



UNITED ARROWS LTD.

Since its foundation in 1989, UNITED ARROWS LTD. has continued to set new standards of Japanese lifestyle as espoused in its corporate philosophy. Through fashion, we have maintained an unwavering commitment to creating and providing value that helps enrich customers' lives.

Adopting an uncompromising stance, the UNITED ARROWS Group strives to fulfill its mission of consistently honing its service, products, and store environment, which in accordance with the Group's corporate philosophy are positioned as the three key sources of satisfaction for customers.

For our customers,
we offer ...

The title of this publication has been changed to "Annual Report" to better reflect its content, purpose, and purport. The change in title reflects changes that UNITED ARROWS LTD. has taken to augment the content of this report. In addition to the Company's operating activities and operating results, this Annual Report includes details of the Company's CSR activities while introducing information on initiatives unique to the UNITED ARROWS Group.



GREAT SERVICE

Providing a level of hospitality and service that leaves a strong, lasting impression

I can remember visiting UNITED ARROWS brand stores as a student and feeling welcome even though I could not always make a purchase. I think this warm hospitality was the main reason I wanted to join the Company. As I go about my daily tasks, I always greet customers with a smile. I also try to learn as much as I can about the personality and likes and dislikes of each individual so that I can put forward proposals that truly address each customer need. In the future, I would like to bring UNITED ARROWS brand stores to more customers.
—UNITED ARROWS WOMEN'S sales personnel (fourth year of employment)



GREAT PRODUCTS

Staying a half-step ahead of customer needs and fulfilling five key criteria*

I try to keep abreast of societal trends and to sift through the myriad of information available for inspiration and the seeds that blossom into fresh ideas. The essence and appeal of UNITED ARROWS brand stores are their unique and seamless combination of quality and sophistication with an abundant sense of enjoyment and fun. Recognizing the value in an established name, I hope to provide items that will fulfill all the requirements of a UNITED ARROWS signature brand.

—UNITED ARROWS WOMEN'S director and buyer

* 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 the prices they want.



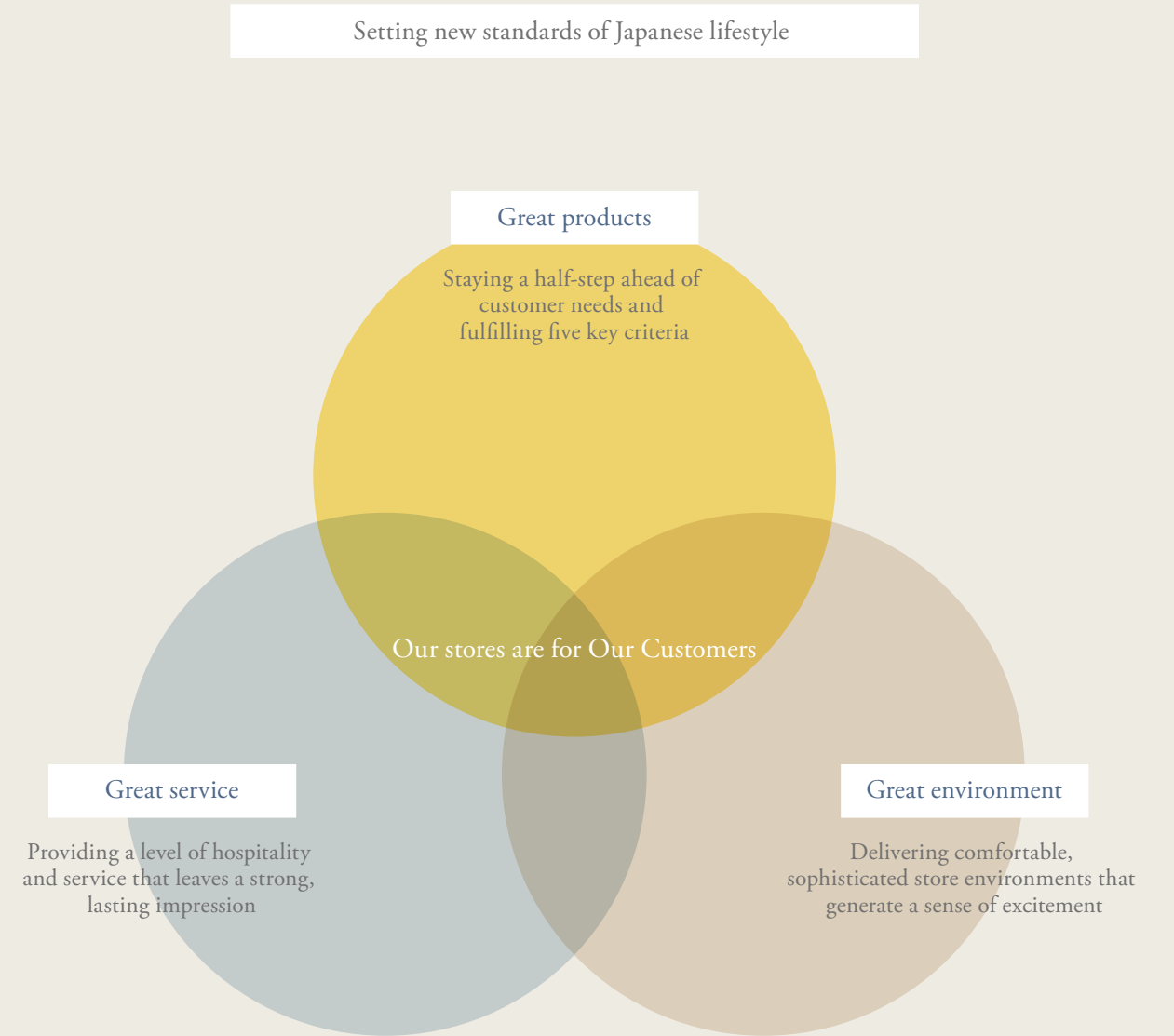
GREAT ENVIRONMENT

Delivering comfortable, sophisticated store environments that generate a sense of excitement

I regularly visit stores to offer advice on product displays and to share in training workshops. There is no better feeling than working together with sales personnel to put forward solutions that utilize limited space to showcase products in their best light. A distinguishing feature of UNITED ARROWS brand stores are their ability to project a different feel and impression from store to store.

—UNITED ARROWS WOMEN'S visual merchandiser



















Three Key Sources of Satisfaction for Customers



UNITED ARROWS LTD. is guided by the overarching rule that “Our Stores are for Our Customers.” With this in mind, we strive consistently to hone our service, products, and store environment, which we recognize as the three key sources of satisfaction for customers as well as the cornerstone of our competitive strength. We work to create an atmosphere that allows our service, products, and store environment to naturally evolve. As these three sources of satisfaction continue to flourish and grow, we move closer to realizing our corporate philosophy of setting new standards of Japanese lifestyle.

UNITED ARROWS Group Business

years ended March 31

		stores		
		2010	2011	2012
UNITED ARROWS LTD.		153	162	186
UNITED ARROWS Business		48	51	59
UNITED ARROWS General Merchandise Store ¹ M W		13	11	12
UNITED ARROWS M W		13	15	16
BEAUTY&YOUTH UNITED ARROWS M W		20	23	29
UNITED ARROWS Label Image Store		2	2	2
THE SOVEREIGN HOUSE M		1	1	1
District UNITED ARROWS M		1	1	1
UNITED ARROWS green label relaxing Business M W		36	42	49
CHROME HEARTS Business M W		5	6	7
SBUs and UA Labs (8 businesses) ²		49	48	55
Another Edition W		14	14	14
Jewel Changes W		7	6	7
Odette é Odile UNITED ARROWS W		17	19	21
DRAWER W		5	5	6
THE AIRPORT STORE UNITED ARROWS LTD. M W			3	3
THE STATION STORE UNITED ARROWS LTD. M W				2
THE HIGHWAY STORE UNITED ARROWS LTD. M W				1
ARCHIPELAGO UNITED ARROWS LTD. W			1	1
UNITED ARROWS Outlet M W		15	15	16
Group companies				
FIGO CO., LTD. Felisi M W		11	11	11
COEN CO., LTD. ³ COEN M W		26	34	40

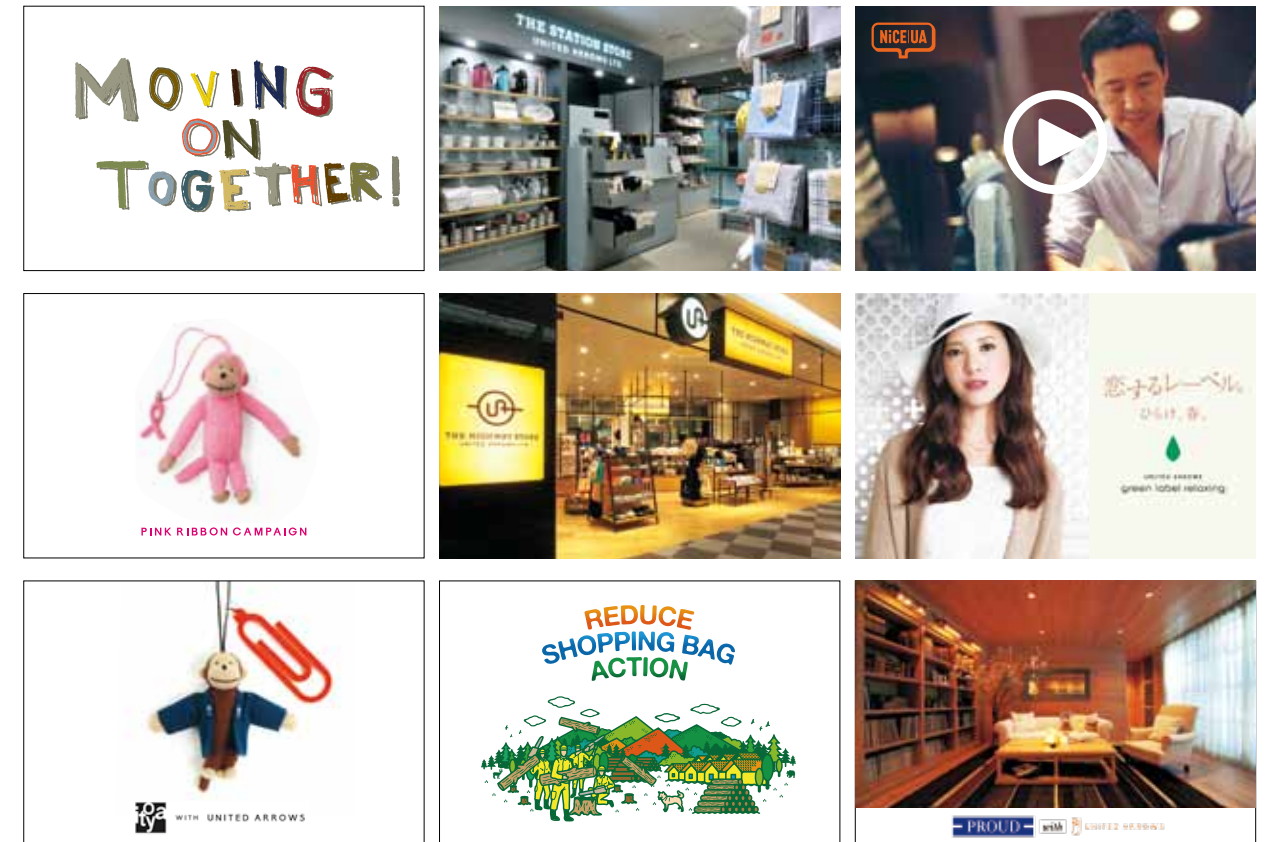
M=Men's **W**=Women's

¹ UNITED ARROWS General Merchandise Store operations offer both UNITED ARROWS and BEAUTY&YOUTH UNITED ARROWS products.

² Store numbers for SBUs and UA Labs in 2010 include 5 Cath Kidston stores and 1 Tokishirazu store. Both businesses were ended in fiscal 2011.

³ As COEN CO., LTD., settles its accounts on January 31, figures displayed are as of January 31, 2012.

Fiscal 2012 Topics



Mar. 2011 Launched the “MOVING ON TOGETHER!” charity project with the aim of providing support relief and reconstruction assistance to disaster areas following the Great East Japan Earthquake. The total amount of donations came to ¥244,290,720 by the end of March 2012. (top row, left)

Oct. 2011 Initiated in 2008, UNITED ARROWS LTD. has continued to support Pink Ribbon activities. Each year for the full month of October, products associated with the Pink Ribbon campaign are sold with a portion of the proceeds donated to related associations. Donations totaled ¥591,521 as of the end of March 2012. (middle row, left)

Oct. 2011 The Company’s first foray into the licensing business “itoya WITH UNITED ARROWS” was launched in collaboration with the long-established stationery store GINZA ITO-YA. This initiative entails the sale of miscellaneous items developed jointly and manufactured under license. (bottom row, left)

Nov. 2011 Representing a new sales channel strategy, THE STATION STORE UNITED ARROWS LTD. opened the ECHIKA OMOTESANDO store, its first store located in commercial space within a railway station. (top row, center)

Dec. 2011 Representing a new sales channel strategy, THE HIGHWAY STORE UNITED ARROWS LTD. opened the EXPASA EBINA store, its inaugural store located in an expressway service area. (middle row, center)

Mar. 2012 Joining together with customers, the UNITED ARROWS Group launched the “REDUCE SHOPPING BAG ACTION” campaign with the aim of nurturing healthy forests. With a cumulative total of 162,115 participants since April 2011, ¥810,575 was donated to the “more trees” forest preservation association. (bottom row, center)

UNITED ARROWS took aggressive steps to engage in sales and promotional activities. These showcased the attributes of its brand utilizing a variety of collaborative proposals encompassing the video contents of its brand site, television commercials, and magazines. (top row, right)

The UNITED ARROWS green label relaxing business took steps to actively promote a cross-media strategy targeting women. (middle row, right)

Mar. 2012 Consolidated net sales and ordinary income exceeded ¥100.0 billion and ¥10.0 billion, respectively. UNITED ARROWS LTD. achieved 23 consecutive fiscal years of revenue growth since its foundation while at the same time surpassing its previous historic high recorded in the fiscal year ended March 31, 2006. Online sales also broke through the ¥10.0 billion barrier for the first time on a non-consolidated basis.

Apr. 2012 Osamu Shigematsu stepped down from his position as Representative Director and President to assume the role of Chairman of the Board of Directors. Mitsuhiro Takeda, Director, Executive Vice President was appointed Representative Director, President and Executive Officer.

Apr. 2012 The “PROUD with UNITED ARROWS” showroom was opened, under a licensing agreement with Nomura Real Estate Development Co., Ltd., to put forward joint residential space proposals. (bottom row, right)

Financial Highlights

UNITED ARROWS LTD. and consolidated subsidiaries

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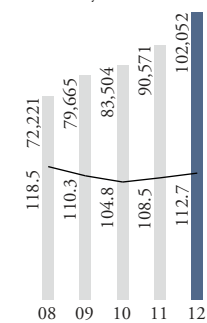
year ended March 31	millions of yen					thousands of U.S. dollars
	2008	2009	2010	2011	2012	2012
For the year						
Net sales	72,221	79,665	83,504	90,571	102,052	1,242,423
Operating income	4,930	4,319	4,942	7,384	10,193	124,100
Ordinary income	5,017	4,283	5,037	7,240	10,272	125,066
Net income	3,800	1,274	1,403	3,596	5,016	61,073
Capital expenditures ^{*1}	2,954	3,604	1,415	4,254	2,576	31,363
Depreciation	883	1,258	1,209	1,363	1,416	17,240
Return on equity (ROE) (%)	18.8	5.6	6.1	18.7	29.2	
Return on assets (ROA) (%)	12.3	9.5	10.8	15.8	21.2	
Dividend ratio (%)	27.6	82.8	84.2	29.9	22.7	
Dividend per share (DPS) (yen / dollar)	25.00	25.00	28.00	29.00	36.00	0.43
At year-end (non-consolidated)						
Total stores	139	153	153	162	186	
Total retail sales floor space (m ²) ^{*2}	29,498.1	33,226.3	33,645.9	36,284.4	41,014.7	
Number of employees	2,303	2,630	2,617	2,647	2,855	

* Figures are shown in terms of millions of yen with amounts less than this unit omitted. For convenience only, U.S. dollar figures have been calculated at the rate of exchange on March 31, 2012, of ¥82.14=U.S.\$1.

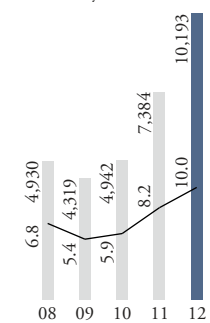
*1 In the year ended March 31, 2011, Capital expenditures includes change in asset retirement obligations fee of ¥1,619 million due to application of accounting standard regarding asset retirement obligations.

*2 Floor space of outlet stores is not included.

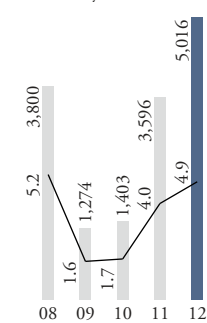
Net sales /
Net sales growth ratio
millions of yen / %



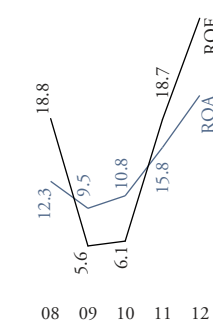
Operating income /
Operating income margin
millions of yen / %



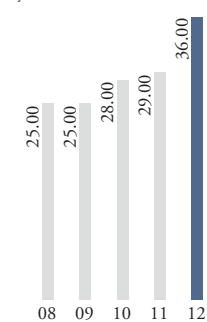
Net income /
Net income margin
millions of yen / %



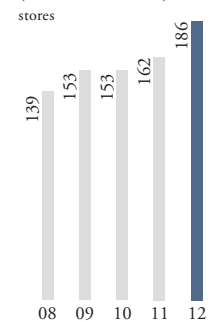
ROE / ROA
%



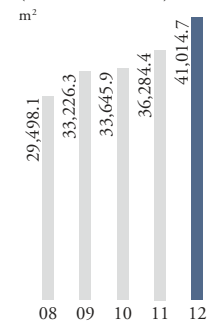
Dividend per share (DPS)
yen



Total stores
(non-consolidated)
stores



Total retail sales floor space
(non-consolidated)^{*2}
m²



Number of employees
(non-consolidated)
people

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For more detailed financial information, please refer to the Company's investor relations web site at www.united-arrows.co.jp/en/ir/lib/index.html

Forward-looking Statements

This report contains information regarding future plans, strategies, business performance, and other matters not based on historical fact. Such forward-looking statements are based on the Company's judgment in consideration of the information available when this report was published. However, the Company cautions readers to be aware that actual performance could differ materially from these projections due to various factors such as changes in economic circumstances, market trends, demand, and exchange rates.



Osamu Shigematsu, CHAIRMAN AND DIRECTOR (left) and Mitsuhiro Takeda, REPRESENTATIVE DIRECTOR, PRESIDENT AND EXECUTIVE OFFICER

A Message from the Chairman

On April 1, 2012, I assumed the position of Chairman and Director from my previous position as Representative Director and President.

I held the position of President for 15 years since the Company's foundation in 1989 through to 2004. Thereafter, I assumed the position of Chairman. After incurring three consecutive years of declining profits between the fiscal years ended March 31, 2007, and March 31, 2009, I stepped down from the position of Chairman to take responsibility for the Company's deteriorating performance, returning to the position of President in April 2009.

After serving as Chairman, however, I was acutely aware that a return to the role of President was not in the best interests of the Company. Accordingly, and while implementing wide-ranging management and operational reforms, I set a fixed limit on the term that I would serve as President of not less than one year and not more than three years, during which time I would focus on identifying and nurturing a successor. The first step was to list up several candidates from within the Company, and to then select the candidate that offered the knowledge, expertise, and character to fulfill the role of President. It is important to ensure that the final candidate share many of my own personal experiences and aspirations, and I have taken steps to pass on what I have learned over many years.

As a result of these endeavors, and after completing a probationary period as Director and Executive Vice President, Mitsuhiro Takeda has been appointed Representative Director, President and Executive Officer. Mr. Takeda gained invaluable experience working for a general trading company before joining UNITED ARROWS LTD. Accordingly, he is well versed in the manufacturing process from raw materials through to product release and is held in high esteem both within and outside the Company. His most admirable trait is his dedication to achieving established goals. Mr. Takeda is extremely adept at setting, advancing, and managing goals to a positive conclusion, and I am convinced that he is the ideal person to lead UNITED ARROWS LTD. going forward.

I have consequently resigned from the position of Representative Director and will serve the Company in an advisory capacity with a view to enhancing product development and planning. I have complete peace of mind in passing on UNITED ARROWS LTD. to the next generation of management and in all honesty am extremely pleased with our position going forward. Looking ahead, the directors of each operating and management division will work in unison with Mr. Takeda, who will be playing a central role. Reflecting on the Company's history since its foundation, I believe that this management team is the best prepared and organized. On this basis, I am confident that their capabilities and efforts will lead to future prosperity and growth.

In handing over the Company's reigns, I would pass on the UNITED ARROWS LTD.'s unwavering corporate philosophy that "Our Stores are for Our Customers." At the same time, it is vital that management continue to fine tune the underlying strength of the Company's winning product platform business model, which entails collaboration between Product, Sales, and Promotion Departments. This is the very essence of our competitive advantage. By maintaining its commitment to this business stance, I have complete confidence that UNITED ARROWS LTD. will continue to create value that only it can provide and consistently bring pleasure to its customers.

I would ask that shareholders anticipate the very best from the next-generation UNITED ARROWS Group and continue to provide their support and understanding.

August 2012

Osamu Shigematsu

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The path to regrowth

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Successor development program aimed at selecting the Company's next top executive

→ P45
Board of directors and corporate auditors

→ P36
Corporate philosophy

→ P34
Product platform

→ P17
Strengthening the product, sales, and promotion collaboration cycle



After taking over the Company's reigns, I am committed to forging a second, renewed foundation of the UNITED ARROWS Group. Under a new framework based on the Company's underlying corporate philosophy that "Our Stores are for Our Customers," I plan to make the most of the corporate value nurtured over many years since its initial foundation. While responding to the needs of each era and undergoing a process of natural evolution, my goal is to put in place a solid platform that will ensure the Company's perpetual existence as a viable going concern.

Q What are your thoughts and aspirations having taken up the position of President?

Looking at the history of the Company, I am the first person outside its foundation members to assume the position of President. Whatever the circumstance, the handing over of the management reigns from a company's founder to the next generation of management is an inevitable occurrence. UNITED ARROWS LTD. has now reached that stage in its ongoing development. I am sure that stakeholders will have mixed emotions ranging from anticipation and hope through to uncertainty and concern. I plan to address these emotions by putting forward concrete results.

In overall terms, my stance toward management differs little to that of Mr. Shigematsu. The corporate philosophy that "Our Stores are for Our Customers" will continue to underpin our decision-making process as well as every facet of our operations. I plan to carry forward the corporate value accumulated over many years since the Company's foundation while placing equal emphasis on addressing the needs of each era and steadily evolving. My goal is to put in place a solid platform that will ensure the Company's perpetual existence as a viable going concern.

→ P36
Corporate philosophy

Q What initiatives do you plan to implement in this the first year since assuming the position of President?

I intend to further hone the precision of the Company's winning model, which focuses on collaboration between the Product, Sales, and Promotion Departments, and to continue strengthening existing businesses. We will maintain our emphasis on feeding back information gained by the Sales Department through communication with customers to the Product Department and delivering products that accurately match customer needs. We will also engage in promotional activities that appropriately reflect the attributes of each business as well as the trends of each era. Efforts aimed at ensuring that customers visit our stores and securing the loyalty of a growing customer base will continue to provide the momentum for our product and sales activities. This virtuous cycle is expected to generate synergy benefits and contribute to maximizing sales and earnings.

Efforts to strengthen this collaboration cycle in recent years have driven the Company's operating performance. In order to further enhance this winning model, we will work toward bolstering systems and expertise. In specific terms, we will put in place a strategic plan that maps the status of each division's systems and collaboration; share weekly, monthly, and annual action plans; and focus on monitoring progress. By better visualizing overall workflows, we will standardize operations that have to date relied heavily on individual sensibilities to put in place a framework under which any employee can effectively and swiftly complete any and all allotted tasks. When difficulties are confronted, we plan to establish a process that allows each individual to refer to a common set of benchmarks and forms, to objectively assess each situation and implement appropriate countermeasures. Our goal is to build an organizational structure that is capable of ensuring continuous sales and earnings growth irrespective of changes in the external environment and the competencies of each individual.

From a management perspective, we will channel our energies toward increasing productivity based on ongoing diversified cost control measures and improvements in operating efficiency. In addition to adopting a flexible cost control management approach commensurate with the status of sales and earnings, we will work to boost productivity by enhancing each employee's mindset toward revenues and expenditure, reinforcing collaboration between related divisions, and improving operations.

→ P17
Medium-term business plan
Fiscal 2013 management policy and
priority issues

Fueled by the funds generated by this high earnings structure, we will recommence activities aimed at new business development and advance new value proposals to customers in the current fiscal year. In recent years, we have focused mainly on the withdrawal from underperforming businesses. I now believe, however, that we have the necessary framework in place to take up the challenge of exploring new growth-oriented business opportunities. I am not in the position to provide specific details at this moment. Suffice to say that we will engage in new business development that does not rely on existing business models or brand loyalty.

Taking into account each of the aforementioned activities, we are targeting consolidated net sales of ¥111,469 million and ordinary income of ¥11,119 million in the fiscal year ending March 31, 2013. On an ordinary income basis, this result will exceed the Company's performance in the previous fiscal year and represent a historic high.

Q In your position as the Company's newly appointed President, please provide us with your inaugural policy and a message to shareholders?

In my former employ with a general trading company, my contact with UNITED ARROWS LTD. was as a supplier providing support in the purchase and manufacture of products. After joining the Company in 2005, I began by overseeing business operations and later gained a deeper understanding of the Company's overall management in my position as executive officer and director. Whether from outside or inside UNITED ARROWS LTD., one of the Company's key strengths is clearly its unwavering commitment to maximizing customer satisfaction. On this basis, the decisions that drive the Company's actions take into consideration whether customer needs are met.

My aspiration is that UNITED ARROWS LTD. will continue as a viable going concern for over a century and that it will evolve into an entity that excels on the world stage. At the same time, I would hope that the Company's strengths will be carried forward unchanged 100 years hence. To ensure a company's perpetuity, it is vital to establish a solid management framework and a mechanism that is capable of ensuring stable growth. While implementing a variety of measures aimed at building this solid base, we will also focus on generating sure-footed sales and earnings growth. Through these means, we are confident that we will fulfill the expectations of shareholders.

As we work toward securing a second, renewed foundation, I kindly request the continued support and understanding of all shareholders.

August 2012

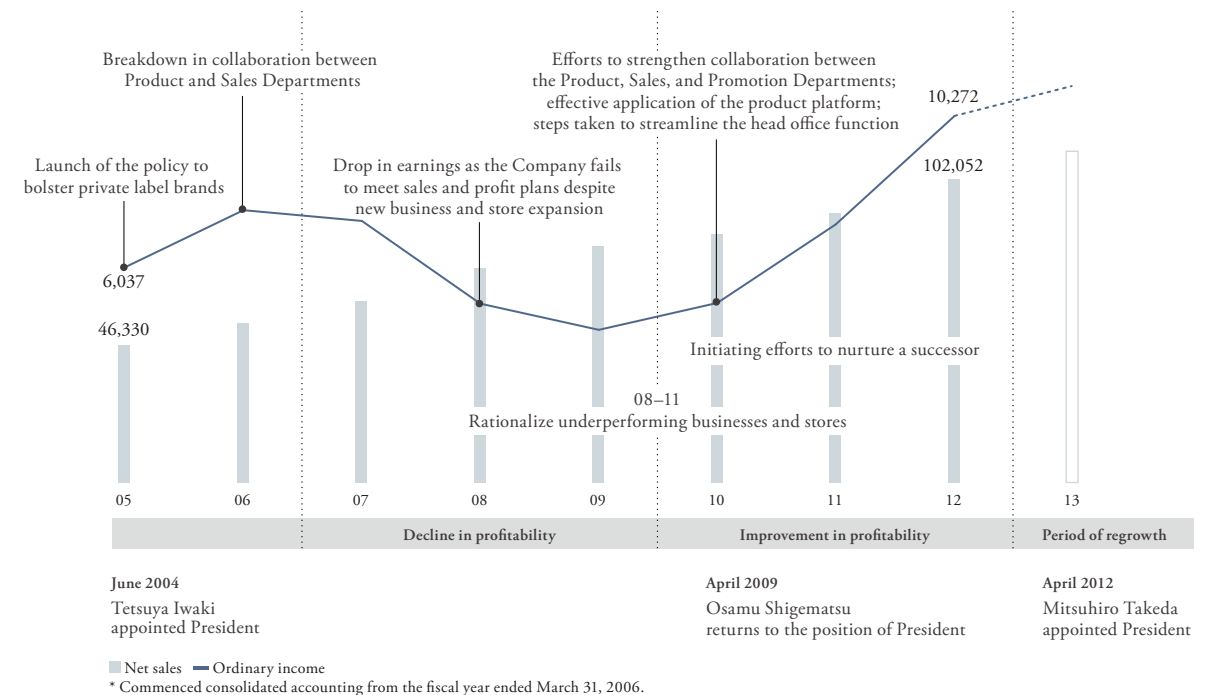


Mitsuhiro Takeda
REPRESENTATIVE DIRECTOR, PRESIDENT AND EXECUTIVE OFFICER

Born in Fukuoka City, Fukuoka Prefecture on April 13, 1963. Currently 49 years of age. Joined Kanematsu-Gosho Ltd. (current KANEMATSU TEXTILE CORPORATION) in April 1986. Experience gained 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 gained in managing related group companies. Joined

UNITED ARROWS LTD. in September 2005. Oversaw operations at CHROME HEARTS, SBUs, and consolidated subsidiary FIGO CO., LTD. Appointed Senior Executive Officer in July 2008. Oversaw UNITED ARROWS, BEAUTY&YOUTH UNITED ARROWS, and CHROME HEARTS operations in his capacity as General Manager, Business Unit Control Div. I / General Manager, Brand Business Division from April 2010. Appointed Director and Managing Executive Officer in June 2010. Appointed Director and Executive Vice President in April 2011. Appointed Representative Director, President and Executive Officer in April 2012.

The Path to Regrowth



After reporting record high profits in the fiscal year ended March 31, 2006, UNITED ARROWS LTD. incurred three consecutive fiscal years of deteriorating earnings.

Traditionally, UNITED ARROWS LTD.'s competitive advantage had been underpinned by its ability to promote a product policy that harnessed feedback from Sales Departments. 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 adopted during the fiscal year ended March 31, 2005—to bolster private label brands—took root, it became distorted and misconstrued. The policy was implemented almost entirely on a UNITED ARROWS LTD. proposal “product out” basis as opposed to a “market in” approach, which reflects customer needs in the product development process. This in turn greatly strained the relationship between the Product and Sales Departments.

From the fiscal year ended March 31, 2007, the Company worked diligently to expand its business. These efforts including the opening of new stores were undertaken, however, without putting fully in place the

necessary human resource, product platform, and associated framework. As a result, UNITED ARROWS LTD. experienced significant deterioration in its earnings structure reflecting the Company's failure to meet sales plans, a drop in gross margins, and an increasingly bloated head office function.

After returning to the position of Company President in April 2009, Mr. Shigematsu identified the need to quickly improve earnings. Steps were then taken to re-establish the UNITED ARROWS LTD. collaborative model between the Product and Sales Departments and to build the product platform. At the same time, the Company initiated measures to rationalize underperforming businesses and stores and to streamline the head office function. As a result, UNITED ARROWS LTD. reported an increase in earnings in the fiscal year ended March 31, 2010, for the first time in four fiscal years, and continues to experience stable revenue and earnings growth.

In heralding a period of regrowth, the Company is looking to develop new sales channels and businesses as a part of efforts to create new value.

Medium-Term Business Plan

fiscal 2012 to fiscal 2014

UNITED ARROWS LTD. commenced steps to build a second, renewed foundation under the stewardship of a new management structure in April 2012. Moving forward, the Company will work diligently toward further establishing a robust operating platform while thoroughly reinforcing its existing businesses and creating new value as a part of efforts to secure medium- to long-term growth.

Medium-Term Business Strategies

Reinforce existing businesses: Strengthen product, sales, and promotion collaboration as well as further enhance operation of the product platform; continue to bolster online sales; develop new businesses within existing domains

Develop new sales channels: Traffic channels, department stores, licensing business

Enter new fields: Enter such new domains as miscellaneous lifestyle goods, furniture, and food through various initiatives including alliances and licensing

Pushing forward its established medium-term business strategies through to the fiscal year ending March 31, 2014, UNITED ARROWS LTD. will reinforce existing businesses to build a solid earnings base. By developing new sales channels and entering new fields, the Company will uncover fresh business opportunities in the domestic market that exhibit ample growth potential. Through these means, UNITED ARROWS LTD. will work to expand its revenues and earnings.

As a part of efforts to develop new sales channels, the Company is experiencing steady trends in each of its traffic channel businesses through the opening of new stores in airports, railway station buildings, and the service areas of expressways. Focusing on the “home,” UNITED ARROWS LTD. also commenced PROUD with UNITED ARROWS in April 2012 as a licensing business. Building on its knowhow nurtured through the development of store environments, the Company is putting forward joint living-space proposals together with the PROUD series of residential properties marketed by Nomura Real Estate Development Co., Ltd.

For the foreseeable future, UNITED ARROWS LTD. does not envisage expansion into overseas markets. The Company will, however, continue to engage in test marketing and research activities with the long-term view of uncovering business opportunities outside of Japan.

¹ With respect to medium-term business target ranges for consolidated net sales and consolidated ordinary income announced in November 2011, the Company revised both targets to their upper most limit (previous targets—consolidated sales: ¥110,000 million to ¥120,000 million; consolidated ordinary income: ¥10,500 million to ¥11,500 million) taking into consideration recent robust results and the fact that the Company’s performance for the fiscal year ended March 31, 2012, substantially exceeded initial forecasts. Turning specifically to consolidated ordinary income, there is considerable potential for the Group to register earnings above the maximum identified. Accordingly, the target is stated as ¥11,500 million or more. The target for consolidated ROE remains unchanged at 20% or more.

Medium-Term Business Targets*1

Consolidated net sales
¥120,000 million

Consolidated ordinary income
¥11,500 million or more

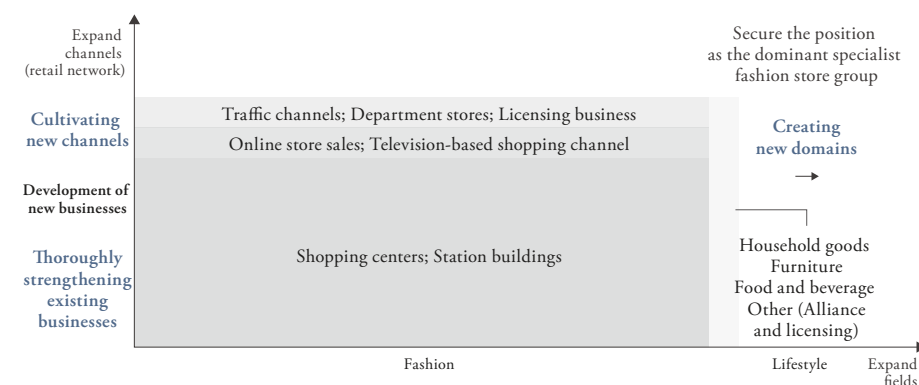
Consolidated ROE
20% or more

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Product platform

→ P18
Online sales activities

→ P7
Topics
Cultivating new channels
Developing licensing business

The direction of medium-term business strategies



Fiscal 2013 Management Policy and Priority Issues

For the fiscal year ending March 31, 2013, UNITED ARROWS LTD. has established the management policy of securing record high consolidated ordinary income by strengthening the precision of collaboration between the Product, Sales, and Promotion Departments, differentiating the Group from its competitors, and consistently pursuing sales and profits.

(1) Establish a product, sales, and promotion collaboration cycle

UNITED ARROWS LTD. recognizes that its current robust operating performance is the result of a stable product, sales, and promotion collaboration cycle.

In the Product Department, initiatives will include improving the private label brand development and merchandise verification capabilities. Through these means, the Company will increase the sales rate and thereby maximize the amount of gross profit. In the Sales Department, we will continue to bolster our customer service capabilities. At the same time, we will improve the appeal of store environments and enhance merchandising verification as a part of efforts to achieve sales plans by increasing the number of purchasing customers. In the Promotion Department, we will engage in promotional activities that truly reflect the attributes of our business as well as the trend of each era. 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.

(2) Create new value that addresses market 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. From fiscal 2013, 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. Moving forward, our direction lies in developing new businesses that do not overly rely on existing business models or brand loyalty.

(3) Increase profits by improving productivity

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 it will engage in flexible cost management commensurate with the status of revenue and earnings.

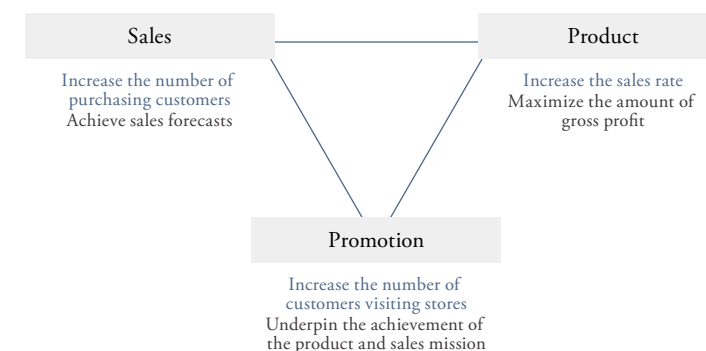
Fiscal 2013 Business Targets

Consolidated net sales
¥11,469 million

Consolidated ordinary income
¥11,119 million

Consolidated net income
¥6,414 million

Strengthening the product, sales, and promotion collaboration cycle



SPECIAL FEATURE

Online Sales Activities

Since first opening online stores on the ZOZOTOWN web site in 2005, the Company's online sales have expanded steadily. UNITED ARROWS LTD. has gained considerable success in setting new industry trends through such original initiatives as linking its retail stores with its online sales activities. The Company accordingly maintains a higher ratio of online sales to total sales compared with other companies within the industry.

Linking retail stores with online sales activities

The number of customers that are adopting a discerning and astute approach toward the use of the Company's retail stores and online sales offerings is growing. There are customers who look for items online, as opposed to using catalogues, and then visit a retail store to purchase the selected item. Conversely, there are customers who conduct their purchases online after trying on the item at a retail store. Recognizing these shifts in customers' purchasing behavior, UNITED ARROWS LTD. is engaging in activities that are designed to enhance customer convenience through UNITED ARROWS LTD. ONLINE STORE.

(1) Introducing coordination proposals by sales personnel and strengthening collaboration with brand sites

Among a host of initiatives, steps are being taken to post a wealth of images and information on the specifications of various products. Breeding a strong sense of familiarity and warmth, particular emphasis is being placed on coordination proposals put forward by sales personnel, public relations (PR) specialists, buyers, and designers that showcase the pleasures of the shopping experience. Visitors to each site can obtain the latest information on new arrivals through mail magazines posted on a daily basis. By bolstering the links between products displayed on each brand site and online stores, UNITED ARROWS LTD. is making it easier to view product information and to purchase selected items.

(2) Purchasing items at retail stores even when online products are out-of-stock by providing the status of inventories on a real-time basis

For registered customers, when an item is next scheduled to arrive, he or she will receive the appropriate notification even when that item is identified online as being out-of-stock. Moreover, UNITED ARROWS LTD. provides an online function that provides details of the status of products handled at retail stores. Updated every 90 minutes, this virtual real-time stock information allows customers to visit a particular retail store to purchase the item of their choice. Even when out and about, customers can access this information using their mobile or smartphones.

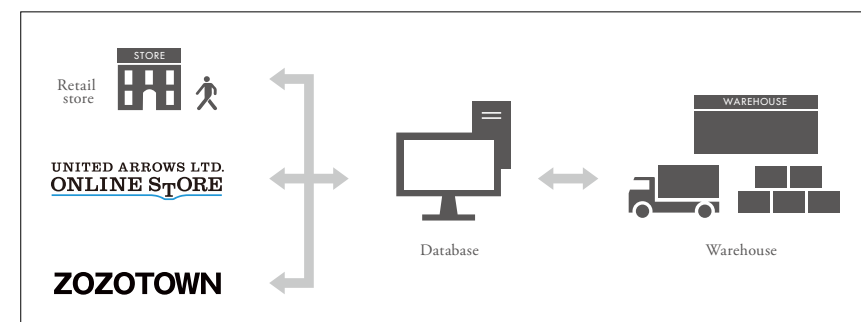
Links between brand site and online stores



(3) Leveraging shared use of online sales and distribution inventories

Information on the free stock stored at distribution warehouses for use by retail stores is posted on the web sites of UNITED ARROWS LTD. ONLINE STORE as well as the fashion online sales site ZOZOTOWN. Even when inventories allocated to both sites are sold out, requested products are displayed when particular items are in stock at the Company's distribution warehouses. These items can be delivered several days after the routine date of dispatch. This initiative helps to minimize the loss of sales opportunities and promote the efficient use of inventories.

Initiatives based on coordination between UNITED ARROW LTD. ONLINE STORE and ZOZOTOWN online sales and distribution inventories

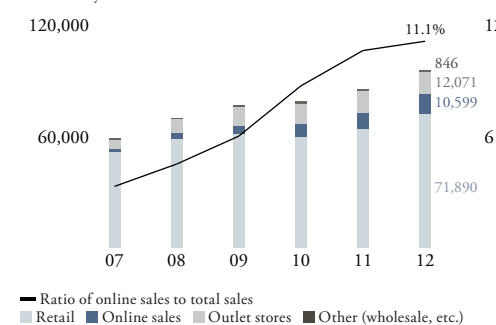


(4) Promoting the common use of membership points at retail as well as online stores; analyzing purchasing trends using HOUSE CARD data

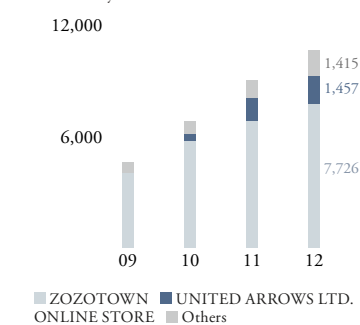
Customers can accrue purchasing points either to their online store points or HOUSE CARD^{*1} points. The information gained from analyzing purchasing trends obtained through HOUSE CARD data is reflected in a variety of ongoing initiatives. For example, analysis has revealed that the purchasing amounts of customers, who use both retail as well as online stores, are substantially higher than customers who use only retail stores. Drawing on this analysis, we hypothesize that increasing HOUSE CARD members at both retail as well as online stores will lead to growth in Companywide sales. Accordingly, we are working to lift the number of new members and to attract existing members to visit stores while promoting purchases.

^{*1} The HOUSE CARD is a UNITED ARROWS LTD. point card system that can be used across all businesses and stores (excluding CHROME HEARTS brand).

Trends in net sales by sales channel and the ratio of online sales to total sales (non-consolidated) millions of yen / %



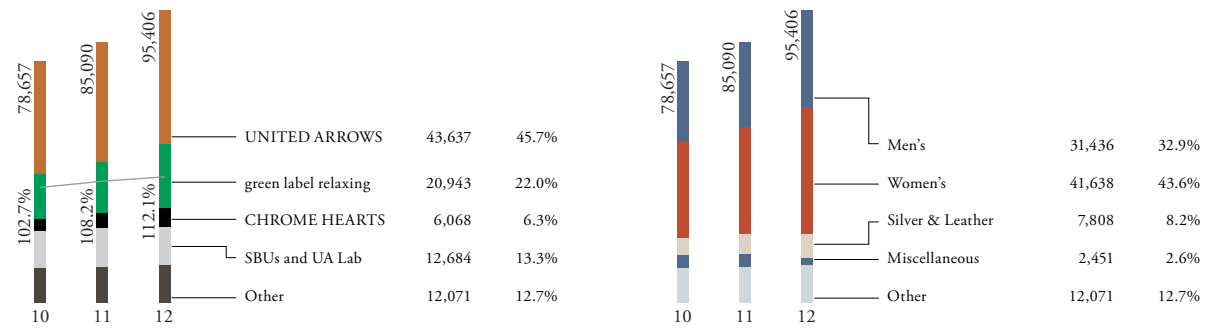
Trends in net sales by online sales site (non-consolidated) millions of yen



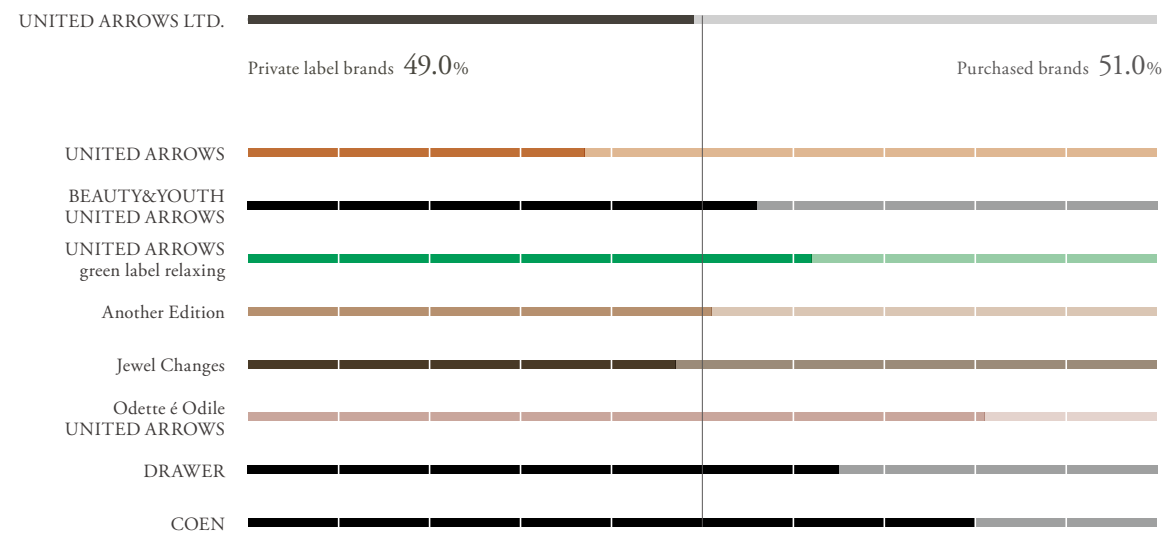
Business Overview

Fiscal 2012

Net sales by business and category / Composition rate (non-consolidated)
millions of yen

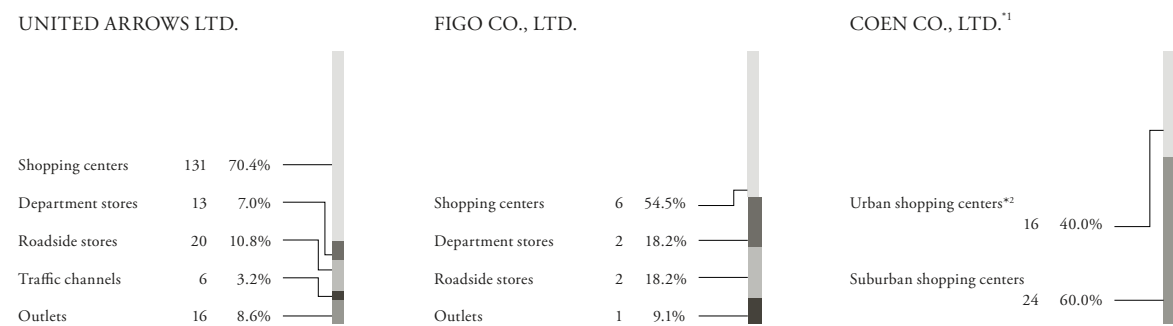


Mix of private label brands and purchased brands



* OEM products (products manufactured by other companies and sold under our brand names) are included in purchased brands.
* CHROME HEARTS and Felisi are not included since their product lineups are entirely composed of purchased brands.

Net sales by sales channel (number of stores)

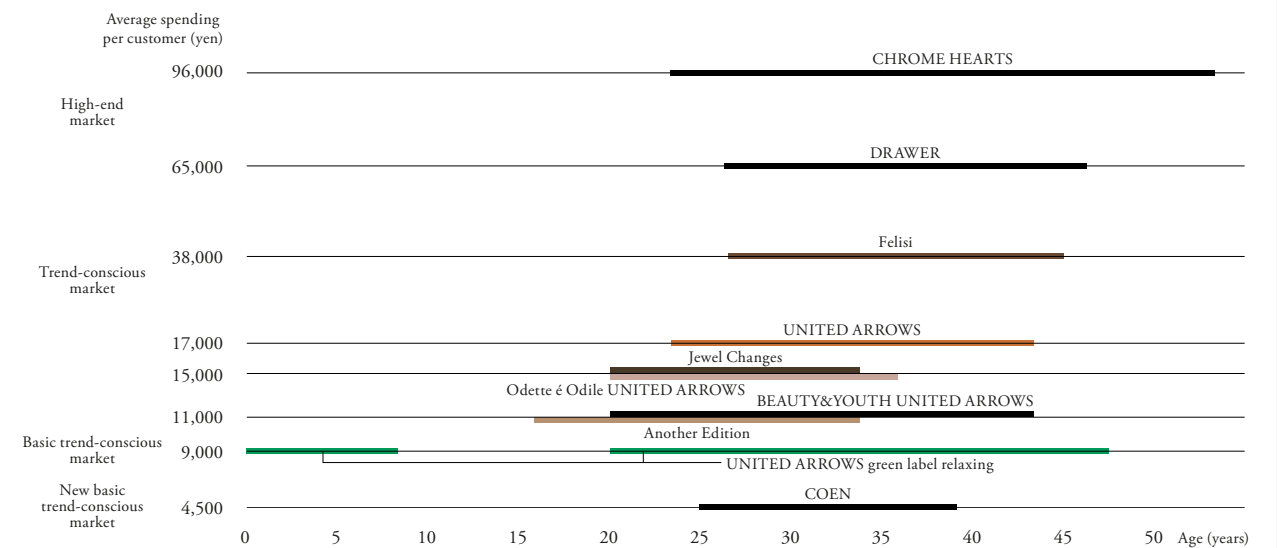


¹⁾ As COEN CO., LTD., settles its accounts on January 31, figures displayed are as of January 31, 2012.
²⁾ Urban shopping centers are those located within the 23 wards of Tokyo and cities nationwide designed by government ordinance.

Brand portfolio



Positioning map of each business by average spending per customer and customer age



UNITED ARROWS Business

UNITED ARROWS / BEAUTY&YOUTH UNITED ARROWS



UNITED ARROWS YOKOHAMA



UNITED ARROWS ROPPONGI MEN'S STORE

UNITED ARROWS

A lifestyle store brand that imbues a spirit of richness while serving as an epicenter that spreads Japan's sensibilities to the rest of the world

UNITED ARROWS offers a broad range of dressy clothing and miscellaneous lifestyle goods for men and women who take an active interest in fashion and appreciate classic, high-quality products.

UNITED ARROWS offers trendsetting designer brands from all over the world and also provides a range of mainstay products that are long-standing favorites of customers, as well as private label brands aligned to the latest trends. Our aim for this brand is to furnish our customers with a choice of classic clothing options provided by a sales staff that is distinguished by its finely tuned specialist knowledge and customer service expertise. Every effort is made to give our customers a sense of immense pleasure in wearing the UNITED ARROWS brand.

UNITED ARROWS serves as our flagship brand, playing a leading role in shaping our image as a trend-conscious specialty fashion group.



UNITED ARROWS



BEAUTY&YOUTH UNITED ARROWS SHIZUOKA



BEAUTY&YOUTH UNITED ARROWS

Combining traditional values with a sense of fun based on the themes of spiritual beauty and eternal youth

Grounded in the themes of spiritual beauty and eternal youth, BEAUTY&YOUTH UNITED ARROWS offers a lineup of casual clothing and miscellaneous lifestyle goods targeting those men and women who maintain an acute sensitivity toward new ideas and trends, a flexible and creative approach toward fashion, and fully understand the style that best complements their individuality.

We strive to combine traditional styles with the latest trends and a genuine sense of fun. Our aim is to showcase the subtle color and hue of each customer and to provide our clientele with the pleasure of choosing clothing that suits a variety of life's scenes and circumstances.

With ample opportunity to open new stores and a significant proportion of its business taken up by private label products, BEAUTY&YOUTH UNITED ARROWS is confident in its ability to become a core UNITED ARROWS Group brand and to substantially boost sales and profitability as well as growth potential.



BEAUTY&YOUTH
UNITED ARROWS

UNITED ARROWS green label relaxing Business



UNITED ARROWS green label relaxing lumine shinjuku

UNITED ARROWS green label relaxing

Stores where friendly sales staff offer a pleasant, fashionable way of life

The UNITED ARROWS green label relaxing business provides business attire, casual clothing, kids' clothing, and miscellaneous lifestyle goods for men and women who want to live happy and fashionable daily lives according to their own values.

UNITED ARROWS green label relaxing provides items based on UNITED ARROWS' sense of traditional value at more-affordable prices than products of the UNITED ARROWS brand. It offers styles that can help customers live comfortable daily lives in a way that is true to themselves through a network of conveniently located and pleasant stores with friendly sales staff. We expect UNITED ARROWS green label relaxing to serve as one of our key drivers of sales and profits, and looking ahead anticipate it will continue to actively grow the business moving forward.



CHROME HEARTS Business



CHROME HEARTS TOKYO

CHROME HEARTS

Brand business—Handling CHROME HEARTS products

CHROME HEARTS is a silver and leather brand established in 1988 by designer Richard Stark. In its leatherwear, silver accessories, jewelry, furniture, personal, and other items created based on the excellent craftsmanship of the designer and infused with the spirit of breaking free from tradition, CHROME HEARTS provides the essence of a world of luxury and continues to win acclaim for its all-encompassing designs and the perfection of its products.

UNITED ARROWS LTD. began handling CHROME HEARTS products at UNITED ARROWS stores in 1992. After a period of test marketing, business development began in earnest in 1999. Today, CHROME HEARTS is one of our main business pillars, and we continue to provide an opportunity for customers in Japan to experience the world of CHROME HEARTS based on our official licensing agreement with CHROME HEARTS JAPAN, LTD.



SBU and UA Labs

Small Business Units (SBUs) and UA Labs are small business groups that actively strive to become the next core business pillars of our company. The Group's network comprised eight SBUs as of March 2012.

Another Edition

Another Edition targets women who want to express their own individuality and creativity through fashion without being overly influenced by the latest trends. The Another Edition brand aims to deliver to customers exactly what they are looking for, by offering a broad spectrum of products from eye-catching through to basic items.



Opening stores in commercial spaces within airports, this business provides a mix of items selected from several different brands together with original goods offered only at airport stores. Based on the four themes of travel, business, daily use, and gifts, this business aims to support the enjoyment of travelers. In July 2010, the first airport stores opened in Narita International Airport Terminal 2 and Haneda Airport Terminal 2.



Jewel Changes

Jewel Changes offers sophisticated, glamorous styles to women who wish to celebrate their femininity. Jewel Changes clothing, accessories, and shoes tap into the latest fashion trends, but achieve distinction by being of very good quality, with superior materials and cuts.



The company opens stores using commercial space in railway station buildings. Products showcased are a mix of select items from several of the UNITED ARROWS LTD's businesses as well as items found only at station stores. With a focus on the key words "fashion," "convenience," and "gifts," a selection of women's apparel and accessories is on display to brighten the daily lives of customers. Operations were commenced at the ECHIKA OMOTESANDO store in Minato-ku, Tokyo, from November 2011.



Odette é Odile

Odette é Odile UNITED ARROWS provides a variety of shoes and other items for women who appreciate shoes as an integral component of the fashion ensemble. Our private label brands, the main offering of this business, contain a perfect balance of style, appropriate pricing, and comfort, allowing us to provide high-class shoes that brighten up the overall coordinated look of customers.



THE HIGHWAY STORE UNITED ARROWS LTD. targets service and parking areas along expressways. Products showcased are a mix of select items from several of the UNITED ARROWS LTD's businesses as well as items found only at highway stores. With a focus on the key words "fashion," "convenience," and "gifts," a selection of products is on display to make driving and travel more enjoyable. Operations were commenced at the EXPASA EBINA store in Ebina, Kanagawa Prefecture from December 2011.



Drawer

The DRAWER brand creates a special shopping experience for more-discerning women who can tune out the noise of fashion fads, through its distinctively sophisticated high-quality items and a supporting range of well-coordinated offerings that provide optimal balance between the basic and the high end, as well as its store ambiance.



ARCHIPELAGO UNITED ARROWS LTD. store provides a mix of the specialist Another Edition, Jewel Changes, and Odette é Odile UNITED ARROWS brands as well as the wholesale Lotta Love product line distinguished for its rich character. While delivering an expression of individual taste, each brand offers customers with the enjoyment of selecting from a wide selection of fashion options. The opening of an inaugural store in Hakata, Fukuoka Prefecture, marked the launch of this business in March 2011.



Consolidated Subsidiaries

FIGO CO., LTD. / COEN CO., LTD.

FIGO CO., LTD.

FIGO CO., LTD., became part of the UNITED ARROWS Group in November 2005. FIGO has exclusive distribution rights in Japan for the Italian bag and accessories brand Felisi. The products are sold through 11 directly operated stores (as of March 31, 2012) as well as online and on a wholesale basis to specialty and department stores.



COEN CO., LTD.

Established in May 2008, COEN CO., LTD., operates the COEN brand of men's and women's casual clothing targeting the new basic trend-conscious market, which consists of customers who generally look for affordable prices but who also have a strong interest in fashion. COEN offers reasonably priced contemporary casual clothing based on the theme of easy chic.

As its product strategy, COEN aims to establish a quick-response system for product supply and a supply chain operations system while achieving high productivity and profitability by using the product development capabilities of the UNITED ARROWS Group and availing itself of the production capabilities of business partners.



	FIGO CO., LTD.	COEN CO., LTD.
Core target customer	Late 20s to mid 40s	Mid 20s to 30s
Store locations	Roadside stores, departments stores, urban shopping centers	Urban shopping centers, regional and suburban shopping centers
Average contracted floor space per store	Around 100m ²	Around 180m ²
Turnover per store	¥100 million	¥100 million
Number of new stores opened annually	Around 1–2 stores	Around 8–12 stores
Ratio of private label brands and purchased products	—	80:20
Ratio of wear and miscellaneous items	5:95 ^{*1}	80:20
Average spend per customer	¥38,000	¥4,500

*1 Calculated from retail sales results

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The Retail Apparel Market and the UNITED ARROWS Group

The retail apparel market

The scale of the Japanese retail apparel market is around ¥9–10 trillion. Structural issues including Japan's aging demographic profile and low wage growth are leading directly to lower consumer spending on apparel. As a result, the market scale is showing steady signs of contraction.

The economic downturn triggered by the global financial crisis since September 2008 is making consumers more cautious in their spending patterns, more reluctant to purchase clothing, and more inclined to choose lower-priced items. In addition to the drop in customer numbers, the "fast fashion" boom together with the rise in specialty stores that place considerable emphasis on pricing are prompting the shift toward lower-priced items and consequently contraction in the market's overall scale.

Operating within a retail apparel market that continues to confront increasingly harsh business conditions, the UNITED ARROWS Group is working diligently to implement a wide range of initiatives including the opening of new stores and development of new sales channels in an effort to lift sales. In this manner, the Group is endeavoring to generate ongoing, stable growth.

Channel diversification

Over the past decade, sales channels have undergone significant change. Department and general merchandise store sales growth has stalled. Specialty store and others channel¹ sales, on the other hand, have remained firm by comparison.

The mail-order route, included in others channel, and particularly online sales have enjoyed remarkable growth. Despite expectations that the market scale will continue to shrink, the online sales market is projected to experience ongoing growth.

¹ Includes mail order (Internet, catalogue, television, others) as well as discount stores.

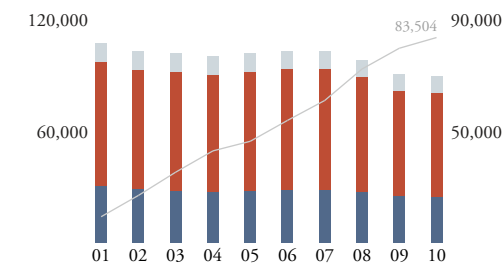
Select shops

Select shops are stores that provide customers with products procured from all over the world, based on unique brand concepts and the discerning judgment of their buyers. There are also companies that adopt an SPA² (specialty store retailer of private label apparel) strategy under which they offer a mix of purchased and private label products. In handling products that offer the appeal of high-value-added attributes and a distinctive uniqueness, select shops are positioned between department and specialty stores at the mid to high-end price range. As such, they are relatively unaffected by trends in economic conditions.

UNITED ARROWS LTD. maintains a balance between attracting customers by carefully handpicking selected designer brands from Japan and overseas and ensuring high profitability by offering private label brands. The Company has the largest sales of any company adopting a select shop business model and is the only such company to have publicly listed its stock.

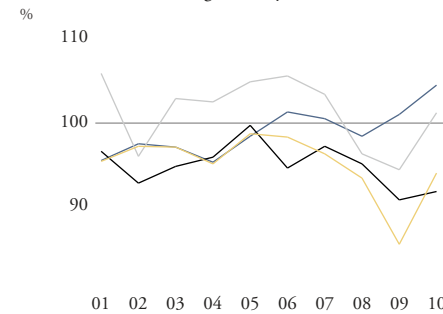
² SPA (specialty store retailer of private label apparel): A fashion company with comprehensive involvement from manufacturing through to retailing.

Trends in the scale of Japan's retail apparel market and UNITED ARROWS Group sales
billions of yen / millions of yen



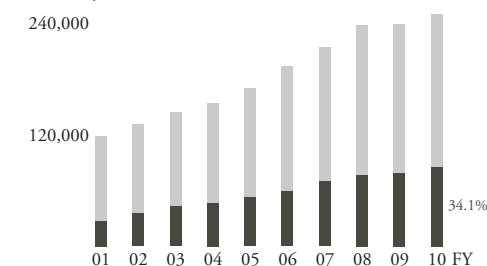
Legend: UNITED ARROWS Group sales (dark blue), Children's apparel (light blue), Women's apparel (red), Men's apparel (dark blue). Source: UNITED ARROWS LTD., and Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

Trends in rates of sales growth by sales channel %



Legend: Department stores (yellow), Specialty stores (grey), General merchandise stores (black), Others (blue). Source: Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

Trends in total sales of five major select shop companies and UNITED ARROWS LTD.'s market share
millions of yen



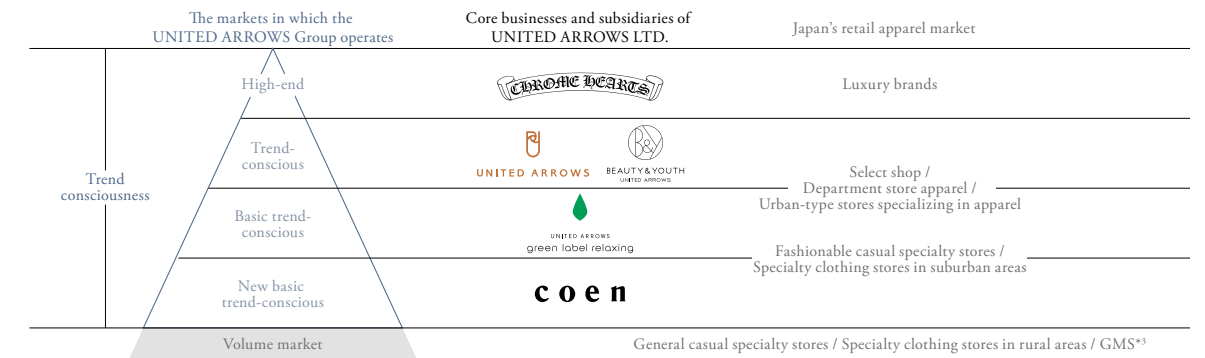
Legend: UNITED ARROWS LTD. (dark blue), Total of four other major select shop companies (grey). Source: Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

The markets in which the UNITED ARROWS Group operates

The Japanese retail apparel market can be divided into two categories: the volume market, which mainly consists of relatively low-priced daily clothing, and the trend-conscious market for consumers who are highly sensitive to fashion trends. The UNITED ARROWS Group targets this trend-conscious market.

Our target customers are people who have a strong interest in fashion and want to enrich their lives through it. All our activities—including product development, store exterior and interior design, customer service, and advertising, promotions, and other marketing initiatives—are driven by our awareness of them.

Market positioning map



³ GMS: General merchandise store

The UNITED ARROWS Group's business structure

UNITED ARROWS LTD. started out as a select shop handling men's business attire, focusing mainly on purchased brands. It has since evolved and adopted an SPA strategy that offers a mix of purchased products and private label products, offering men's and women's dressy and casual clothing and miscellaneous lifestyle goods.

With UNITED ARROWS and UNITED ARROWS green label relaxing, our other full-line store that offers an SPA-type mix of both purchased and private label products, serving as our

key offerings, we now have numerous other businesses with different characteristics, including our brand business, CHROME HEARTS, and our quick response (QR) / SPA business, COEN. By handling a broad range of products for various tastes, we are aiming to expand our customer base and meet diversifying customer needs. In addition, we are also leveraging synergies between our various businesses and transforming into a sustainable group that achieves solid profits and is resilient to changes in the external environment.



Operating companies: □ UNITED ARROWS LTD. □ FIGO CO., LTD. □ COEN CO., LTD.

UNITED ARROWS LTD. has positioned its stores at the frontline of its operating activities. Every effort is made to reflect the comments and opinions gleaned from customers in every facet of the value chain. All initiatives including product development, inventory management, and customer service generate synergy benefits within the value chain. This is the source of the Company's robust competitive advantage.

Direction

A feature that defines UNITED ARROWS LTD. is the direction that initiates all activities related to product development. Direction, which is based on shifts in social tastes, allows us to put in place a common theme across all businesses on a seasonal basis. In addition, the Marketing Department consistently undertakes research into the latest fashion trends, providing this information across the Company. Each business then draws on this information to establish specific themes that incorporate particular attributes.

Product planning

Product planning entails dividing the year into 52 weeks and putting in place a process and lineup based on 52-week merchandising. Drawing on past customer trends and behavior as well as sales data, UNITED ARROWS LTD. puts in place a product strategy focusing on the most appropriate items, prices, and volumes for each season. During each season, the status of sales is closely monitored. This monitoring process helps to verify the validity of each strategy and to alert the Company of the need to make necessary adjustments through detailed modification, including the placement of additional orders as well as the early reduction of inventories through markdowns.

Product development

Underpinned by these processes, steps are taken to develop designs and materials and to prepare patterns. While fully expressing the concept of each brand, samples are passed on to the Sales Department and then shared with sales personnel in order to more finely tune the product to customer needs. Designers accompany buyers during their purchasing trips to grasp global fashion trends. Complemented by the mutual exchange of information, particular weight is placed on harnessing the merits inherent in both purchased products and private label brands. This serves as the wellspring for differentiating the Company's products.

Production planning and control

UNITED ARROWS LTD. formulates production strategies that encompass the selection of contract factories as well as procurement. This is in accordance with the specifications of each product, together with cost control initiatives. After placing an order, the Company collaborates closely with contract factories; controls delivery, quality and costs; and oversees the entire process through to product completion. In addition to harnessing customer feedback to further enhance production planning, regular meetings are held with contract factories to improve the quality of finished products.

Purchasing and ordering

Under the Company's concepts with respect to direction and product planning, buyers attend exhibitions and view fashion collections in Japan and overseas. This is done while undertaking detailed purchasing negotiations about the item, volumes, purchase price, and delivery. Buyers are also involved in the development of exclusive items with popular brands. Through these means, steps are taken to further differentiate products from other companies. In addition to strengthening the integrity of existing brands, the Company's mission includes uncovering promising new brands ahead of its rivals. Accordingly, buyers take direct ownership in collecting information as well as cultivating a fresh and ever-expanding network.

Distribution warehouses

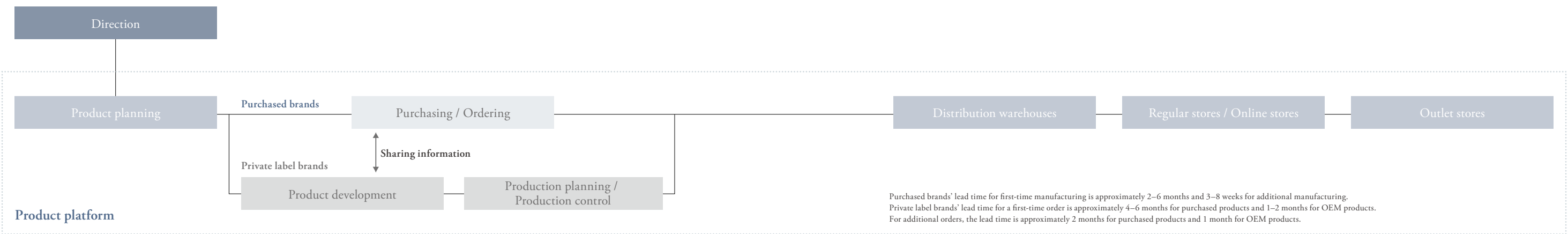
UNITED ARROWS LTD. engages in distribution warehouse operations in collaboration with distribution companies. The Company maintains a network of five distribution centers in Japan. Inventory control is conducted on a concentrated basis through various initiatives including price tagging and product inspection. While product deliveries to stores are maintained at an optimal minimum, a point of sale (POS) system installed at all stores ensures that top-selling items are quickly replenished as appropriate. This serves to minimize sales opportunity loss as well as the transfer of products between stores. These measures also help to alleviate the burden placed on stores to monitor and manage inventory. This in turn allows stores to focus on enhancing customer service and expanding sales.

Regular stores and online stores

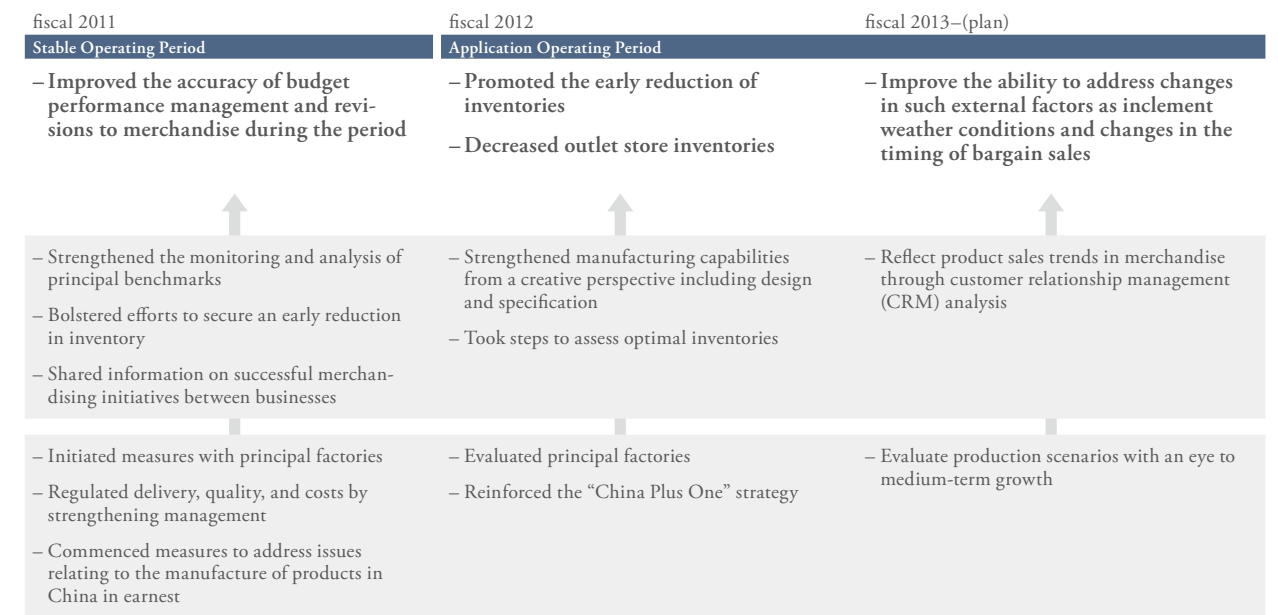
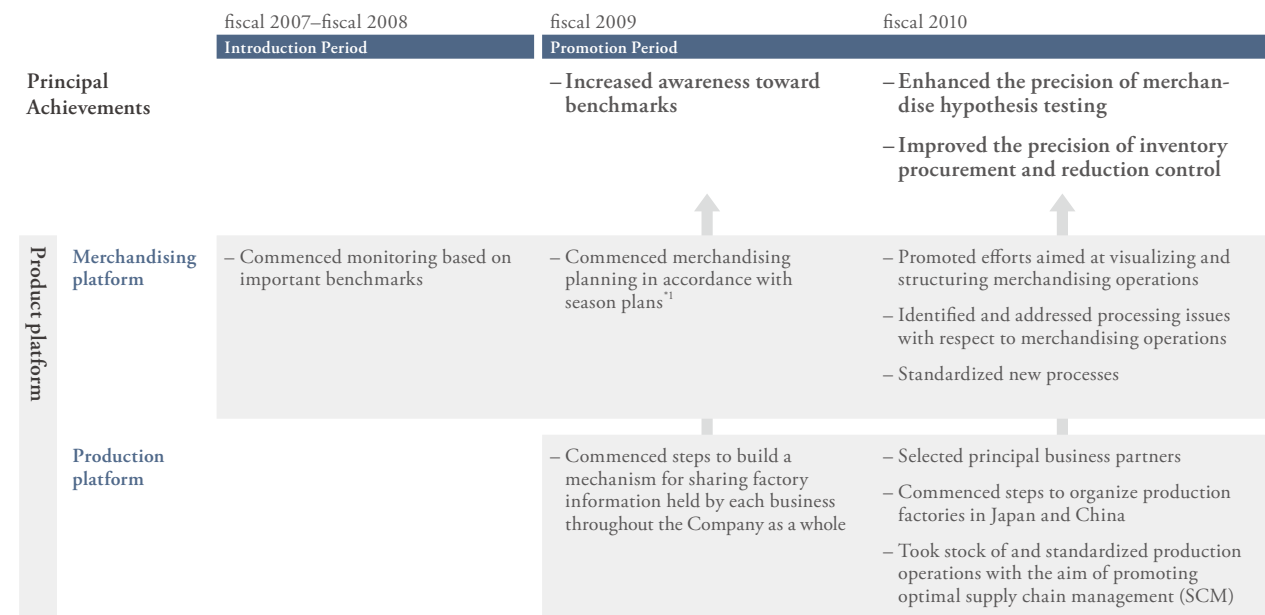
Based on the corporate philosophy that "Our Stores are for Our Customer," UNITED ARROWS LTD. strives to deliver a level of customer service that addresses each customer's needs. At the same time, the Company endeavors to exceed customer expectations and provide a lasting impression. Sales personnel undergo practical on-the-job training at stores. This practical training is supplemented by the UNITED ARROWS University internal training program. In order to maintain and increase the knowledge and motivation of sales personnel, UNITED ARROWS LTD. has also initiated a Sales Master system as well as the UNITED ARROWS Grand Prix award initiative recognizing the skills and performance of outstanding personnel. Furthermore, the Company places considerable emphasis on store environments. In order to enhance the shopping experience, UNITED ARROWS LTD. strives to express the nature of the brand and provide an attractive presentation.

Outlet stores

UNITED ARROWS OUTLET plays the important role of continuously reducing residual inventories of slow-selling products as well as excess stock in each business category. Promoting the prompt transfer of stock to outlet stores helps maintain the fresh appeal of products at frontline stores. The swift reduction of inventories and conversion into cash from sales also serves to secure improvements in gross profits and cash flows. UNITED ARROWS OUTLET stores are for the most part located in suburban and exurban areas. For this reason, these stores help raise brand awareness among residents who live outside the network of the Group's frontline stores.



Initiatives in transition



¹Season plan: Procurement planning document to determine the amounts of procurement and inventory as well as the inventory reduction method that underpins sales, gross profit, and final sales rate targets.

What is the product platform?

The product platform, which is comprised of a merchandising platform and a production platform, is a framework that supports each of the procurement, production, product launch, and inventory reduction activities. This overarching framework is used to stabilize merchandising operations by standardizing and structuring activities that are susceptible to the experience and skills of employees.

The merchandising platform provides the mechanism for determining the current status of merchandise flows and the basis for making decisions. Utilizing the progress management tables and indices consistent across all businesses, UNITED ARROWS LTD. has established a swift and easy-to-implement decision-making process that allows the Company to promote the additional production of top-selling items while reducing production and inventories of slow-selling items. As a result, UNITED ARROWS LTD. has witnessed increases in the rates of inventory reduction as well as final sales. This is in turn leading to improvements in gross profit, inventories, and cash flows.

The production platform works to formulate the product procurement and production strategies that take us from merchandising planning through to realization. While manufacturing is outsourced, the choice of external plant or factory for each item is based on Companywide information on procurement regarding raw materials as well as the manufacturing plant. Accordingly, this has led to positive adjustments

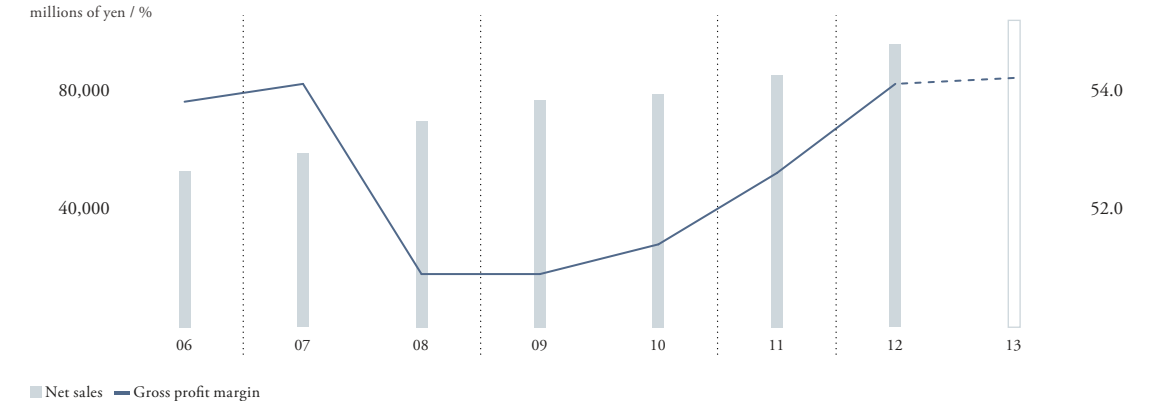
in procurement costs relating to purchases and production as well as lead times in a way that satisfies the five key criteria².

UNITED ARROWS LTD. commenced the shift to a merchandising platform in earnest in the fiscal year ended March 31, 2007. In the ensuing period, the Company has reinforced a variety of initiatives aimed at better monitoring, analyzing, as well as visualizing and standardizing operating processes with respect to such important indicators as gross profit, the sales ratio, and the residual inventory ratio. Turning to the product platform, we have taken steps to share factory information held by each business, select and evaluate principal business partners, and bolster collaboration.

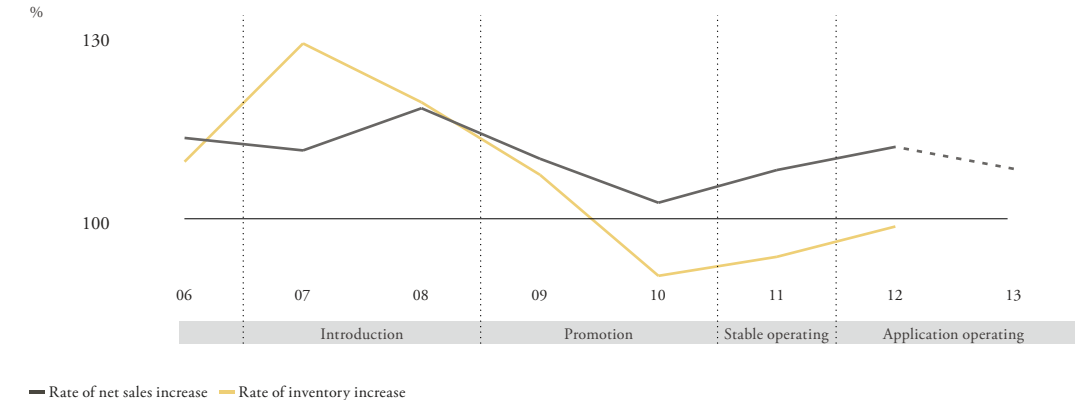
As a result, and with each passing year, we have successfully improved the precision of our planning proposal, verification, product procurement, and inventory reduction capabilities while better engaging in flexible inventory control in line with the status of sales. Moreover, there are clear indications that we are steadily fortifying an operating foundation that is relatively unaffected by such external factors as delays in seasonal sales attributable to inclement weather conditions and shifts in the timing of clearance sales. Furthermore, these efforts are generating surefooted results, with steady improvements in key benchmarks including gross profit margins and inventory efficiency.

² 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 the prices they want.

Trends in net sales / Gross profit margin (non-consolidated)

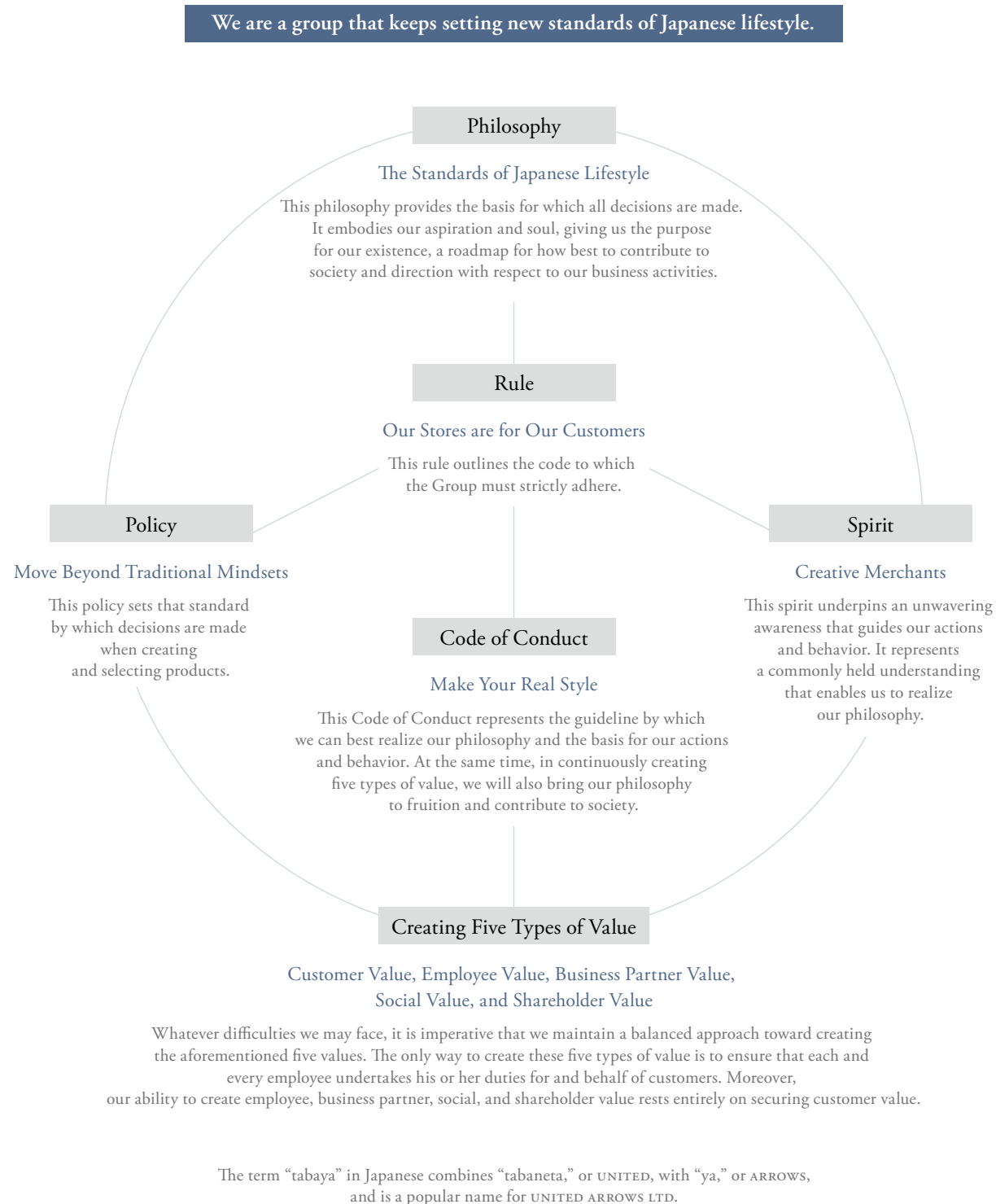


Trends in the rates of increase in net sales and inventory (non-consolidated)



Corporate Philosophy

UNITED ARROWS LTD's corporate philosophy provides the vision and purpose of its everyday activities. Positioned at the very heart of its business endeavors, this philosophy is comprised of five core elements. The Company has also maintained an unwavering commitment to the concept of values since its foundation. It is these values that are carried forward as the essence and spirit of UNITED ARROWS LTD.



CSR Activities

Enhancing Customer Satisfaction and Product Quality

In the pursuit of maximizing customer satisfaction, UNITED ARROWS LTD. has constructed a mechanism for applying customers' inquiries and opinions. In addition, we have joined forces with our business partners in efforts to improve product quality so that customers will continue to regard us as the source for great products.

Mechanism for applying customer feedback to management and business activities

Conducting Customer Service Center activities

The Customer Service Center replies to approximately 17,000 customer inquiries each year. In order to maximize this application of customer feedback, we are analyzing trends in all businesses based on aggregations of content. In addition, we strive to share favorable feedback and prevent the recurrence of complaints by presenting and discussing "Thank you notes," which are used to collect expressions of gratitude, and "Complaints notes," which are used to summarize complaints, at weekly Sales & Marketing meetings attended by the Company's directors and the general manager of each business department. Customer feedback is shared within the department or with various related parties and is used toward the resolution of those issues identified. As the point of contact for the Company's customer response, the Customer Service Center contributes to the overall improvement of service quality.

Offering smooth response thanks to centralized control of customer data

The UNITED ARROWS LTD. HOUSE CARD membership card is offered to customers, and approximately 1.47 million members have signed up for it as of June 2012. This card can be used at any of our retail stores (excluding CHROME HEARTS stores) and also at UNITED ARROWS LTD. ONLINE STORE. Gift cards are awarded to members based on the points they have earned by using their cards when making purchases.

HOUSE CARD customer data is centrally controlled within the Company; this data can even be put to use at the Customer Service Center as well as retail stores to realize a smoother response by referencing a customer's past shopping information.

Applying customer feedback to quality improvement

At the Customer Service Center, opinions and other forms of customer feedback are taken into consideration during the early stages of merchandising operation, and efforts are made to integrate such feedback into the curtailment of product defects. Having seminars for staff involved with our products, they can directly listen to recordings of actual interactions with customers in order to raise their awareness of quality related matters.

Efforts to improve product quality through cooperation with business partners

Improving quality at the Shanghai factory in China

The Company regularly holds quality control (QC) meetings involving business partners of private label brands, such as production consignment factories in its main production area of Shanghai, China and its suburbs, inspection centers, and trading companies. This creates an invaluable opportunity for partner companies to come together and exchange opinions concerning such issues as the prevention of damage to products and improving the accuracy of data on order forms and apparel manufacturing specifications.

Eliminating erroneous labeling

Purchased products that are procured from around the world comprise the majority of the products. These products are manufactured in a myriad of different regions using a variety of processes. Therefore, there is a possibility of errors in the labeling of the country of origin that appears on the tags or on the care instruction labels of these products. In the past, the Company has had some issues with errors in the labeling of the country of origin and the material composition of products. As a result, we have been reevaluating internal Company regulations and bolstering efforts to eliminate these erroneous entries.

A briefing session intended to eliminate erroneous entries was held in Tokyo in January 2012, a continuation of those from the previous fiscal year, for business partners who provide us with products. At the session, the numbers of occurrences per month of erroneous entries discovered during inspections of products were given and concrete methods for preventing erroneous entries in places prone to such mistakes were explained. ①



① Holding briefing sessions intended to eliminate erroneous entries

Approximately 3,000 employees are involved in the businesses of UNITED ARROWS LTD. With the overarching corporate philosophy of “Our Stores are for Our Customers,” we intend to stand together and will endeavor to promote the nurturing of human resources in a way that will allow each employee to use their talents to their fullest and to develop a sound workplace environment.

Strengths of our Company’s human resources development

Providing training at UNITED ARROWS University

The training system of UNITED ARROWS LTD. comprises three elements: Companywide education, business education, and on-site education. At UNITED ARROWS University, a Companywide training institution, various forms of training are offered to all employees, with the equivalent of as many as 130–150 days of training given in a single year, with individuals from our head office as well as stores throughout Japan taking courses. The content is diversified, encompassing refinement of customer service techniques and knowledge of products, new employee orientation, and management training. Training of new employees is regarded as especially important in the nurturing of our human resources as it facilitates increased understanding of our corporate philosophy. Also, practical on-the-job training (OJT) at each store enables enhancement and refinement of customer service skills. ①

Recognizing outstanding sales personnel

Sales personnel, who make up approximately 80% of our employees, are responsible for providing great customer service. As a result, we are constantly improving the level of customer service.

The Sales Master System introduced in 2008 confers titles of recognition to exceptional sales specialists. Every year, only a handful of sales personnel from a total of over 2,000 are specially recognized as such following a strict review of their performance in terms of sales contribution, customer service, and product knowledge. Those awarded the title of Sales Master are rewarded with more-favorable compensation and expected to act as the Company’s ideal sales personnel. As of June 2012, 28 individuals were active as Sales Masters.

Also, each year the Company holds a UNITED ARROWS Grand Prix sales contest that uses a role-playing format to simulate customer–sales personnel interaction. All Group brands take part in this contest, with one salesperson from

each brand competing to demonstrate their advanced customer service techniques. A sense of shared excitement during this contest heightens loyalty to the brands each individual represents, thereby deepening group solidarity. ②

Development of an easy-to-work-in workplace environment

Balancing work and home life

Sixty percent of the Company’s employees are women. Therefore, we are working hard to create a workplace environment in which women can easily work even after they marry or have children. By developing systems for child care, nursing leave, and shorter working hours, we support the maintenance of an appropriate work/home balance for employees. In 2009, our efforts were recognized by the Ministry of Health, Labour and Welfare, as a corporation proactively promoting the support of child-raising. ③

	2011	2012
Employee data (non-consolidated)		
Number of employees	2,647	2,855
Of these, number of female employees	1,509	1,676
Status of child-raising system utilization (non-consolidated)		
Number of individuals taking child-raising leave	70	69
Number of individuals using system for working shortened hours to spend more time raising children	64	93

Conducting employee satisfaction survey

The Company conducts employee satisfaction surveys. In August 2011, a survey was conducted concerning 18 items such as “Agreement with corporate philosophy,” “Labor environment,” and “Compensation level.” In this survey, 96% of respondents expressed agreement with the corporate philosophy. This shows that the corporate philosophy had been deeply internalized.



① Customer motivation training underway at UNITED ARROWS University



② Role-playing at the UNITED ARROWS Grand Prix



③ Mark in recognition of being a next-generation childcare supporting corporation (Kurumin)

With the goal of reducing electricity consumption resulting from store lighting and curtailing the environmental burden, UNITED ARROWS LTD. proactively uses LED lighting in its stores, and has introduced reusable Eco-Boxes in place of corrugated cardboard boxes. Through such efforts, the Company is endeavoring to operate environmentally friendly stores.

Curtailed of electricity utilization rates in stores

Introducing LED lighting in approximately 85% of stores

The Company has opened 186 stores as of the end of March 2012. Of these, 147 stores, or approximately 80%, used a total 13,842,517 kWh of electricity in the fiscal year ended March 2012.

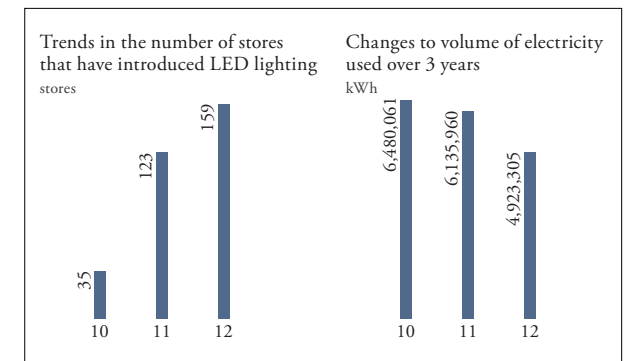
In March 2010, the Company commenced the introduction of LED lighting in 35 stores. Subsequently, LED lighting was introduced in a further 88 stores in the fiscal year ended March 2011 and 36 additional stores in the fiscal year ended March 2012. As a result, LED lighting had been completely introduced in a total of 159 stores as of the end of March 2012. Thus 85% of all stores are now equipped with LED lighting.

Going forward, we hereafter plan to continue to proactively adopt LED lighting in newly opened stores and renovated stores. ① ②

Reducing electricity use by 24% through introduction of LED lighting

Upon the introduction of LED lighting in March 2010, a comparison was made of annual consumed electricity and CO₂ emission volumes. It was calculated that the introduction of LED lighting curtailed these to less than 1/10 of their former amounts.

Furthermore, after the introduction of LED lighting, the amount of electricity used was calculated to ascertain the actual energy efficiency effect for the three years through March 2012 in 57 stores. This survey was conducted under the same conditions (no relocations, no increased store areas, no closed stores, etc.) as those entered on a direct contract basis with power companies or for which their developers reported amounts of electricity used. According to these calculations, there was a significant trend of reductions in the amounts of electricity used over the three year period. Of these 57 stores, 46 had introduced LED lighting, which proved that LED lighting had made possible substantial cost reductions in terms of energy efficiency and electricity fees within stores.



Reduction of packaging materials when delivering to stores

Concomitant with the expansion of operations and increases in the number of stores, the amount of disposable corrugated cardboard used in shipping and delivering products has climbed every year. Purchasing costs and the environmental burden associated with corrugated cardboard box use were seen as problematic.

Therefore, 4,000 Eco-Boxes capable of being reused approximately 300 times were introduced starting in April 2012. This allows for the elimination of the use of the 280,000 corrugated cardboard boxes per year, with savings of ¥44 million predicted over three years. We also received feedback indicating that the time spent on box assembly and disassembly was shortened and that the boxes were more convenient for those carrying them during transportation. These boxes were first introduced in the most frequently used size, with use expected to be expanded in the future incrementally to other sizes. ③



① The green label relaxing lumine shinjuku store, which has introduced LED bulbs in all its store lighting, including signs



② The BEAUTY&YOUTH MATSUYAMA store, which has introduced LED lighting



③ Eco-Box

UNITED ARROWS LTD. has used its status as a fashion corporation to undertake various activities contributing to society and the environment, such as support, relief, and reconstruction efforts in areas stricken by the Great East Japan Earthquake and the “Reduce Shopping Bag Action” campaign.

Recovery and revitalization support for disaster stricken areas

Participating in the “MOVING ON TOGETHER!” charity project with customers

In March 2011, the UNITED ARROWS Group launched the “MOVING ON TOGETHER!” charity project in concert with its customers, with the goal of supporting relief and reconstruction efforts in areas stricken by the Great East Japan Earthquake disaster. This resulted in a total of ¥244,290,720 in donations being received by the end of March 2012.

Immediately after the earthquake disaster, this project swiftly undertook relief and reconstruction efforts in disaster-stricken areas—such as donating money, contributing clothing and other support materials, accepting donations at storefronts, and the like—while also promoting support activities that make use of its standing in the fashion retail sector. Each brand is providing support in concert with its customers by means of various sales and marketing activities, such as planning various charity goods, and putting to use part of its sales proceeds during the holding of various events and campaign periods as donations.

Revenues received thanks to this support plan by the end of August 2011 were primarily donated as charitable contributions (relief funds directly delivered to disaster victims). Since September 2011, however, our plan has primarily given donations of support funds (funding for activities of groups that

conduct support activities) to various support activity groups centered on the Central Community Chest of Japan. ① ②

Supporting disaster-stricken areas while preserving forests: “Reduce Shopping Bag Action” campaign

The Company is conducting a project in which ¥5 is donated to tree planting activities every time a customer declines to use a shopping bag. From its inception in November 2008 through March 2011, we have donated ¥1,826,775 to a mangrove tree planting project in Thailand.

From April 2011, we have started making donations to the forest preservation group “more trees,” represented by the musician Mr. Ryuichi Sakamoto, in support of Raising Healthy Forests Project tree planting activities in Japan. In the fiscal year ended March 2012, 162,115 customers participated in this initiative, providing a total ¥810,575 in donations.

In addition, from June 2012, the donation of ¥5 was revised to ¥10, with the funds now being donated to “LIFE 311,” a project conducted by “more trees” to support areas stricken by the earthquake disaster. “LIFE 311” uses the forest resources of the Tohoku region to create new employment in disaster-stricken areas and carry out support activities using the strengths of the region to promote its recovery. The project endeavors to make temporary wooden housing in cooperation with residents of the disaster-stricken areas using timber from forest thinning. ③

Participating in the “TOHOKU COTTON PROJECT” Starting in July 2011, UNITED ARROWS green label relaxing participated in the “TOHOKU COTTON PROJECT,” which intends to assist recovery efforts for agriculture in the areas stricken by the Great East Japan Earthquake disaster.

This project is a plan to support relief and reconstruction efforts by cultivating cotton on farmland that faces difficulties in producing rice due to tsunami damage from the disaster. In this project, apparel-related companies doing everything from spinning through commoditizing and the selling of products uses this cotton. The redevelopment of agriculture via cotton cultivation can also contribute to such things as preventing farmers who have lost work giving up farming for another profession and creating employment opportunities. ④

TOHOKU COTTON PROJECT web site
www.tohokucotton.com/

Calling for the early detection of breast cancer: “Pink Ribbon Campaign”

The Company is a supporter of the world-renowned Pink Ribbon activities intended to raise awareness of the importance of the early detection, diagnosis, and treatment of breast cancer. Since 2008, we have continued to hold a Pink Ribbon Campaign for the entire month of October, Breast Cancer Awareness Month. During the campaign period, to encourage and promote increased awareness among our customers and employees, the Company sells Pink Ribbon based merchandise; promotes increased awareness of the importance of early detection, diagnosis, and treatment of breast cancer; and donates a portion of sales proceeds to related groups.

Six of our brands sold special Pink Ribbon items in the fiscal year ended March 2012, donating 5% of their total sales proceeds of ¥5,696,727. In addition, we donated ¥100 for every

one of the 3,044 customers who purchased products at DRAWER during the period. We also donated ¥5 for each of the customers who answered our questions via Twitter, a total of which 457 tweets were collected.

The entire contribution of ¥591,521 was donated to the nonprofit organization Japan Society of Breast Health. ⑤

**Can fashion save lives?
Presentation of uniforms to the children of Rwanda**

UNITED ARROWS and BEAUTY&YOUTH UNITED ARROWS sold T-shirts in collaboration with the American fashion brand OmniPeace*, for one week starting from May 25, which is United Nations Africa Day. At the Charity Day event held on May 28, ¥100 was donated to the Kageno, an American nonprofit organization, for every one of the 9,020 customers who made a purchase at those same businesses on that day, and uniforms were presented to children of Rwanda. (This charity is a collaborative effort between the Company and “Piece to Peace,” the Japanese agency of OmniPeace.)

At the nursery school in Banda Village, Rwanda, supported by this NPO, there were around 300 children busy engaged in studies. The T-shirts and clothes worn by the children were rife with bacteria giving rise to infectious diseases. The uniforms were made in textile factories where the women of Banda Village work. This also helps to promote self-sufficiency and improve lifestyles of the local residents. On this occasion, total funds of ¥902,000 were donated, providing support for approximately 750 uniforms. ⑥

*OmniPeace is a fashion brand that poses the question, “Can fashion save lives?” In order to eliminate famine and solve women’s issues in Africa by 2025, the Company uses a portion of its profits to establish one school per year in Africa.

The “united LOVE project 2012” charity T-shirt collection was created in collaboration between nine popular brands and UNITED ARROWS. These T-shirts are sold in the stores of every UNITED ARROWS business nationwide. Five percent of sales proceeds are scheduled to be donated to support relief and reconstruction efforts for areas stricken by the Great East Japan Earthquake.



① Logo of the Great East Japan Earthquake charity project



② Charity Monkey (50% of sales proceeds donated)



③ Logo of the Raising Healthy Forests Project



④ ©TOHOKU COTTON PROJECT



⑤ Pink Ribbon Monkey



⑥ Message of gratitude from the children of Rwanda

Corporate Governance

UNITED ARROWS LTD. recognizes that a fully functioning corporate governance system will ensure that the organization conducts itself in a fair and stable manner, while placing the utmost emphasis on sound as well as transparent management. Based on this fundamental stance, the Company has adopted a corporate auditor system and is working steadily to promote increased awareness and understanding of a governance system that encompasses a swift decision-making process and the timely execution of business activities, efforts to strengthen the supervisory and oversight functions, and the development of stringent internal control.

The corporate governance framework

As a corporate entity, UNITED ARROWS LTD. conducts shareholders' meetings and has established a Board of Directors and Board of Corporate Auditors. To allow directors to focus on decision-making with respect to important matters as well as supervise and oversee the execution of business activities, UNITED ARROWS LTD. has adopted an executive officer system. Under this system, executive officers are appointed to assume responsibility for the executive function.

As a company that has adopted a corporate auditor system, corporate auditors are appointed to ensure management transparency and to supervise and audit the Company as a whole.

The board of directors

The Board of Directors consists of five directors and in principle meets once a month. Extraordinary meetings of the Board of Directors are held as and when required. In addition to deliberating and determining important matters relating to business

operations stipulated under laws, regulations, and the rules of the Board of Directors, the Board is also responsible for the supervision and oversight of the status of business activity execution.

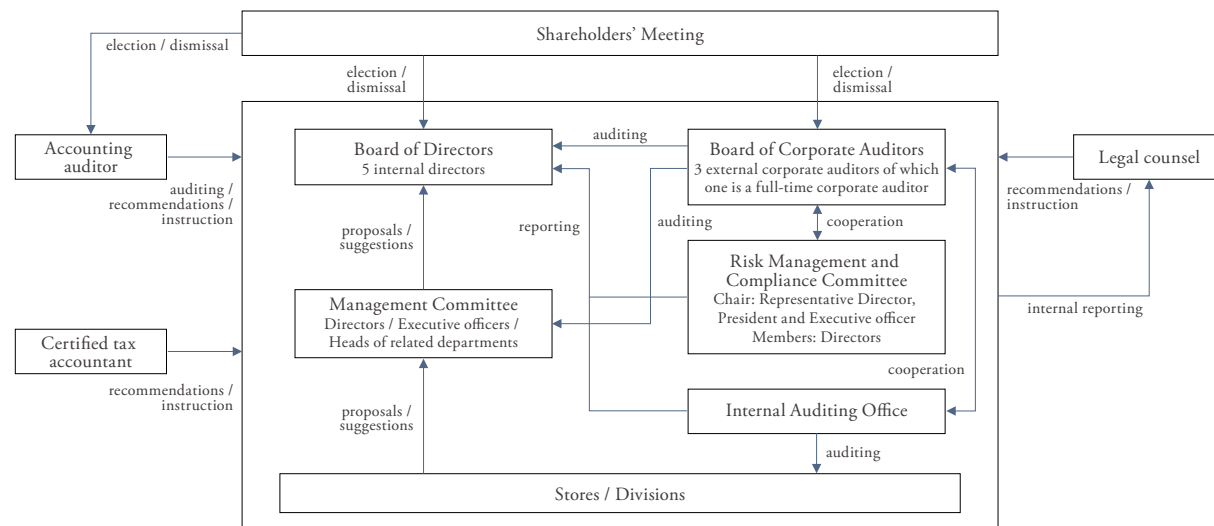
The board of corporate auditors

With a premium on independence and autonomy, the Board of Corporate Auditors is comprised of three externally appointed corporate auditors. In principle, the Board of Corporate Auditors meets once a month to determine auditing policies in accordance with the regulations of the Board of Corporate Auditors. The Board of Corporate Auditors serves as a forum to which reports prepared by corporate auditors, directors, and the accounting auditor are submitted. Drawing from these reports, the Board of Corporate Auditors compiles audit reports. Each corporate auditor attends meetings of the Board of Directors as well as all other important meetings. Corporate auditors also collaborate closely with the Internal Auditing Office, which reports directly to the president, placing particular emphasis on ensuring business process efficiency and the integrity of the Company's risk management. Corporate auditors serve as the conduit that facilitates the common sharing of audit results between stores, departments, and Group companies.

The management committee

In order to ensure that meetings of the Board of Directors are conducted in a manner that is conducive to smooth and swift decision-making, the Management Committee, which is comprised of directors and the managers of each department, meets weekly to deliberate fully on matters to be presented before the Board of Directors.

Corporate governance framework as of June 27, 2012



The executive officer system

UNITED ARROWS LTD. adopted an executive officer system in July 2008. To allow the Board of Directors to concentrate on decision-making with respect to important matters relating to business operations and to supervise and oversee the execution of business activities, executive officers are appointed to assume responsibility for the executive function. Substantial authority is delegated by the Board of Directors to allow executive officers to carry out their duties in a timely fashion. At the same time, steps are being taken to bolster the decision-making and supervisory functions of the Board of Directors.

Moreover, three members were newly appointed as executive officers on July 1, 2012, bringing the total number of executive officers to ten.

Officer compensation and other benefits

The maximum amounts of compensation paid to directors and corporate auditors are determined at meetings of the Company's shareholders. Individual amounts paid to each director are determined in accordance with in-house standards approved by the Board of Directors and after taking into consideration a comprehensive range of factors including details of the department of operations and tasks as well as operating results. Individual amounts paid to each corporate auditor are determined through discussions among the corporate auditors.

In addition, compensation paid to directors is linked to operating results. The Company has adopted a treasury stock acquisition-type compensation system that entails contributions covering a portion of compensation payable to the officer stock ownership association.

The total amounts of compensation and other benefits paid to directors and corporate auditors for the fiscal year ended March 31, 2012, are presented as follows.

Officer category	Total amount of compensation and other benefits paid (millions of yen)	Total amount of compensation and other benefits paid by type of payment (millions of yen)				Number of officers to whom compensation and other benefits were paid
		Basic compensation	Stock options	Bonus	Retirement benefit allowance	
Directors	753	224	—	99	430	6
External Officers	24	24	—	—	—	3

The total amounts of compensation and other benefits exceeding ¥100 million paid to a single corporate for the fiscal year ended March 31, 2012, are presented as follows.

Name	Total amount of consolidated compensation and other benefits paid (millions of yen)	Officer category	Company category	Total amount of compensation and other benefits paid by type of payment (millions of yen)			
				Basic compensation	Stock options	Bonus	Retirement benefit allowance
Osamu Shigematsu	325	Director	Filing company	44	—	23	258
Tetsuya Iwaki	234	Director	Filing company	40	—	21	172

Status of the development of an internal control system

UNITED ARROWS LTD. is fully aware of the importance of nurturing a corporate culture in which all employees are encouraged to offer their opinions irrespective of individual responsibilities and roles. It is equally vital that these opinions be reflected in the Company's activities as appropriate. With this in mind, every effort is made to provide all directors and employees with the positive motivation to go about their assigned tasks and duties with ambition and pride.

From a compliance perspective, UNITED ARROWS LTD. has established a Code of Conduct for all Company employees to follow. At the same time, a set of rules has been put in place encompassing risk management. Chaired by the president, the Company has established the Risk Management and Compliance Committee. This committee is charged with the responsibility of deliberating on the wide-ranging risks and

important compliance issues confronted by the Company and to consider appropriate countermeasures based on information compiled by the General Affairs & Legal Department on the status of activities of each division.

In carrying out assigned tasks, a system has been put in place to clarify the scope of responsibility and settlement authority for each department and duty. This also entails appropriate supervision and requirements regarding reporting. In addition, the Internal Auditing Office, comprised of four members reporting directly to the president, regularly conducts internal audits of each store and department. These audits are designed to confirm the status of compliance with statutory and regulatory requirements as well as the Company's Articles of Incorporation and business activity execution based on internal Company rules.

Measures to prevent hostile takeovers

UNITED ARROWS LTD. has adopted measures to prevent hostile takeovers for the dual purpose of protecting and enhancing corporate value as well as returns to shareholders. Under the plan adopted, entities seeking to acquire 20% or more of the Company's issued and outstanding stock are required to provide certain information in advance and to follow a defined set of prerequisite procedures to ensure the protection outlined above. After completing all appropriate and necessary steps, the entity seeking to acquire the Company's shares may proceed only when the Company's Board of Directors decides not to invoke the plan. To avoid the possibility of an arbitrary decision by the Board of Directors to put in place countermeasures to prevent an entity from acquiring the Company's shares, the Independent Committee, comprised solely of external corporate auditors and other independent parties, is established to examine the decision from an objective perspective.

The purpose and role of the Independent Committee is not to impair profits attributable to shareholders or to protect the status and standing of directors. Its sole function is to ensure the fairness and integrity of decisions and by extension to protect the Company's corporate value and returns to shareholders.

Strengthening group company governance

UNITED ARROWS LTD. has put in place a basic policy and system based on its affiliated company management rules outlining the necessary settlement and reporting procedures for business operations applicable to Group companies. This framework ensures proper control and management of the Group. Complementing this initiative, related departments and divisions collaborate as and when required to provide appropriate instruction and support. Furthermore, by conducting internal audits of affiliated companies, the Internal Auditing Office confirms the status of compliance with statutory and regulatory requirements as well as each company's articles of incorporation and business activity execution based on internal Company rules.

Shareholder survey

UNITED ARROWS LTD. is distinguished by the makeup of its shareholders and its extremely high proportion of individual shareholders. Of the Company's 13,878 shareholders as of March 31, 2012, 98% were individuals. Taking the aforementioned into consideration, UNITED ARROWS LTD. conducts a shareholder survey each year through its annual Business Report survey. The comments of shareholders are then fed back to management as a part of ongoing efforts to upgrade and expand

the Company's shareholder benefit program and to enhance measures aimed at returning profits to shareholders.

Disclosure

UNITED ARROWS LTD.'s basic policy on disclosure places the utmost emphasis on the continuous and voluntary provision of candid and equitable information in a timely manner. In specific terms, the Company holds regular and irregular briefing sessions for investors including analysts as well as institutional and individual investors. UNITED ARROWS LTD. engages in investor relations (IR) activities in a forthright manner, providing wide-ranging notifications including monthly sales reports and the electronic distribution of timely disclosure information. The Company proactively upgrades and expands its IR web site, promptly posting announcements, news releases, and related data.

UNITED ARROWS LTD.'s IR web site:
www.united-arrows.co.jp/en/ir/

Successor Development Program Aimed at Selecting the Company's Next Top Executive

Led by directors and the Personnel Affairs Department, a successor development project was launched from the fiscal year ended March 31, 2010.

In the first year of the project, steps were taken to clearly define the spiritual, technical, and knowledge requirements essential in the Company's next top executive. Having determined the overall criteria, an initial list of several dozen candidates including executive officers was drawn up and eventually narrowed down to a limited number of final prospects. In the following fiscal year, ended March 31, 2011, a review was undertaken of each final prospect's attitude toward business execution as well as their capabilities and performance. As of March 31, 2011, and after deliberations between the Company's two representative directors, the Board of Directors acknowledged Mitsuhiro Takeda as the most likely candidate to assume the reigns of the Company and subsequently approved his appointment as director, executive vice president.

The fiscal year ended March 31, 2012, was in effect positioned as a trial period for Mr. Takeda to succeed from his position as executive vice president to president of UNITED ARROWS LTD. While continuing to monitor the execution of his duties, preparatory steps were taken to ensure a smooth succession. In March 2012, the Board of Directors approved Mr. Takeda's appointment as representative director, president and executive officer and the framework of a new organizational structure. The appointment and this new organizational structure took effect as of April 1, 2012.

Board of Directors and Corporate Auditors

as of June, 27 2012



Osamu Shigematsu
CHAIRMAN AND DIRECTOR

The founder of UNITED ARROWS LTD. He offers advice on improving brand loyalty and promoting CSR activities.

Mitsuhiro Takeda
REPRESENTATIVE DIRECTOR, PRESIDENT AND EXECUTIVE OFFICER

As representative director, he serves as the commander in chief on management and sales activities. He also plays an active role in developing management policies for individual fiscal years as well as those for the medium to long term.

Mitsunori Fujisawa DIRECTOR AND EXECUTIVE VICE PRESIDENT
GENERAL MANAGER, BUSINESS UNIT CONTROL DIV. II, CHANNEL DEVELOPMENT DIV.

He is the director responsible for green label relaxing, SBUs, sales channel development, and Companywide sales initiatives.

Masami Koizumi DIRECTOR AND EXECUTIVE VICE PRESIDENT
GENERAL MANAGER, ADMINISTRATIONS DIV., PLANNING MANAGEMENT OFFICE

He is the director responsible for human resources, finance, accounting, administration, legal affairs, and investor relations.

Hiroyuki Higashi DIRECTOR AND MANAGING EXECUTIVE OFFICER
GENERAL MANAGER, BUSINESS UNIT CONTROL DIV. I

He is the director responsible for the UNITED ARROWS, BEAUTY&YOUTH, and brand businesses.

Yukari Sakai STANDING CORPORATE AUDITOR

Yoshiyuki Yamakawa CORPORATE AUDITOR

Hironari Hashioka CORPORATE AUDITOR

Front row, from the left: Shigematsu, Takeda; back row, from the left: Koizumi, Fujisawa, Higashi

Management Indexes

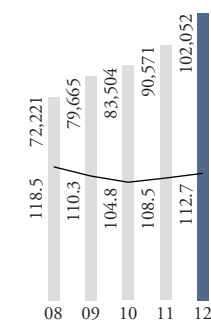
UNITED ARROWS LTD. and consolidated subsidiaries

years ended March 31	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
	millions of yen											thousands of U.S. dollars
Performance												
Net sales	26,943	35,271	42,903	46,330	53,813	60,959	72,221	79,665	83,504	90,571	102,052	1,242,423
Gross profit	14,438	18,854	22,722	24,636	29,018	33,072	36,891	40,647	42,865	48,001	55,661	677,645
Selling, general and administrative expenses	10,473	14,030	17,481	18,555	21,355	25,721	31,960	36,327	37,922	40,617	45,468	553,545
Operating income	3,965	4,824	5,241	6,080	7,663	7,350	4,930	4,319	4,942	7,384	10,193	124,100
Ordinary income	3,904	4,786	5,270	6,037	7,639	7,337	5,017	4,283	5,037	7,240	10,272	125,066
Net income	2,318	2,561	2,877	3,476	4,076	3,511	3,800	1,274	1,403	3,596	5,016	61,073
Financial condition												
Total assets	19,644	20,836	24,125	27,648	35,334	38,132	43,362	46,821	46,163	45,716	51,278	624,286
Current assets	11,794	12,482	14,660	18,001	23,378	23,478	27,283	29,460	29,069	28,342	33,207	404,283
Inventory	5,427	7,679	9,594	10,216	10,959	14,258	17,043	18,681	16,903	15,867	15,753	191,786
Noncurrent assets	7,850	8,354	9,465	9,646	11,956	14,654	16,078	17,360	17,094	17,373	18,071	220,002
Current liabilities	6,029	7,753	7,103	8,060	15,582	16,646	20,140	19,854	19,406	27,484	25,696	312,836
Noncurrent liabilities	159	159	1,418	775	5,187	3,850	510	3,962	3,429	3,128	6,290	76,587
Total net assets	13,456	12,924	15,603	18,812	14,565	17,635	22,711	23,004	23,327	15,103	19,291	234,862
Interest-bearing debt	0	1,400	2,136	1,180	10,183	8,246	7,416	11,899	7,748	16,132	10,114	123,140
Cash flows												
Cash flows from operating activities	1,907	740	1,876	4,122	6,596	1,801	456	1,286	7,933	6,923	12,081	147,079
Cash and cash equivalents	3,490	1,468	1,623	3,827	7,650	2,971	2,975	3,322	4,061	5,471	7,966	96,986
Major indicators												
Return on equity (ROE) (%)	18.8	19.4	20.2	20.2	28.0	21.8	18.8	5.6	6.1	18.7	29.2	
Return on assets (ROA) (%)	22.5	23.6	23.4	23.3	21.6	20.0	12.3	9.5	10.8	15.8	21.2	
Dividend ratio (%)	10.0	10.7	10.2	10.3	11.0	11.8	27.6	82.8	84.2	29.9	22.7	
Capital expenditures ¹	484	951	1,684	1,072	1,250	2,389	2,954	3,604	1,415	4,254	2,576	31,363
Depreciation	363	367	462	517	557	642	883	1,258	1,209	1,363	1,416	17,240

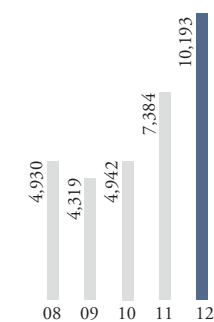
* Figures are shown in terms of millions of yen with amounts less than this unit omitted. For convenience only, U.S. dollar figures have been calculated at the rate of exchange on March 31, 2012, of ¥82.14=U.S.\$1.

¹ In the year ended March 31, 2011, Capital expenditures includes change in asset retirement obligations fee of ¥1,619 million due to application of accounting standard regarding asset retirement obligations.

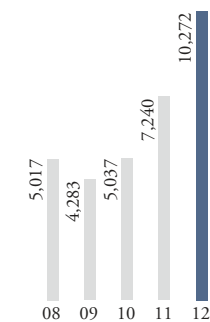
Net sales /
Net sales growth ratio
millions of yen / %



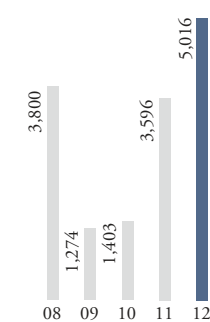
Operating income
millions of yen



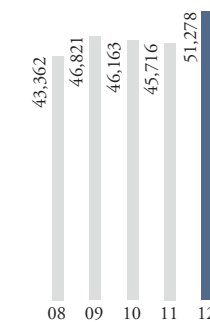
Ordinary income
millions of yen



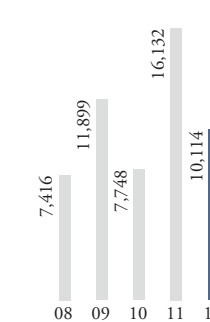
Net income
millions of yen



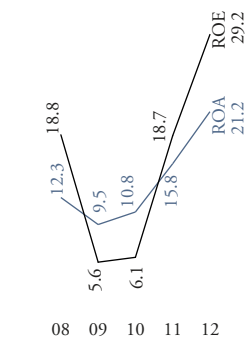
Total assets
millions of yen



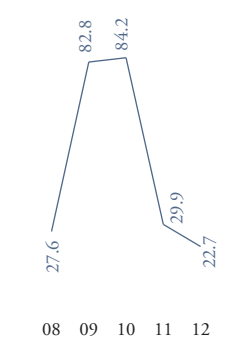
Interest-bearing debt
millions of yen



ROE / ROA
%



Dividend ratio
%



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
%												
Profitability												
Gross profit margin	53.6	53.5	53.0	53.2	53.9	54.3	51.1	51.0	51.3	53.0	54.5	
Ratio of SG&A expenses to net sales	38.9	39.8	40.8	40.1	39.7	42.2	44.3	45.6	45.4	44.8	44.6	
Operating income margin	14.7	13.7	12.2	13.1	14.2	12.1	6.8	5.4	5.9	8.2	10.0	
Ordinary income margin	14.5	13.6	12.3	13.0	14.2	12.0	6.9	5.4	6.0	8.0	10.1	
Net income margin	8.6	7.3	6.7	7.5	7.6	5.8	5.2	1.6	1.7	4.0	4.9	
Efficiency												
Total asset turnover (times)	1.4	1.7	1.8	1.7	1.5	1.6	1.7	1.7	1.8	2.0	2.0	
Fixed asset turnover (times)	3.4	4.2	4.5	4.8	4.5	4.2	4.5	4.6	4.9	5.2	5.6	
Inventory turnover (times) ¹	6.3	5.4	5.0	4.7	5.1	4.8	4.6	4.5	4.7	5.5	6.5	
Return on investment (ROI) ²	31.6	32.8	32.2	32.9	31.0	30.5	18.4	12.6	16.8	20.9	38.1	
Security												
Equity ratio	68.5	62.0	64.7	68.0	41.2	46.2	52.4	49.1	50.5	33.0	37.6	
Current ratio	195.6	161.0	206.4	223.3	150.0	141.0	135.5	148.4	149.8	103.1	129.2	
Fixed asset ratio	58.3	64.6	60.7	51.3	82.1	83.0	70.8	75.5	73.3	115.0	93.7	
Debt equity ratio ³	46.0	61.2	54.6	47.0	142.6	116.2	90.9	103.5	97.9	202.7	165.8	
Ratio of interest-bearing debt to equity ⁴	0.0	0.1	0.1	0.1	0.7	0.5	0.3	0.5	0.3	1.1	0.5	
Interest coverage ratio (times) ⁵	64,062.5	193.9	170.2	422.0	473.0	21.7	6.4	12.7	57.1	46.9	91.3	
											yen	U.S. dollars
Per share information ⁶												
Earnings per share (EPS)	194.41	215.01	258.97	154.90	183.99	84.98	90.59	30.19	33.26	97.02	158.74	1.93
Book value per share (BPS)	1128.41	1178.30	1416.68	851.00	702.65	426.33	538.09	545.02	552.68	478.39	609.66	7.42
Dividends per share (DPS)	19.50	23.00	26.50	16.00	20.00	10.00	25.00	25.00	28.00	29.00	36.00	0.43

¹ Inventory turnover = Net sales ÷ Inventory (yearly average)

² Return on investment = (Ordinary income + Interest expenses) ÷ (Interest-bearing debt + Shareholder's equity (yearly average)) × 100

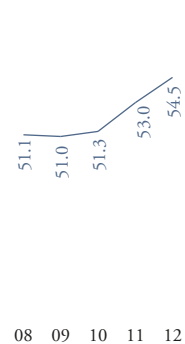
³ Debt equity ratio = (Current liabilities + Noncurrent liabilities) ÷ Shareholders' equity × 100

⁴ Ratio of interest-bearing debt to equity = Interest-bearing debt ÷ Shareholders' equity

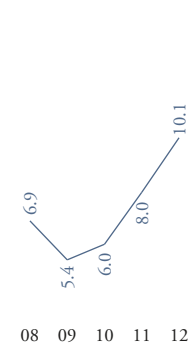
⁵ Interest coverage ratio = Cash flows from operating activities ÷ Interest payments

⁶ In May 2004 and April 2006, 1:2 stock splits were conducted.

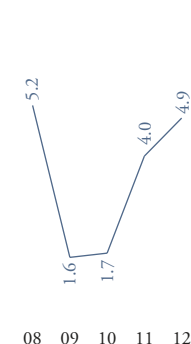
Gross profit margin
%



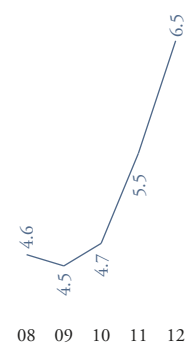
Ordinary income margin
%



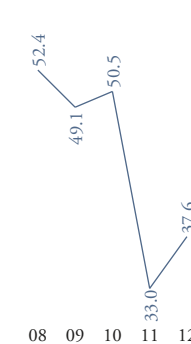
Net income margin
%



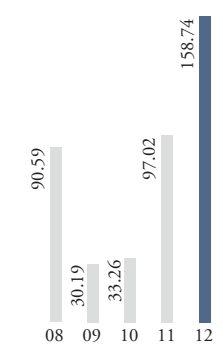
Inventory turnover¹
times



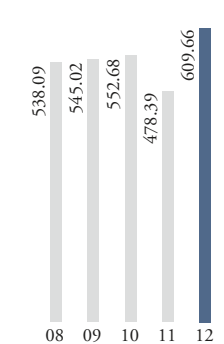
Equity ratio
%



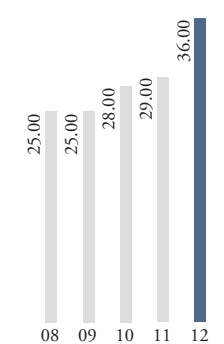
Earnings per share (EPS)
yen



Book value per share (BPS)
yen



Dividends per share (DPS)
yen



Consolidated Balance Sheets

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2011 and 2012

	millions of yen		thousands of U.S. dollars
Assets	2011	2012	2012
Current assets			
Cash and deposits	5,640	8,146	99,179
Notes and accounts receivable–trade	257	179	2,182
Merchandise	15,698	15,548	189,295
Supplies	169	204	2,490
Accounts receivable–other	5,108	7,156	87,131
Deferred tax assets	1,161	1,552	18,898
Other	348	423	5,152
Allowance for doubtful accounts	(40)	(3)	(46)
Total current assets	28,342	33,207	404,283
Noncurrent assets			
Tangible noncurrent assets			
Buildings and structures	12,381	13,696	166,751
Accumulated depreciation and accumulated impairment loss	(5,788)	(6,727)	(81,906)
Buildings and structures (net)	6,592	6,969	84,844
Land	569	569	6,938
Construction in progress	32	137	1,675
Other	3,167	3,448	41,977
Accumulated depreciation and accumulated impairment loss	(2,172)	(2,439)	(29,693)
Other (net)	994	1,009	12,284
Total tangible noncurrent assets	8,189	8,685	105,743
Intangible noncurrent assets			
Other	1,885	1,725	21,007
Total intangible assets	1,885	1,725	21,007
Investments and other assets			
Investment securities	147	129	1,571
Guarantee deposits	6,224	6,478	78,874
Deferred tax assets	441	494	6,025
Other	490	583	7,104
Allowance for doubtful accounts	(4)	(26)	(324)
Total investments and other assets	7,299	7,659	93,251
Total noncurrent assets	17,373	18,071	220,002
Total assets	45,716	51,278	624,286

	millions of yen		thousands of U.S. dollars
Liabilities	2011	2012	2012
Current liabilities			
Notes and accounts payable–trade	7,193	7,983	97,193
Short-term loans payable	12,800	2,800	34,088
Current portion of long-term loans payable	2,094	3,541	43,116
Accounts payable–other	2,952	4,381	53,344
Income taxes payable	600	3,866	47,070
Provision for bonuses	1,233	1,993	24,272
Provision for directors' bonuses	60	99	1,205
Asset retirement obligations	76	91	1,111
Other	474	939	11,433
Total current liabilities	27,484	25,696	312,836
Noncurrent liabilities			
Long-term loans payable	1,238	3,773	45,936
Provision for directors' retirement benefits	91	521	6,348
Asset retirement obligations	1,791	1,954	23,797
Deferred tax liabilities	—	33	413
Other	7	7	91
Total noncurrent liabilities	3,128	6,290	76,587
Total liabilities	30,613	31,987	389,423
Net assets			
Shareholders' equity			
Capital stock	3,030	3,030	36,888
Capital surplus	4,095	4,095	49,861
Retained earnings	19,514	23,600	287,323
Treasury stock	(11,537)	(11,463)	(139,559)
Total shareholders' equity	15,102	19,262	234,513
Accumulated other comprehensive income			
Other valuation adjustments on securities	(11)	(21)	(259)
Deferred gains or losses on hedges	12	49	607
Total accumulated other comprehensive income	0	28	348
Total net assets	15,103	19,291	234,862
Total liabilities and net assets	45,716	51,278	624,286

Consolidated Statements of Income

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2011 and 2012

	millions of yen		thousands of U.S. dollars
	2011	2012	2012
Net sales	90,571	102,052	1,242,423
Cost of sales	42,569	46,390	564,777
Gross profit	48,001	55,661	677,645
Selling, general and administrative expenses	40,617	45,468	553,545
Operating income	7,384	10,193	124,100
Non-operating income			
Interest income	1	1	13
Dividend income	4	4	52
Rent income	15	14	179
Foreign exchange gains	19	38	471
Purchase discounts	36	39	475
Other	86	167	2,040
Total non-operating income	164	265	3,233
Non-operating expenses			
Interest expenses	148	133	1,626
Rent expenses	11	11	139
Commission fees	118	1	12
Other	29	40	489
Total non-operating expenses	307	186	2,267
Ordinary income	7,240	10,272	125,066
Extraordinary income			
Gain on sales of noncurrent assets	7	0	0
Reversal of provision for loss on store closing	77	—	—
Compensation for transfer	19	—	—
Total extraordinary income	104	0	0
Extraordinary loss			
Loss on retirement of noncurrent assets	65	38	470
Impairment loss	408	433	5,275
Provision for director's retirement benefits	—	430	5,234
Loss on adjustment for changes of accounting standard for asset retirement obligations	921	—	—
Other	21	6	83
Total extraordinary loss	1,417	908	11,065
Income before income taxes	5,928	9,364	114,002
Income taxes—current	1,875	4,776	58,145
Income taxes—deferred	455	(428)	(5,216)
Total income taxes	2,331	4,347	52,929
Income before minority interests	3,596	5,016	61,073
Net income	3,596	5,016	61,073

Consolidated Statements of Comprehensive Income

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2011 and 2012

	millions of yen		thousands of U.S. dollars
	2011	2012	2012
Income before minority interests	3,596	5,016	61,073
Other comprehensive income			
Other valuation adjustments on securities	(9)	(10)	(122)
Deferred gains or losses on hedges	18	37	461
Total other comprehensive income	8	27	339
Comprehensive income	3,605	5,044	61,412
(Breakdown)			
Comprehensive income attributable to owners of the parent	3,605	5,044	61,412
Comprehensive income attributable to minority interests	—	—	—

Consolidated Statements of Changes in Net Assets

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2011 and 2012

	millions of yen								
	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other valuation adjustments on securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance as of March 31, 2010	3,030	4,095	17,119	(909)	23,335	(1)	(6)	(7)	23,327
Cash dividends paid by distribution of retained earnings			(1,181)		(1,181)				(1,181)
Net income			3,596		3,596				3,596
Purchases of treasury stock				(10,700)	(10,700)				(10,700)
Disposal of treasury stock			(19)	71	51				51
Net changes in items other than shareholders' equity (net)						(9)	18	8	8
Net change during the year	—	—	2,394	(10,628)	(8,233)	(9)	18	8	(8,224)
Balance as of March 31, 2011	3,030	4,095	19,514	(11,537)	15,102	(11)	12	0	15,103
Cash dividends paid by distribution of retained earnings			(915)		(915)				(915)
Net income			5,016		5,016				5,016
Disposal of treasury stock			(14)	74	59				59
Net changes in items other than shareholders' equity (net)						(10)	37	27	27
Net change during the year	—	—	4,086	74	4,160	(10)	37	27	4,188
Balance as of March 31, 2012	3,030	4,095	23,600	(11,463)	19,262	(21)	49	28	19,291

	thousands of U.S. dollars								
	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other valuation adjustments on securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance as of March 31, 2011	36,888	49,861	237,578	(140,465)	183,862	(136)	146	9	183,872
Cash dividends paid by distribution of retained earnings			(11,150)		(11,150)				(11,150)
Net income			61,073		61,073				61,073
Disposal of treasury stock			(177)	905	728				728
Net changes in items other than shareholders' equity (net)						(122)	461	339	339
Net change during the year	—	—	49,745	905	50,650	(122)	461	339	50,990
Balance as of March 31, 2012	36,888	49,861	287,323	(139,559)	234,513	(259)	607	348	234,862

Consolidated Statements of Cash Flows

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2011 and 2012

	millions of yen		thousands of U.S. dollars
	2011	2012	2012
Cash flows from operating activities			
Income before income taxes	5,928	9,364	114,002
Depreciation	1,372	1,417	17,262
Depreciation of intangible assets	315	304	3,710
Amortization of long-term prepaid expenses	81	95	1,166
Impairment loss	408	433	5,275
Amortization of goodwill	159	—	—
Increase (decrease) in provision for bonuses	(262)	760	9,255
Increase (decrease) in provision for directors' bonuses	60	39	474
Increase (decrease) in provision for directors' retirement benefits	—	430	5,234
Increase (decrease) in provision for store closure	(418)	—	—
Increase (decrease) in allowance for doubtful accounts	(2)	(14)	(179)
Interest and dividends income	(5)	(5)	(65)
Loss on adjustment for changes of accounting standard for asset retirement obligations	921	—	—
Interest expenses	148	133	1,626
Loss on retirement of property, plant and equipment	12	17	209
Loss (gain) on sales of property, plant and equipment	(3)	(0)	(0)
Loss on retirement of intangible assets	1	—	—
Loss (gain) on sales of intangible assets	(3)	—	—
Increase in notes receivable	772	(1,948)	(23,726)
Increase in inventories	1,036	114	1,393
Increase in other current assets	1	(59)	(723)
Increase in purchase liabilities	(477)	789	9,614
Increase (decrease) in other current liabilities	129	1,883	22,933
Increase (decrease) in other noncurrent liabilities	23	2	29
Other	0	—	—
Subtotal	10,198	13,758	167,495
Interest and dividends income received	5	5	65
Interest expenses paid	(147)	(132)	(1,611)
Income taxed paid	(3,133)	(1,549)	(18,869)
Net cash provided by operating activities	6,923	12,081	147,079
Cash flows from investment activities			
Payments into time deposits	(56)	(12)	(146)
Purchase of property, plant and equipment	(1,809)	(2,012)	(24,505)
Payments for retirement of property, plant and equipment	(37)	—	—
Payments for asset retirement obligations	—	(95)	(1,159)
Proceeds from sales of property, plant and equipment	57	1	19
Purchase of intangible assets	(149)	(158)	(1,927)
Proceeds from sales of intangible assets	10	—	—
Purchase of long-term prepaid expenses	(154)	(184)	(2,246)
Payment for guarantee deposits	(474)	(624)	(7,597)
Proceeds from collection of guarantee deposits	535	369	4,499
Other	8	4	51
Net cash provided by investment activities	(2,069)	(2,711)	(33,011)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	10,560	(10,000)	(121,743)
Proceeds from increase in long-term loans payable	—	8,000	97,394
Repayment of long-term loans payable	(2,176)	(4,017)	(48,906)
Purchase of treasury stock	(10,700)	—	—
Proceeds from disposal of treasury stock	51	59	728
Cash dividends paid	(1,179)	(917)	(11,172)
Net cash provided by financing activities	(3,443)	(6,875)	(83,699)
Effect of exchange rate change on cash and cash equivalents	0	0	0
Increase (decrease) in cash and cash equivalents	1,410	2,494	30,369
Cash and cash equivalents at beginning of term	4,061	5,471	66,616
Cash and cash equivalents at end of term	5,471	7,966	96,986

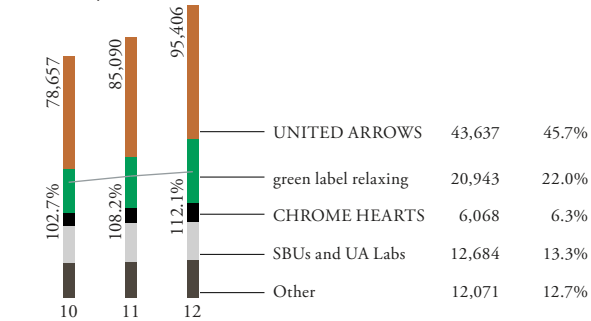
Data by Business and Category

Net Sales by Business and Category (non-consolidated)

Net sales by business and YoY / Composition rate

UNITED ARROWS LTD.

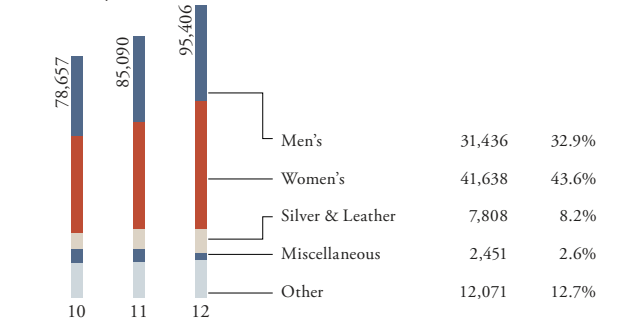
millions of yen



Net sales by category and YoY / Composition rate

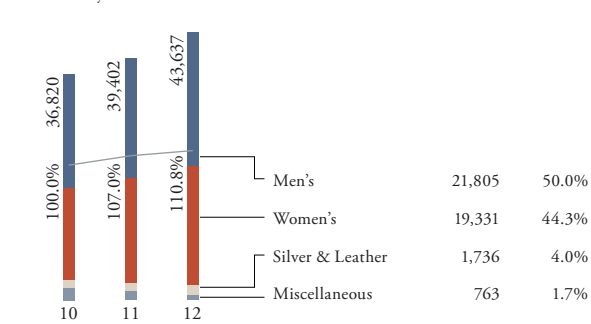
UNITED ARROWS LTD.

millions of yen



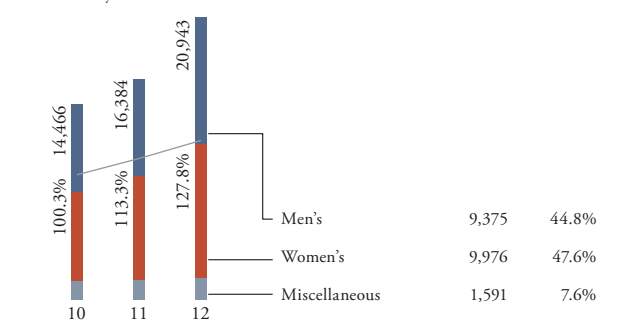
UNITED ARROWS

millions of yen



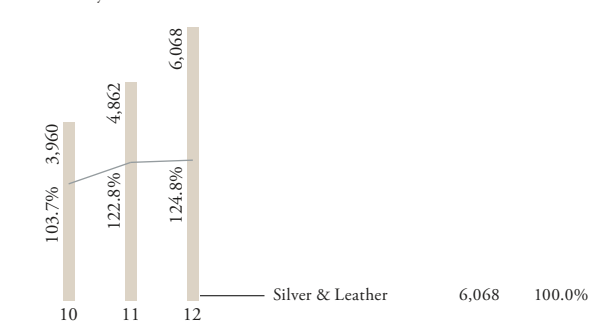
green label relaxing

millions of yen



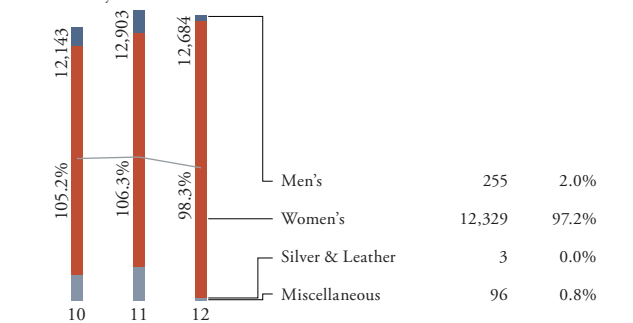
CHROME HEARTS

millions of yen



SBU's and UA Labs

millions of yen



Net Sales by Sales Channel and Retail Area (non-consolidated)

Net sales by sales channel / Composition rate (non-consolidated)

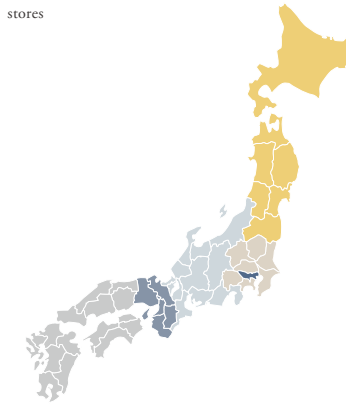
UNITED ARROWS LTD.



Store Network by Retail Area

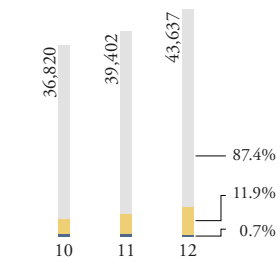
as of March 31, 2012

Nationwide stores

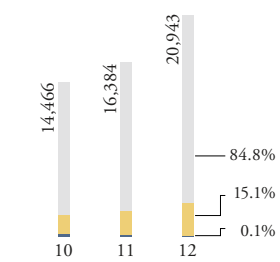


UNITED ARROWS General Merchandise Store	12
UNITED ARROWS	16
BEAUTY&YOUTH UNITED ARROWS	29
UNITED ARROWS Label Image Store	2
UNITED ARROWS green label relaxing	49
CHROME HEARTS	7
SBU and UA Labs	55
UNITED ARROWS Outlet	16
FIGO CO., LTD.	11
COEN CO., LTD. ¹⁾	40
Total	237

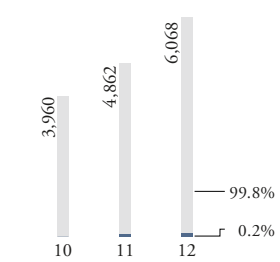
UNITED ARROWS



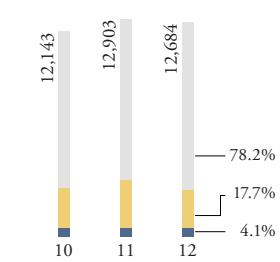
green label relaxing



CHROME HEARTS



SBU and UA Labs



Hokkaido / Tohoku area stores



UNITED ARROWS General Merchandise Store	2
UNITED ARROWS	1
BEAUTY&YOUTH UNITED ARROWS	1
UNITED ARROWS Label Image Store	-
UNITED ARROWS green label relaxing	2
CHROME HEARTS	-
SBU and UA Labs	3
UNITED ARROWS Outlet	2
FIGO CO., LTD.	-
COEN CO., LTD.	4
Total	15

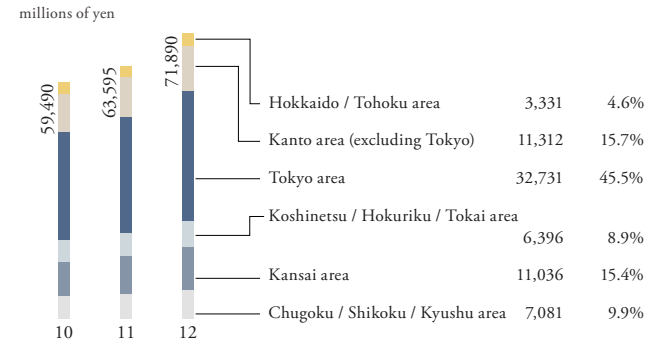
Kanto area (excluding Tokyo) stores



UNITED ARROWS General Merchandise Store	1
UNITED ARROWS	2
BEAUTY&YOUTH UNITED ARROWS	5
UNITED ARROWS Label Image Store	-
UNITED ARROWS green label relaxing	14
CHROME HEARTS	-
SBU and UA Labs	6
UNITED ARROWS Outlet	6
FIGO CO., LTD.	-
COEN CO., LTD.	8
Total	42

Net sales by retail area / Composition rate (non-consolidated)

UNITED ARROWS LTD.



Tokyo area stores



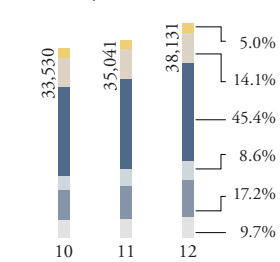
UNITED ARROWS General Merchandise Store	5
UNITED ARROWS	5
BEAUTY&YOUTH UNITED ARROWS	8
UNITED ARROWS Label Image Store	2
UNITED ARROWS green label relaxing	14
CHROME HEARTS	3
SBU and UA Labs	25
UNITED ARROWS Outlet	1
FIGO CO., LTD.	5
COEN CO., LTD.	6
Total	74

Koshinetsu / Hokuriku / Tokai area stores

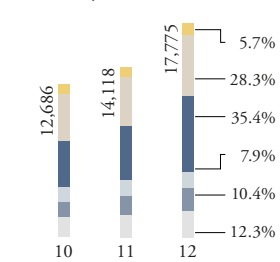


UNITED ARROWS General Merchandise Store	1
UNITED ARROWS	1
BEAUTY&YOUTH UNITED ARROWS	3
UNITED ARROWS Label Image Store	-
UNITED ARROWS green label relaxing	5
CHROME HEARTS	1
SBU and UA Labs	6
UNITED ARROWS Outlet	3
FIGO CO., LTD.	2
COEN CO., LTD.	7
Total	29

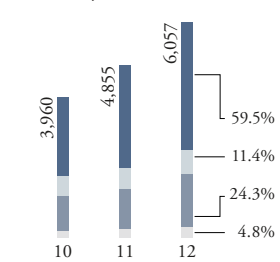
UNITED ARROWS



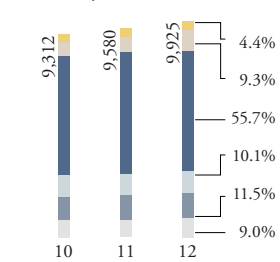
green label relaxing



CHROME HEARTS



SBU and UA Labs



Kansai area stores



UNITED ARROWS General Merchandise Store	1
UNITED ARROWS	6
BEAUTY&YOUTH UNITED ARROWS	4
UNITED ARROWS Label Image Store	-
UNITED ARROWS green label relaxing	6
CHROME HEARTS	2
SBU and UA Labs	9
UNITED ARROWS Outlet	2
FIGO CO., LTD.	2
COEN CO., LTD.	8
Total	40

Chugoku / Shikoku / Kyushu area stores



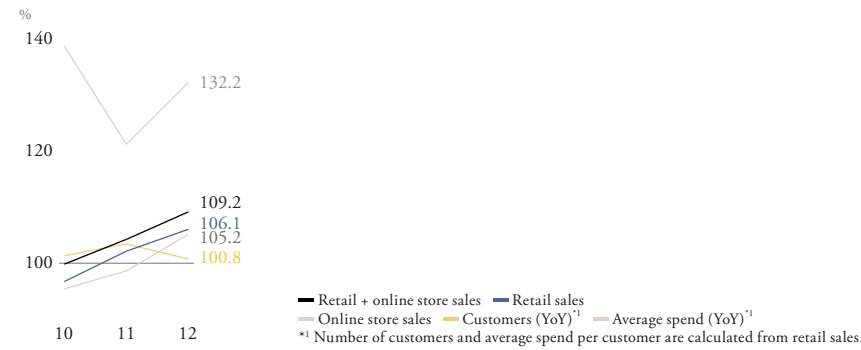
UNITED ARROWS General Merchandise Store	2
UNITED ARROWS	1
BEAUTY&YOUTH UNITED ARROWS	8
UNITED ARROWS Label Image Store	-
UNITED ARROWS green label relaxing	8
CHROME HEARTS	1
SBU and UA Labs	6
UNITED ARROWS Outlet	2
FIGO CO., LTD.	2
COEN CO., LTD.	7
Total	37

¹⁾ As COEN CO., LTD., settles its accounts on January 31, figures displayed are as of January 31, 2012.

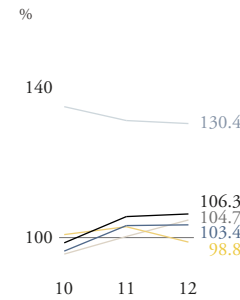
Data by Business and Store (non-consolidated)

Sales trends

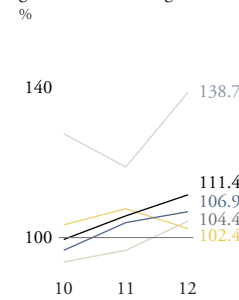
UNITED ARROWS LTD.



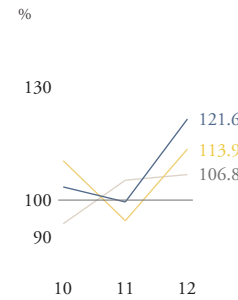
UNITED ARROWS



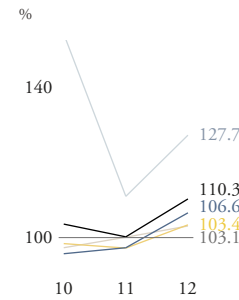
green label relaxing



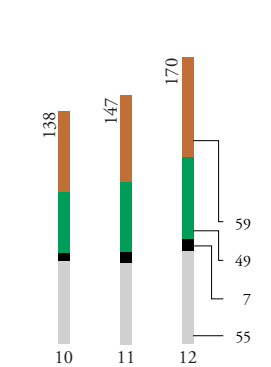
CHROME HEARTS



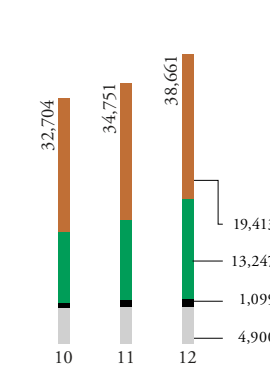
SBUs and UA Labs



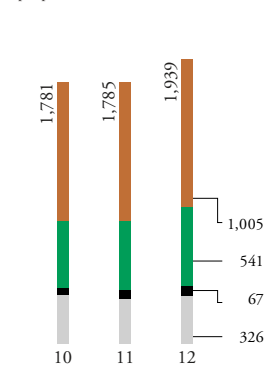
Number of stores



Average sales area



Average number of employees



Average annual sales, sales area, and number of employees per store

	UNITED ARROWS General Merchandise Store	UNITED ARROWS	BEAUTY&YOUTH UNITED ARROWS	UNITED ARROWS green label relaxing	CHROME HEARTS	SBUs and UA Labs
Average annual sales millions of yen	1,540	660	400	360	790	180
Average sales area m ²	560	320	280	285	170	90
Average number of employees people	37	17	20	11	10	6

History

- 1989.10 UNITED ARROWS LTD. founded in Jingumae, Shibuya-ku, Tokyo (capital: ¥50 million)
Osamu Shigematsu appointed Representative Director and President
- 1990. 7 First store, UNITED ARROWS SHIBUYA, opened in Jingumae, Shibuya-ku, Tokyo
- 1992.10 Main flagship store, UNITED ARROWS HARAJUKU, opened in Shibuya-ku, Tokyo, and head office moved to the same location
- 1999. 7 Registered at the Japan Securities Dealers Association (currently the Osaka Securities Exchange), becoming an over-the-counter traded company
- 1999. 9 Full-scale start of UNITED ARROWS green label relaxing business with the opening of UNITED ARROWS green label relaxing shinjuku in shinjuku LUMINE 2, Shinjuku-ku, Tokyo
- 1999.12 Full-scale start of CHROME HEARTS business with the opening of CHROME HEARTS TOKYO in Aoyama, Minato-ku, Tokyo
- 2002. 3 Listed on the Second Section of the Tokyo Stock Exchange
- 2003. 3 Listed on the First Section of the Tokyo Stock Exchange
- 2003. 9 Renovation and renewal with increased store area of flagship UNITED ARROWS HARAJUKU store
- 2004. 6 Tetsuya Iwaki appointed Representative Director and President
- 2005. 2 Began offering products through ZOZOTOWN, an online store operated by START TODAY CO., LTD.
- 2005.11 Acquired all shares of FIGO CO., LTD., which mainly engages in the import, wholesale, and sale of Italian bags and other accessories, and made it a fully consolidated subsidiary
- 2007. 3 Number of stores exceeds 100
- 2007. 8 Established PERENNIAL UNITED ARROWS CO., LTD. as a subsidiary mainly engaging in planning and retailing of women's clothing and personal items
Agreed capital and business alliance with Mitsubishi Corporation
- 2008. 5 Established COEN CO., LTD. as a subsidiary mainly engaging in retailing of clothing and personal items
- 2009. 4 Osamu Shigematsu appointed Representative Director, President and Executive Officer
- 2009. 9 Opened UNITED ARROWS LTD. ONLINE STORE, a proprietary online store
- 2010.12 Completed liquidation of PERENNIAL UNITED ARROWS CO., LTD.
- 2012. 3 Reported consolidated net sales and ordinary income in excess of ¥100 billion and ¥10 billion, respectively, for the first time since the Company's founding; achieved 23 consecutive fiscal years of revenue growth; recorded historic high earnings surpassing the previous high reported in the fiscal year ended March 31, 2006

UNITED ARROWS LTD. online sales exceeded ¥10 billion for the first time

186 UNITED ARROWS LTD. stores, 11 FIGO CO., LTD. stores, and 40 COEN CO., LTD. stores as of March 31, 2012
- 2012. 4 Mitsuhiro Takeda appointed Representative Director, President and Executive Officer

Corporate Data

as of March, 31 2012

Corporate profile

Trade name	UNITED ARROWS LTD.
Address	2-31-12 Jingumae, Shibuya-ku, Tokyo 150-0001, Japan
Date of establishment	October 2, 1989
Paid-in capital	¥3,030 million
Business description	Planning and sales of products such as men's and women's clothing and miscellaneous items

Main banks

1. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
2. SUMITOMO MITSUI BANKING CORPORATION	
3. Mizuho Bank, Ltd.	
Number of employees	2,855
Consolidated subsidiaries	FIGO CO., LTD COEN CO., LTD.

Stock information

Stock listing	Tokyo Stock Exchange, First Section
Securities code	7606
Number of authorized shares	190,800,000
Number of common shares issued ^{*1}	42,800,000
Number of shareholders	13,878

^{*1} Total number of shares of common stock issued includes 11,156,780 shares of treasury stock, equivalent to 26.07% of the total number of shares of common stock issued.

Major shareholders

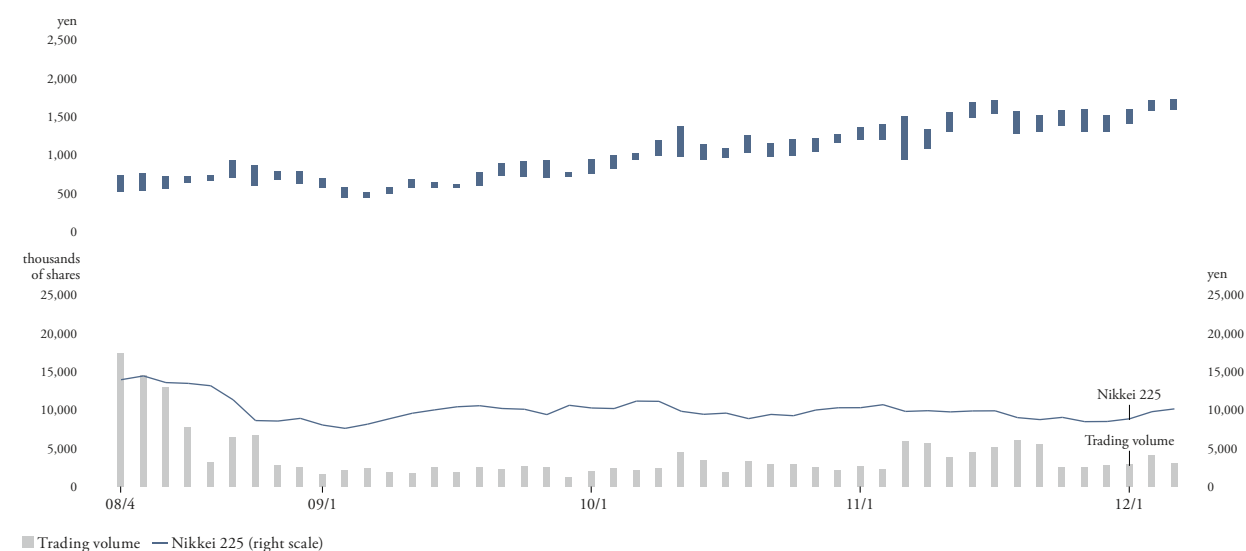
Name	Number of shares	Percent of total shares issued
Osamu Shigematsu	3,362,000	7.85
A.D.S Co., Ltd.	2,168,100	5.06
State Street Bank and Trust Company 505104	1,997,499	4.66
Mitsubishi Corporation	1,627,700	3.80
Hirofumi Kurino	1,283,000	2.99
Tetsuya Iwaki	1,273,800	2.97
Japan Trustee Services Bank, Ltd. (Trust Account)	1,224,300	2.86
Rinzaw Co., Ltd.	969,600	2.26
State Street Bank and Trust Company	814,990	1.90
Le Cottage Ltd.	800,000	1.86

Shareholder composition (by number of shareholders)

Financial institutions	8.70%
Financial instruments firms	1.00%
Japanese corporations	16.23%
Foreign corporations	20.28%
Individuals and others	53.79%



Stock price



Contact us

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Planning Management Office
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Fax: +81-3-5785-6638

Investor relations web site: www.united-arrows.co.jp/en/ir/