
Purchase of long-term prepaid expenses	(51)	(72)
Payment for guarantee deposits	(260)	(74)
Proceeds from collection of guarantee deposits	259	61
Net cash provided by investment activities	(790)	(701)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(8,000)	3,600
Proceeds from long-term loans	8,000	—
Repayment of long-term loans payable	(544)	(885)
Proceeds from disposal of treasury stock	4	19
Cash dividends paid	(497)	(706)
Net cash provided by financing activities	(1,036)	2,027
Effect of exchange rate change on cash and cash equivalents	—	—
Increase (decrease) in cash and cash equivalents	(1,038)	(1,398)
Cash and cash equivalents at beginning of term	5,471	7,966
Cash and cash equivalents at end of the quarterly term	4,432	6,567