
Consolidated Financial Summary
For the Third 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
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Scheduled Reporting Date:	February 13, 2013
Supplementary Information:	Yes

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

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

(1) Consolidated Business Performance

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
3Q Fiscal 2013	84,636	11.6	11,611	13.1	11,651	12.7	6,763	20.4
3Q Fiscal 2012	75,833	10.8	10,268	30.6	10,340	33.5	5,620	40.8

Note: Comprehensive income 3Q Fiscal 2013: ¥6,718 million (19.7%) 3Q Fiscal 2012: ¥5,612 million (40.9%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
	yen	yen
3Q Fiscal 2013	213.48	212.12
3Q Fiscal 2012	177.90	176.84

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio
	¥ million	¥ million	%
December 31, 2012	58,158	24,800	42.6
March 31, 2012	51,278	19,291	37.6

Reference: Net worth December 31, 2012: ¥24,800million March 31, 2012: ¥19,291million

2. Conditions of Dividend Payment

	Annual Dividend				
	1Q End	Interim	3Q End	Fiscal Year End	Annual
	yen	yen	yen	yen	yen
Fiscal 2012	-	10.00	-	26.00	36.00
Fiscal 2013	-	15.00			
Fiscal 2013 (Forecast)			-	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
Full Fiscal Year	112,629	10.4	12,035	18.1	12,090	17.7	6,929	38.1	216.40

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)

3Q Fiscal 2013	37,800,000 stocks	Fiscal 2012	42,800,000 stocks
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2. Number of treasury stock

3Q Fiscal 2013	6,049,180 stocks	Fiscal 2012	11,156,780 stocks
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3. Average number of stocks issued and outstanding for the period

3Q Fiscal 2013	31,683,207 stocks	3Q Fiscal 2012	31,591,159 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 third quarter cumulative nine-month period from April 1, 2012 to December 31, 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 a variety of factors including anxiety about overseas market derived from Europe's debt problems, and weaker domestic productions and exports reflecting slow economic growth in China.

Although a positive turnaround in consumer spending provided bright spots for the apparel retail industry, harsh operating conditions continued through the period under review. Sales of fall items were delayed due to the historically prolonged summer heat.

Under these circumstances, the UNITED ARROWS Group has established the management policy for the fiscal year March 31, 2013. The policy is to secure record high consolidated ordinary income by strengthening the precision of collaboration between Products, Sales, and Promotion Departments, differentiate the Group from its competitors, and consistently pursue sales and profits. Guided by this policy, UNITED ARROWS LTD. 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 from the Sales Department to product planning, the Product Department delivered products that accurately matched customer needs. In addition to reinforcing its sales capabilities on improved store management, the Sales Department took steps to prevent customer complaints and improve the product display skills.

Also, the company revised ,in December, 2012, contents of its monthly meeting between the management and each business. The revised session puts more emphasis on discussing ongoing strategies than just sharing sales results of the previous month. It helps the management make accurate decisions for coming weeks, coming months and the future to establish more solid and precise operations.

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. The Company opened monkey time BEAUTY&YOUTH UNITED ARROWS SHINJUKU in September 2012 as a new business development, which handles a private label brand, monkey time.

iii. Increase profits by improving productivity

From a management perspective, UNITED ARROWS LTD. continued adopting a flexible cost control 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. During the period under review, the

selling, general and administrative (SGA) expenses to total sales ratio was 41.7%, the same level as corresponding period of the previous fiscal year. In the expenses, Advertising expenses rose 0.2 of a percentage point to 2.4% as a result of aggressive promotional measures including the placement of magazines and television commercial, while SGA expenses excluding Advertising expenses decreased 0.2 of a percentage point to 39.4%.

In the opening and closing of stores, UNITED ARROWS LTD. opened ten, eight, one, five, two stores in its UNITED ARROWS, green label relaxing, CHROME HEARTS, Small Business Units and outlet businesses, respectively, while closing two, one, and two stores in its UNITED ARROWS, green label relaxing, and Small Business Units businesses, respectively. As a result, the number of retail stores as of December 31, 2012 stood at 188 stores, and 206 stores when including outlet stores.

Turning to consolidated subsidiaries, in addition to strong sales of directly operated retail stores, wholesale and online store boosted revenues and earnings at FIGO CO., LTD. The number of directly operated retail stores stood at 12, including two newly opened stores and one closed store during the period under review.

At other consolidated subsidiary COEN CO., LTD. (an account settlement date: January), results were buoyed by robust sales of newly opened stores, existing stores and online stores, thus revenue and earnings were increased during the period under review. COEN CO., LTD. opened ten new stores. This brought the total number of stores to 50 as of October 31, 2012.

Based on the aforementioned measures and factors, consolidated net sales for the third quarter cumulative of the fiscal year ending March 31, 2013 amounted to ¥84,636 million, an increase of 11.6% compared with the corresponding period of the previous fiscal year. This largely reflected solid sales of both new and existing stores and online store sales growth. Same store sales of retail and online stores increased by 2.4 percentage points and same store sales of retail increased by 1.2 percentage points at UNITED ARROWS LTD. From a profit perspective, the gross margin jumped 12.1 percentage points to ¥47,413 million year on year. The gross profit margin rose 0.2 of a percentage point to 56.0% year on year. The SGA expenses to total sales ratio increased 0.1 of a percentage point to 42.3%; up 11.8% to ¥35,802 million year on year.

On this basis, operating profit for the period under review totaled ¥11,611 million, up 13.1% year on year. Ordinary profit surged 12.7% to ¥11,651 million year on year. Further, while an impairment loss of some stores' fixed assets, ¥717 million, was recorded during the period based on the Accounting Standards for Impairment of Fixed Assets, net income rose 20.3%, to ¥6,763 million, due to higher ordinary income. Both operating and ordinary profit were the highest-ever records in the third quarter cumulative period.

2. Consolidated Financial Results

(1) Quarterly Consolidated Balance Sheet

(millions of yen)

	Fiscal 2012 (as of March 31, 2012)	3Q Fiscal 2013 (as of December 31, 2012)
Assets		
Current assets		
Cash and deposits	8,146	6,579
Notes and accounts receivable-trade	179	200
Merchandise	15,548	20,461
Supplies	204	236
Accounts receivable-other	7,156	10,695
Other	1,975	1,325
Allowance for doubtful accounts	(3)	(2)
Total current assets	33,207	39,495
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	6,969	7,171
Other (net)	1,716	1,788
Total property, plant and equipment	8,685	8,960
Intangible noncurrent assets		
Other	1,725	1,595
Total intangible noncurrent assets	1,725	1,595
Investments and other assets		
Guarantee deposits	6,478	6,767
Other	1,207	1,366
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	7,659	8,107
Total noncurrent assets	18,071	18,662
Total assets	51,278	58,158

(millions of yen)

	Fiscal 2012 (as of March 31, 2012)	3Q Fiscal 2013 (as of December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,983	11,877
Short-term loans payable	2,800	7,700
Current portion of long-term loans payable	3,541	3,227
Income taxes payable	3,866	1,367
Provision for bonuses	1,993	623
Provision for directors' bonuses	99	—
Other	5,412	4,543
Total current liabilities	25,696	29,339
Noncurrent liabilities		
Long-term loans payable	3,773	1,431
Provision for directors' retirement benefits	521	313
Asset retirement obligations	1,954	2,229
Other	41	43
Total noncurrent liabilities	6,290	4,018
Total liabilities	31,987	33,358
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,095	4,095
Retained earnings	23,600	23,907
Treasury stock	(11,463)	(6,215)
Total shareholders' equity	19,262	24,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(21)	(22)
Deferred gains or losses on hedges	49	5
Total accumulated other comprehensive income	28	(16)
Total net assets	19,291	24,800
Total liabilities and net assets	51,278	58,158

(2) Statements of Consolidated Income and Comprehensive Income

Quarterly Statements of Consolidated Income

Third Quarter (Nine Months Aggregate)

(millions of yen)

	Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011)	Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012)
Net sales	75,833	84,636
Cost of sales	33,529	37,222
Gross profit	42,303	47,413
Selling, general and administrative expenses	32,035	35,802
Operating income	10,268	11,611
Non-operating income		
Interest income	0	0
Dividends income	4	4
Foreign exchange gains	47	9
Purchase discounts	29	34
Rent income	11	46
Other	117	64
Total non-operating income	210	160
Non-operating expenses		
Interest expenses	107	67
Commission fee	0	0
Rent expenses	8	24
Other	21	27
Total non-operating expenses	138	120
Ordinary income	10,340	11,651
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Total extraordinary income	0	—
Extraordinary loss		
Loss on retirement of noncurrent assets	25	30
Impairment loss	181	717
Loss on valuation of investment securities	60	—
Other	6	3
Total extraordinary loss	274	750
Income before income taxes	10,065	10,901
Income taxes-current	4,073	3,562
Income taxes-deferred	372	574
Total income taxes	4,445	4,137
Income before minority interests	5,620	6,763
Net income	5,620	6,763

Statements of Consolidated Comprehensive Income

Third Quarter (Nine Months Aggregate)

(millions of yen)

	Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011)	Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012)
Income before minority interests	5,620	6,763
Other comprehensive income		
Other valuation adjustments on securities	7	(1)
Deferred gains or loss on hedges	(15)	(44)
Total other comprehensive income	(7)	(45)
Quarterly comprehensive income	5,612	6,718
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	5,612	6,718
Quarterly comprehensive income attributable to minority interests	—	—

(3) Consolidated Cash Flows

(millions of yen)

	Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011)	Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012)
Cash flows from operating activities		
Income before income taxes	10,065	10,901
Depreciation and amortization	1,033	1,117
Depreciation of intangible assets	240	182
Amortization of long-term prepaid expenses	70	82
Impairment loss	181	717
Increase (decrease) in provision for bonuses	(657)	(1,370)
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	(14)	(1)
Interest and dividends income	(4)	(5)
Loss (gain) on valuation of investment securities	60	—
Interest expenses	107	67
Loss on retirement of property, plant and equipment	7	3
Loss (gain) on sales of property, plant and equipment	(0)	—
Decrease (increase) in notes and accounts receivable-trade	(4,443)	(3,561)
Decrease (increase) in inventories	(1,872)	(4,944)
Decrease (increase) in other current assets	(28)	(65)
Increase (decrease) in notes and accounts payable-trade	2,398	3,894
Increase (decrease) in other current liabilities	726	(856)
Increase (decrease) in other noncurrent liabilities	(3)	(4)
Other	—	0
Subtotal	7,809	5,852
Interest and dividends income received	4	5
Interest expenses paid	(105)	(68)
Income taxed paid	(1,676)	(6,039)
Net cash provided by operating activities	6,031	(250)

(millions of yen)

	Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011)	Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012)
Cash flows from investment activities		
Payments into time deposits	(9)	(9)
Purchase of property, plant and equipment	(1,581)	(1,752)
Payments for fulfillment of asset retirement obligations	(89)	(62)
Purchase of intangible assets	(128)	(131)
Purchase of long-term prepaid expenses	(152)	(180)
Payment for guarantee deposits	(484)	(461)
Proceeds from collection of guarantee deposits	353	172
Proceeds from sales of property, plant and equipment	1	—
Other	4	(2)
Net cash provided by investment activities	(2,087)	(2,426)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(8,400)	4,900
Proceeds from long-term loans	8,000	—
Repayment of long-term loans payable	(2,794)	(2,656)
Proceeds from disposal of treasury stock	36	88
Cash dividends paid	(859)	(1,231)
Net cash provided by financing activities	(4,017)	1,100
Effect of exchange rate change on cash and cash equivalents	—	—
Increase (decrease) in cash and cash equivalents	(73)	(1,575)
Cash and cash equivalents at beginning of term	5,471	7,966
Cash and cash equivalents at end of the quarterly term	5,398	6,390