Fiscal 2014
Fiscal Year Ending March 2014
Second Quarter
Earnings Announcement

November 6, 2013

UNITED ARROWS LTD.

■ Contents

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

Cautionary Statement

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

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

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

■ Consolidated 2Q P/L Overview

UNITED ARROWS LTD.

While revenue was up and earnings down, sales and profits at each level exceeded plans

Comments largely reflect comparisons with plans

- Consolidated sales: Up 1.2% compared with plans → This largely reflects contributions from UNITED ARROWS LTD., which exceeded plans
- Gross Profit: Down 1.0% compared with plans → This is mainly due to the drop in gross margins at each Group company on the back of the weak yen and other factors
- SGA expense to sales ratio: Down 1.3% compared with plans → This primarily reflects the unused portion of and reductions in selling, general and administrative expenses as well as cutbacks in overhead expenses incurred in advance in association with the establishment of an overseas subsidiary in the second half

Millions of yen

	Consolidated Results FY14 2Q Cumulative						FY13 2Q Results	vs. Sales	Initial Forecast	vs. Sales
	Results	vs. Sales	YoY Increase (Decrease)	%	vs. Forecast	%				
Sales	**56,670**	100.0%	6,087	112.0%	673	101.2%	50,582	100.0%	55,996	100.0%
Gross Profit	**30,135**	53.2%	2,581	109.4%	(289)	99.0%	27,553	54.5%	30,424	54.3%
SGA Exp	**25,719**	45.4%	3,055	113.5%	(339)	98.7%	22,663	44.8%	26,058	46.5%
Operating Inc.	**4,416**	7.8%	(474)	90.3%	49	101.1%	4,890	9.7%	4,366	7.8%
Non Op. P/L	**29**	0.1%	(42)	41.3%	23	467.1%	71	0.1%	6	0.0%
Ordinary Inc.	**4,445**	7.8%	(516)	89.6%	72	101.7%	4,961	9.8%	4,372	7.8%
Extraordinary P/L	**(287)**	-0.5%	399	41.9%	14	95.1%	(687)	-1.4%	(302)	-0.5%
Net Income	**2,435**	4.3%	(298)	89.1%	107	104.6%	2,733	5.4%	2,328	4.2%

■Consolidated 2Q P/L Overview

While consolidated revenues were up and earnings down for the 1H (April 1, 2013 to September 30, 2013) of FY14, the fiscal year ending March 31, 2014, sales and profits at each level exceeded initial plans.

Compared with initial forecasts, consolidated sales increased 1.2% to ¥56,670 million. This largely reflected contributions from UNITED ARROWS LTD., which exceeded plans.

Gross profit declined 1.0 percentage point compared with plans to ¥30,135 million. This was mainly due to the drop in gross margins on the back of the weak yen, which led to an increase in the cost of sales ratio, and other factors.

The selling, general and administrative (SGA) expenses to total sales ratio decreased 1.3 percentage points compared with plans to ¥25,719 million. This decrease was primarily attributable to the unused portion of and reductions in SGA expenses at UNITED ARROWS LTD. as well as cutbacks in anticipatory overhead expenses reflecting the decision the shift the timing for establishing an overseas subsidiary to the 2H and other factors.

Accounting for each of the aforementioned factors, operating income came to ¥4,416 million. While this result was 1.1% higher than initial plans, operating income declined 9.7% compared with the corresponding period of the previous fiscal year. Ordinary income totaled ¥4,445 million, up 1.7 percentage points compared with initial plans and down 10.4 percentage points year on year. Net income for the period was ¥2,435 million, an increase of 4.6 percentage points compared with initial plans and a decrease of 10.9 percentage points compared with the corresponding period of the previous fiscal year.

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

UNITED ARROWS LTD.

Millions of yen

	Non-Consolidated Results FY14 2Q Cumulative						FY13 2Q Results		Initial Forecast	
	Results	vs. Sales	YoY Increase (Decrease)	YoY %	vs. Forecast	vs. Forecast %		vs. Sales		vs. Sales
Sales	**52,130**	100.0%	5,219	111.1%	856	101.7%	46,911	100.0%	51,274	100.0%
Gross Profit	**27,544**	52.8%	2,235	108.8%	(88)	99.7%	25,308	54.0%	27,632	53.9%
SGA Exp.	**23,333**	44.8%	2,516	112.1%	(206)	99.1%	20,817	44.4%	23,540	45.9%
Operating Inc.	**4,210**	8.1%	(280)	93.7%	118	102.9%	4,491	9.6%	4,091	8.0%
Non Op. P/L	**37**	0.1%	(30)	55.0%	21	226.8%	68	0.1%	16	0.0%
Ordinary Inc.	**4,247**	8.1%	(311)	93.2%	139	103.4%	4,559	9.7%	4,108	8.0%
Extraordinary P/L	**(276)**	-0.5%	405	40.5%	10	96.2%	(682)	-1.5%	(287)	-0.6%
Net Income	**2,333**	4.5%	(115)	95.3%	117	105.3%	2,448	5.2%	2,216	4.3%

■Non-Consolidated 2Q P/L Results

An explanation has been omitted.

■ Non-Consolidated Sales Results by Sales Channel

Non-consolidated sales up 11.1% YoY, an increase of 1.7% compared with plans; Existing retail and online stores sales up 2.4% YoY

- Growth in sales across all channels; YoY increase in both existing retail and online stores sales
- Sales of all company as well as retail and outlet store sales exceed plans
- Sales composition: online store sales 10.3% (10.9% 2Q FY13); outlet store sales 13.2% (13.0% 2Q FY13)

Millions of yen

	Non-Consolidated Results FY14 2Q Cumulative									
	Results	Share	YoY Increase (Decrease)	%	vs. Forecast	%	FY13 2Q Results	Share	Initial Forecast	Share
Non-Consolidated Sales	**52,130**	100.0%	5,219	111.1%	856	101.7%	46,911	100.0%	51,274	100.0%
Total Business Unit Sales	**45,244**	86.8%	4,419	110.8%	566	101.3%	40,824	87.0%	44,677	87.1%
Retail	**39,573**	75.9%	4,194	111.9%	616	101.6%	35,378	75.4%	38,956	76.0%
Online	**5,389**	10.3%	298	105.9%	(64)	98.8%	5,090	10.9%	5,453	10.6%
Outlet	**6,885**	13.2%	799	113.1%	289	104.4%	6,086	13.0%	6,596	12.9%

Trends in Existing Stores Sales

	Sales	Number of Customers	Ave. Spending per Customer
Retail + Online	102.4%	—	—
Retail	101.8%	97.0%	104.9%
Online	107.0%	—	—

■Non-Consolidated Sales Results by Sales Channel

Non-consolidated sales were up 11.1% and 1.7% compared with the corresponding period of the previous fiscal year and initial plans, respectively. Existing retail and online store sales climbed 2.4% year on year.

Results reflected an increase in revenues across all channels with existing retail and online store sales also higher than the previous year. In addition, retail as well as outlet store sales were also above plans. This largely reflected the overall steady trend across the entire first half. While online store sales were slightly below plans, results were by and large close to expected levels.

Looking at the composition of sales, the ratio of online store sales fell 0.5 of a percentage point year on year to 10.3%. The ratio of outlet store sales to total sales climbed 0.2 of a percentage point to 13.2%.

■ Non-Consolidated Sales Results by Business Type

UNITED ARROWS LTD.

Revenue up across all businesses; YoY increase in existing store sales across all businesses with growth in both retail and online results

- UA: men's dressy items and women's casual
- GLR: women's items generally
- CH: gold, cut, silver, and related items
- SBUs: Another Edition, DRAWER, and others

all exhibit robust trends

Millions of yen

	Non-Consolidated Results FY14 2Q Cumulative			
	Results	YoY Increase (Decrease)	%	FY13 2Q Results
Total Business Unit Sales	**45,244**	4,419	110.8%	40,824
UA	**22,754**	1,859	108.9%	20,894
GLR	**11,169**	1,359	113.9%	9,810
CH	**4,345**	891	125.8%	3,454
SBUs	**6,974**	309	104.6%	6,665

	Existing Store Sales YoY		
	Retail + Online	Retail	Online
UA	101.4%	101.1%	104.4%
GLR	102.4%	102.2%	103.6%
CH	–	108.3%	–
SBUs	101.9%	99.1%	119.6%

■Non-Consolidated Sales Results by Business Type

Revenues were up across all businesses. The existing retail and online store sales of all businesses also increased year on year.

In the UA business, men's dressy items and women's casual items were strong. In the GLR business, women's items generally experienced robust trends.

CH enjoyed brisk results across a wide range of products including gold, cut, and silver items. Turning to SBUs, and in particular Another Edition and DRAWER, sales trends were robust.

■ Non-Consolidated Gross Margin

1.1 percentage points YoY decrease to 52.8% in the non-consolidated gross margin

- Total Business Unit Sales: 1.2 percentage point decrease to 56.8% largely reflecting the impact of the weak yen
- Outlet: 0.3 of a percentage point decrease to 34.9% due mainly to efforts aimed at promoting the reduction of inventories at regular businesses
- Other COGS: Increase in the loss in product devaluation on the back of an increase in inventories

Note: Gradual improvement in the decline in the gross margin attributable to the impact of movements in foreign currency exchange rates → for details, please refer to page 19

	Non-Consolidated Results FY14 2Q Cumulative		
	Results	FY13 2Q Cumulative	Increase (Decrease)
Non-Consolidated Gross Margin	**52.8%**	54.0%	-1.1%
Total Business Units	**56.8%**	58.0%	-1.2%
Outlet	**34.9%**	35.2%	-0.3%
Other COGS Millions of yen	551	507	44

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

■Non-Consolidated Gross Margin

The non-consolidated gross margin declined 1.1 percentage points compared with the corresponding period of the previous fiscal year to 52.8%.

From a Total Business Unit perspective, the gross margin fell 1.2 percentage points to 56.8% largely reflecting the increase in the cost of sales ratio as a result of the weak yen and other factors.

The gross margin for outlet stores decreased 0.3 of a percentage point to 34.9%. This was mainly due to efforts aimed at promoting the reduction of inventories at regular businesses.

Other COGs increased ¥44 million compared with the corresponding period of the previous fiscal year owing mainly to an increase in the loss on product devaluation on the back of an increase in inventories.

Meanwhile, the decline in the gross margin is showing a gradual improvement. This is largely attributable to the impact of movements in foreign currency exchange rates.
(For details, please refer to page 19 of the presentation materials.)

■ Non-Consolidated SGA Expenses

UNITED ARROWS LTD.

Non-consolidated SGA expense to sales ratio increased 0.4 of a percentage point YoY to 44.8% Note: Down 1.2 percentage points from the planned level of 45.9%

- Factors contributing to the YoY increase as a ratio to sales

  Increase in advertising expenses attributable to large-scale promotions, HOUSE CARD point allowances, and other factors

  Increase in personnel expenses attributable to the increase in staff at newly opened stores and other factors

Note: factors contributing to the decrease from plans (down ¥200 million decrease in fixed costs: down approx. ¥400 million; increase in variable costs: up approx. ¥200 million)
Decrease in temporary operating overhead expenses as a result of investments (¥180 million); decrease in research and development, domestic and overseas business trip, and other expenses (¥90 million); decrease in direct personnel, recruiting, and education and training expenses (¥70 million); decrease in other fixed costs (¥80 million); increase in variable costs associated with sales growth (¥220 million)

Millions of yen

	Non-Consolidated Results FY14 2Q Cumulative					
	Results	vs. Sales	YoY Increase (Decrease)	%	FY13 2Q Results	vs. Sales
Non-Consolidated Sales	**52,130**	**100.0%**	5,219	111.1%	46,911	100.0%
SGA Expenses	**23,333**	**44.8%**	2,516	112.1%	20,817	44.4%
Advertising Expenses	**1,170**	**2.2%**	187	119.1%	983	2.1%
Personnel expenses	**8,627**	**16.6%**	1,020	113.4%	7,606	16.2%
Rent	**6,580**	**12.6%**	687	111.7%	5,893	12.6%
Depreciation	**710**	**1.4%**	73	111.6%	636	1.4%
Other	**6,243**	**12.0%**	546	109.6%	5,697	12.1%

■Non-Consolidated SGA Expenses

In the 1H of FY14, the non-consolidated SGA expenses to sales ratio increased 0.4 of a percentage point compared with the corresponding period of the previous fiscal year while falling 1.2 percentage points compared with plans to 44.8%.

Factors contributing to the year-on-year increase as a ratio of sales included an increase in advertising expenses attributable to large-scale promotions, HOUSE CARD point allowances, and other factors, as well as higher personnel expenses reflecting the increase in staff at newly opened stores.

Non-consolidated SGA expenses declined approximately ¥200 million compared with plans. Fixed costs fell around ¥400 million as a result of efforts to reduce costs and other measures. Variable costs, on the other hand, increased about ¥200 million in line with the higher sales.

A breakdown of the decrease in fixed costs included an amount of approximately ¥180 million reflecting a decrease in temporary operating overhead expenses associated with investments, a drop of around ¥90 million representing lower research and development, domestic and overseas business trip, and other expenses, a downturn of ¥70 million due to a decline in direct personnel, recruiting, and education and training expenses, and a decrease in other fixed costs of ¥80 million.

■ Consolidated / Non-Consolidated B/S Overview

UNITED ARROWS LTD.

(YoY comparative analysis of consolidated balances as of the end of each period)

- Current assets: Increase in the balances of mainly inventory, cash and deposits, and accounts receivable—other
- Noncurrent assets: Increase in the balances of mainly tangible noncurrent assets, long-term prepaid expenses, and guarantee deposits in line with such factors as the opening of new stores
- Current Liabilities: Increase in the balances of mainly short-term loans payable and accounts payable—trade; decrease in current portion of long-term loans payable
- Noncurrent Liabilities: Decrease in the balance of long-term loans payable

Note: The balance of consolidated short and long-term loans payable: down 2.7% YoY to ¥9,480 million

Note: The balance of non-consolidated inventory: up 12.2% YoY (non-consolidated sales for the 2Q of FY14: up 11.1% YoY)
(Increase in inventory: increase in procurements costs attributable mainly to the weak yen; increase in the number of items of approx. 2%)

Millions of yen

	Consolidated Results FY14 2Q-End				Non-Consolidated Results FY14 2Q-End			
	Results	Share	YoY	vs. FY13-End	**Results**	Share	YoY	vs. FY13-End
Total Assets	**57,188**	100.0%	112.3%	105.1%	**54,138**	100.0%	110.1%	106.1%
Current Assets	**36,602**	64.0%	112.7%	104.6%	**33,060**	61.1%	111.0%	107.0%
(Inventory)	**21,415**	37.4%	113.7%	122.5%	**20,118**	37.2%	112.2%	124.2%
Noncurrent Assets	**20,586**	36.0%	111.5%	106.1%	**21,077**	38.9%	108.8%	104.7%
Current Liabilities	**27,634**	48.3%	110.1%	107.4%	**25,505**	47.1%	108.1%	110.1%
Noncurrent Liabilities	**2,864**	5.0%	61.6%	87.7%	**2,579**	4.8%	58.7%	85.6%
Total Net Assets	**26,690**	46.7%	126.0%	105.1%	**26,053**	48.1%	123.1%	104.8%
Reference: Balance of Short and Long-Term Loans Payable	**9,480**	16.6%	97.3%	122.0%	**8,080**	14.9%	90.3%	121.1%

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■Consolidated / Non-Consolidated B/S Overview

The balance of total consolidated assets stood at ¥57,188 million as of September 30, 2013, 12.3% higher than the end of the corresponding period of the previous fiscal year and 5.1% higher than the balance as of the previous fiscal year-end.

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

Current assets as of September 30, 2013 increased 12.7% year on year to ¥36,602 million. This was largely attributable to upswings in the balances of inventory and accounts receivable-other in line with business expansion as well as an increase in cash and deposits. Noncurrent assets rose 11.5% year on year to ¥20,586 million owing mainly to increases in property, plant and equipment as well as long-term prepaid expenses and guarantee deposits in line with such factors as the opening of new stores.

Current liabilities climbed 10.1% year on year to ¥27,634 million. The major movements were increases in the balances of short-term loans payable and accounts payable-trade and a decrease in the current portion of long-term loans payable. Noncurrent liabilities declined 38.4% compared with the end of the corresponding period of the previous fiscal year to ¥2,864 million owing mainly to a decrease in the balance of long-term loans payable.

The balance of short- and long-term loans payable contracted 2.7% year on year to ¥9,480 million.

The balance of non-consolidated inventories grew 12.2% compared with the end of the corresponding period of the previous fiscal year. This rate of increase was higher than the rate of year-on-year non-consolidated sales growth of 11.1% for the 1H of FY14. The major factor was the increase in procurement costs attributable mainly to the weak yen. Over the period under review, the number of inventory items also increase around 2% year on year.

■ Consolidated C/F Overview

UNITED ARROWS LTD.

Cash and cash equivalents at the end of the term came to ¥5,398 million

- Cash flows from operating activities: (major cash inflows) income before income taxes of ¥4,100 million, increase in notes and accounts payable—trade of ¥2,800 million; (major cash outflows) increase in inventories of ¥3,900 million, income taxes paid of ¥2,300 million
- Cash flows from investing activities: (major cash outflows) purchase of property, plant and equipment of ¥1,500 million, purchase of long-term prepaid expenses of ¥300 million,
- Cash flows from financing activities: (major cash inflows) net increase in short-term loans payable of ¥3,300 million, (major cash outflows) repayment of long-term loans payable of ¥1,500 million, cash dividends paid of ¥1,200 million

Millions of yen

	Consolidated Results FY14 2Q	FY13 2Q
	Results	Results
Cash flows from operating activities (sub-total)	**3,382**	2,930
Cash flows from operating activities	**1,032**	(808)
Cash flows from investing activities	**(2,342)**	(1,212)
Cash flows from financing activities	**566**	(1,140)
Cash and cash equivalents at the end of the term	**5,398**	4,805

■ Consolidated C/F Overview

Cash and cash equivalents as of the end of the 1H of FY14 stood at ¥5,398 million, up ¥593 million compared with the end of the corresponding period of the previous fiscal year.

Net cash provided by operating activities amounted to ¥1,032 million. Major cash inflows included income before income taxes of ¥4,100 million and an increase in notes and accounts payable-trade of 2,800 million. Principal cash outflows were the increase in inventories of ¥3,900 million and income taxes paid of ¥2,300 million.

Net cash used in investing activities came to ¥2,342 million. The primary components were purchase of property, plant and equipment totaling ¥1,500 million representing payments in connection with the opening of new stores and purchase of long-term prepaid expenses of ¥300 million.

Net cash provided by financing activities was ¥566 million. The major cash inflow was the net increase in short-term loans payable of ¥3,300 million. Principal cash outflows included the repayment of long-term loans payable of ¥1,500 million and cash dividends paid of ¥1,200 million.

■Results of FY14 2Q Cumulative Opening and Closing of Stores and FY14 Forecasts

UNITED ARROWS LTD.

- FY14 2Q cumulative Group total: Number of new stores opened: 30; Closed: 4; Number of stores as of FY14 2Q-end: 297
- Full FY14 forecast Group total: Number of new stores opened: 46; Closed: 7; Number of stores as of FY14-end: 310 (one store less than the previous forecast)

	FY14 2Q Results				FY14 (forecasts)				Reference
	No. of stores at the beginning of the period	Opened	Closed	No. of stores as of the 2Q-end	Opened 2H	Opened Full term	Closed	No. of stores at the end of the period	YoY previous forecast
Group Total	**271**	**30**	**4**	**297**	**16**	**46**	**7**	**310**	-1
UNITED ARROWS LTD. Total	**208**	**19**	**2**	**225**	**8**	**27**	**5**	**230**	-1
UNITED ARROWS Total	67	7	1	73		7	1	73	
UNITED ARROWS (General Merchandise Store)	11			11				11	
UNITED ARROWS	21	2		23		2		23	
BEAUTY&YOUTH	33	5	1	37		5	1	37	
UA Label Image Stores	2			2				2	
green label relaxing	56	3		59	4	7	3	60	
CHROME HEARTS	8	1		9		1		9	
SBUs Total	59	7	1	65	4	11	1	69	-1
Another Edition	13	2		15	1	3		16	
Jewel Changes	7	2		9	1	3		10	
Odette é Odile	23	1	1	23		1	1	23	-1
DRAWER	6	1		7		1		7	
New Businesses					2	2		2	
Cross Sales-Type: ARCHIPELAGO	1			1				1	
THE AIRPORT STORE	3			3				3	
THE STATION STORE	4	1		5		1		5	
THE HIGHWAY STORE	2			2				2	
Outlet	18	1		19		1		19	
FIGO CO., LTD.	**12**	**1**		**13**		1		**13**	
COEN CO., LTD.	**51**	**10**	**2**	**59**	**7**	17	**2**	**66**	
UNITED ARROWS TAIWAN LTD.					**1**	1		**1**	

■Results of FY14 2Q Cumulative Opening and Closing of Stores and FY14 Forecasts

On a Group total basis, 30 stores were newly opened and four stores closed during the 2Q cumulative period (the 1H) of FY14. The number of stores as of September 30, 2013 therefore stood at 297.

On a non-consolidated basis, 19 stores were newly opened and two stores closed for a total balance of 225 stores as of the end of the period under review.

For the full fiscal year ending March 31, 2104, the UNITED ARROWS Group is projected to open 46 new stores and close seven stores. This will bring the total number of stores to 310 as of March 31, 2014 on a consolidated basis. On a non-consolidated basis, forecasts call for 27 new stores to be opened and five stores to be closed for the full fiscal year under review. This will then bring the total number of non-consolidated stores to 230 as of March 31, 2014.

Changes from the previous presentation announcement materials include a decrease of one Odette é Odile newly opened store.

■ Reference: FY14 2Q-End Results of the Opening and Closing of Stores

UNITED ARROWS LTD.

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Month	Stores Opened and Closed	Store Name	Commercial Facilities / Address
September	Newly opened store	Another Edition Ikebukuro	Ikebukuro PARCO (Toshima-ku, Tokyo)
	Newly opened store	Another Edition Fukuoka	SOLARIA PLAZA (Chuo-ku, Fukuoka City)
	Newly opened store	Jewel Changes Fukuoka	SOLARIA PLAZA (Chuo-ku, Fukuoka City)
August	Newly opened store	UA NANBA	NAMBA PARKS (Naniwa-ku, Osaka City)
	Newly opened store	Odette é Odile atre Kawasaki	atre Kawasaki (Kawasaki-ku, Kawasaki City)
July	Closed store	Odette é Odile Nishiumeda	BREEZE BREEZE (Kita-ku, Osaka City)
June	Newly opened store	BY MINATOMIRAI	MARK IS minatomirai (Nishi-ku, Yokohama City)
May	Newly opened store	BY IKEBUKURO WOMEN'S STORE	LUMINE Ikebukuro (Toshima-ku, Tokyo)
April	Newly opened store	UA ROPPONGI WOMEN'S STORE	Roppongi Hills (Minato-ku, Tokyo)
	Newly opened store	BY OSAKA	GRAND FRONT OSAKA (Kita-ku, Osaka)
	Newly opened store	STEVEN ALAN SHINJUKU	LUMINE Shinjuku (Shinjuku-ku, Tokyo)
	Newly opened store (*1)	STEVEN ALAN TOKYO	Roadside store (Shibuya-ku, Tokyo)
	Newly opened store (*2)	STEVEN ALAN OSAKA	GRAND FRONT OSAKA (Kita-ku, Osaka)
	Newly opened store	GLR HAMAMATSU MAY ONE	MAY ONE (Naka-ku, Hamamatsu City)
	Newly opened store	GLR LaLaport Kashiwanoha	LaLaport Kashiwanoha (Kashiwa City, Chiba Prefecture)
	Newly opened store	GLR piole Himeji	piole Himeji (Himeji City, Hyogo Prefecture)
	Newly opened store	Jewel Changes Shibuya Tokyu Toyoko	TOKYU DEPARTMENT STORE TOYOKO Store (Shibuya-ku, Tokyo)
	Newly opened store	THE STATION STORE Echika Ikebukuro	Echika Ikebukuro (Toshima-ku, Tokyo)
	Newly opened store	CHROME HEARTS UMEDA	GRAND FRONT OSAKA (Kita-ku, Osaka)
	Newly opened store	DRAWER UMEDA	GRAND FRONT OSAKA (Kita-ku, Osaka)
	Newly opened store	UA Outlet SHISUI	Shisui Premium Outlets' (Inba-gun, Chiba Prefecture)
	Closed store (*3)	BY UMEDA	E-ma (Kita-ku, Osaka)
	Newly opened store	BY UMEDA	E-ma (Kita-ku, Osaka)

*1 As an annex of the BEAUTY&YOUTH UNITED ARROWS SHIBUYA KOENDORI, the STEVEN ALAN TOKYO is not included separately in the number of stores.
*2 As an annex of the BEAUTY&YOUTH UNITED ARROWS OSAKA, the STEVEN ALAN OSAKA is not included separately in the number of stores.
*3 The BEAUTY&YOUTH UNITED ARROWS UMEDA has been recorded as both a closed and newly opened store for Opening and Closing of Stores results management purposes. This reflects the decision to change merchandising strategies and suspend the sale of women's products as well as the substantial reduction in shop floor space.

FIGO CO., LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
April	Newly opened store	Felisi Umeda	GRAND FRONT OSAKA (Kita-ku, Osaka)

COEN CO., LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
July	Closed store	COEN Kinshicho	TERMINA (Sumida-ku, Tokyo)
June	Newly opened store	COEN Tokushima	Youme Town Tokushima (Itano-gun, Tokushima Prefecture)
	Newly opened store	COEN Minatomirai	MARK IS minatomirai (Nishi-ku, Yokohama City)
April	Newly opened store	COEN Maebashi Store	Keyaki Walk Maebashi (Maebashi City, Gunma Prefecture)
	Newly opened store	COEN GRAND FRONT Osaka	GRAND FRONT OSAKA (Kita-ku, Osaka)
March	Newly opened store	COEN Kasukabe	AEON MALL Kasukabe (Kasukabe City, Saitama Prefecture)
	Newly opened store	COEN Yao	Ario Yao (Yao City, Osaka Prefecture)
	Newly opened store	COEN Sagamiono	BONO Sagamiono (Minami-ku, Sagamihara City)
	Newly opened store	COEN Tsukuba	AEON MALL Tsukuba (Tsukuba City, Ibaraki Prefecture)
	Newly opened store	COEN Kashiihama	AEON MALL Kashiihama (Higashi-ku, Fukuoka City)
	Newly opened store	COEN Yahatahigashi	AEON MALL Yahatahigashi (Yahatahigashi-ku, Kitakyushu City)
February	Closed store	COEN Sendai Natori	AEON MALL Natori (Natori City, Miyagi Prefecture)

Note: COEN CO., LTD. maintains a balance date of January 31 each year. Details of the opening of new stores for the second quarter cover the cumulative period from February to July.

■Reference: FY14 2Q-End Results of the Opening and Closing of Stores
(An explanation has been omitted.)

FIGO CO., LTD. Felisi coen

Increase in revenue and decrease in earnings for the 2Q cumulative period of FY14

- 2Q cumulative sales: ¥1,400 million; up 14% YoY
- Decrease in the gross margin owing mainly to the weak yen; decrease in earnings largely due to the incidence of anticipatory costs aimed at acquiring new brands
- Took steps to promote and develop the Aspesi fashion brand; worked to develop the Italy-based ASPESI fashion and eye wear AL e RO design brands; acquired the rights to exclusively distribute products in Japan from Italy-based COONCEPT srl

Increase in revenue and decrease in earnings for the 2Q cumulative period of FY14

- 2Q cumulative sales: ¥3,100 million; up 28% YoY
- Decrease in earnings due mainly to the decline in the gross margin as a result of the weak yen and higher mark-down losses as well as the increase in costs associated with the opening of new stores (2Q FY14: 10 stores; 2Q FY13: 4 stores) and other factors

Note: For details of initiatives please refer to page 20.

The PALM series, a new Felisi release for the 2013 fall and winter seasons

COEN MINATOMIRAI: Opened on June 21, 2013

■Group Companies

・FIGO CO., LTD.

2Q cumulative sales came to ¥1,400 million, up 14% compared with the corresponding period of the previous fiscal year. This largely reflected robust trends in retail, online, and wholesale sales. In contrast, earnings declined year on year owing mainly to a decrease in the gross margin as a result of the weak yen and the incidence of anticipatory costs aimed at acquiring new brands.

From an operating perspective, the company took steps to promote the Aspesi fashion brand and acquired the rights to exclusively import and distribute AL e RO design brand eye wear manufactured and marketed on a whole sale basis by Italy-based COONCEPT srl. in Japan.

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

In the 2Q cumulative of FY14, sales were up 28% compared with the corresponding period of the previous fiscal year to ¥3,100 million. In addition to the increase in revenue as a result of the opening of new stores, the increase in sales was attributable to robust trends in existing store and online sales. In contrast, earnings were down year on year. This largely reflected a decline in the gross margin owing to such factors as the weak yen and higher mark-down losses together with an increase in costs associated with the opening of new stores.

(For details, please refer to page 20 of the presentation materials.)

■ Progress on Addressing Priority Issues

UNITED ARROWS LTD.

Management Slogan “Challenge”

(1) Take up the “challenge” of ensuring that existing stores continue to evolve and grow

- Grasp customer needs in tune with social trends
- Hone the Group’s service, products, and store environment
- Secure year-on-year existing store sales growth on the back of ongoing developments in existing stores

(2) Take up the “challenge” of developing new business

- Foster monkey time BEAUTY&YOUTH UNITED ARROWS business activities; commence STEVEN ALAN operations
- Take preparatory steps to develop new businesses by newly establishing Small Business Unit Division I and II
- Prepare to enter overseas markets

(3) Take up the “challenge” of becoming a leading O2O company

- Launch the Digital Marketing Department
- Consider and introduce cooperative store and online initiatives
- Create a new O2O-driven retail standard

(4) Take up the “challenge” of increasing profit by improving productivity

- Undertake flexible cost management in line with the status of sales and profit
- Improve productivity by strengthening collaboration between departments and improving operations
- Secure revenue and earnings growth and achieve record high profit for a third consecutive fiscal year

Fiscal 2014 Fiscal Year Ending March 2014 Second Quarter 14

■Progress on Addressing Priority Issues

In the fiscal year under review, ending March 31, 2014, UNITED ARROWS LTD. has put forward four management policies under the management slogan “Challenge.”

In this 2Q earnings announcement, we discuss how the Company has taken up the challenge of developing new business while at the same time becoming a leading O2O company, and outline details of progress to date.

■ Progress on Addressing Priority Issues

UNITED ARROWS LTD.

(2) Take up the “challenge” of developing new business

ASTRÆT

Direction theme: Modernize

Modernize standard items and styles to reflect “current moods, trends, and feelings.”
A specialty store that is made up of high-quality private label products that reflect the feelings of the era and select items for the discerning adult

Target	Adult men and women who are both spiritually and culturally mature
Scheduled launch	March 2014
Product mix	Focus mainly on women’s items at initial launch Private label products / purchased products (65:35) Clothing wear to miscellaneous items (70:30)
Central price range (private label products)	Outer wear ¥72,000 Jackets ¥54,000 Knitwear ¥25,000 Blouses ¥18,000 Bottom wear ¥23,000

A visual image of the ASTRAET brand

■Take up the “challenge” of developing new business

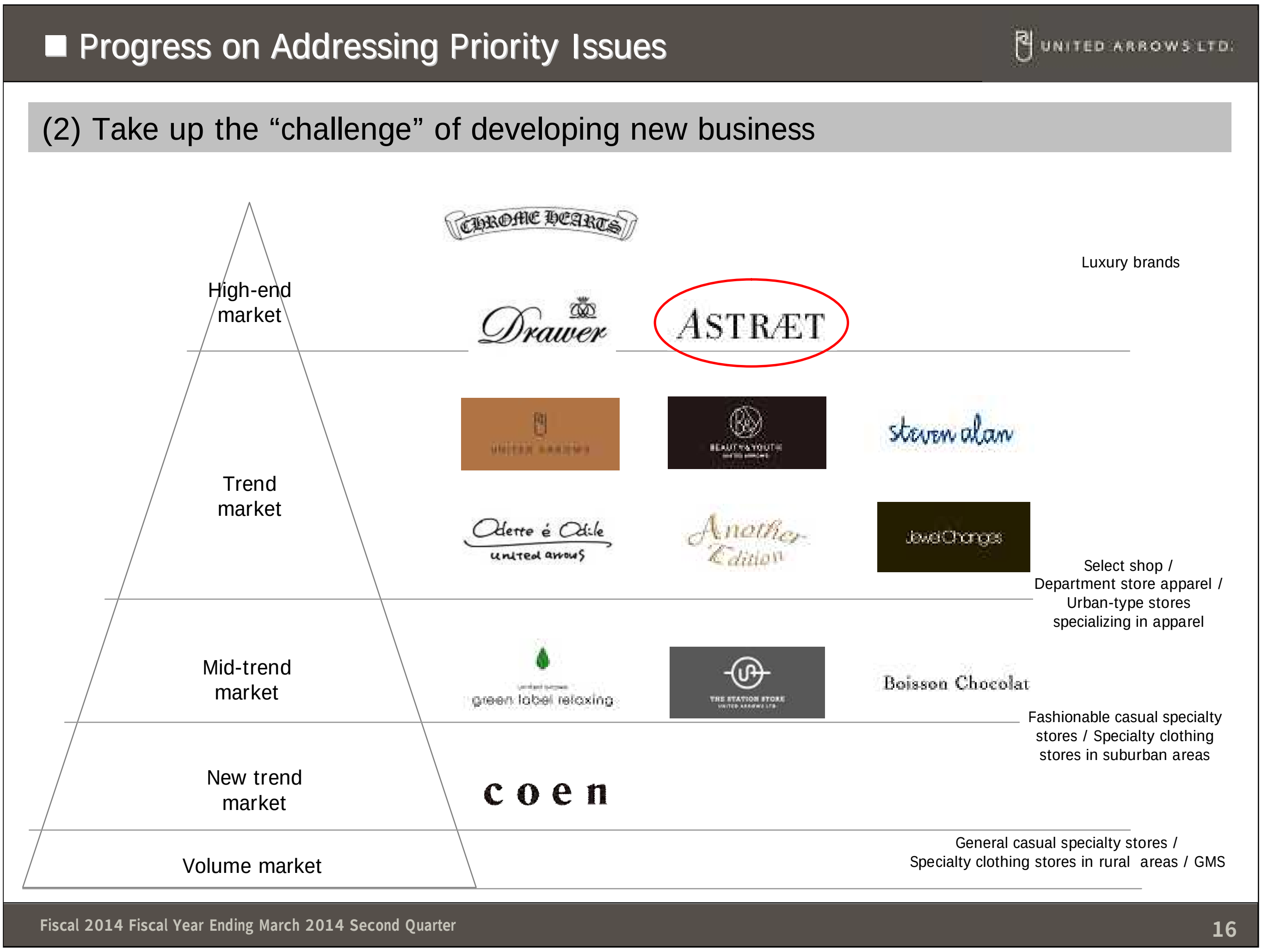
In its UA VISION 2022 long-term vision announced in May, UNITED ARROWS LTD. identified efforts to put forward new value proposals by developing and fostering new business that will drive next-generation growth as one of its core business strategies. ASTRAET is positioned as a key component of this strategy with the aim of nurturing this business into a major pillar going forward.

ASTRAET targets adult men and women, who are spiritually mature. It is a specialty store that is highly sensitive to customers’ needs while offering exquisitely refined items that are designed to help patrons lead beautiful and sophisticated lives.

With a direction that is guided firmly by a “modernize” theme, ASTRAET offers a product mix of high-quality private label brands and purchased products across three broad categories. These categories are “NewBasic,” which focuses on modernizing standard items and styles to reflect current moods, trends, and feelings; “HeritageClassic,” which provides a contemporary feel to traditional and classic items as well as traits; and “StreetMix,” which helps customers truly express how they feel moment by moment through a genuine street mix sense and fashion mode.

In specific terms, private label brands comprise around 65% of the total product mix with the remaining 35% made up of purchased products. This ratio of private label brands is high for UNITED ARROWS LTD. Calling on the skills of resident creative director Futoshi Toya and art director Tamotsu Yagi, ASTRAET is endeavoring to evolve into a next-generation specialty store that can excel on the world stage.

Plans are in place to open an inaugural store around March 2014 with an initial focus on women’s items.



■Market Positioning Map

ASTRAET is positioned in the high-end market and together with CH and DRAWER is recognized as a part of the Company's luxury brands.

■ Progress on Addressing Priority Issues

UNITED ARROWS LTD.

(2) Take up the “challenge” of developing new business

- Overseas businesses: Opened the Group’s first overseas store in Daan District, Taipei City

Store name	UNITED ARROWS TAIPEI
Location	1F, No.30&32, Lane 71, Section 4, Ren'ai Road, Daan District, Taipei 10688, Taiwan
Date of store opening	October 31, 2013
Store floor space	67.5 tsubo (about 222.75m²)
Operating format	Directly operated roadside store
Product lineup	Lineup of private label brand and procured products
Product price	Approximately 1.25 times the level recorded in Japan

Conceptual image of the interior of the UNITED ARROWS TAIPEI

■Progress in Entering Overseas Markets

UNITED ARROWS TAIPEI opened in the Daan District of Taipei on October 31, 2013 as the Company’s first directly operated store. The Daan District is home to a large number of office buildings and commercial facilities and is recognized as a leading area of Taipei. In addition to the businessperson, this new store caters to the adult who has a strong interest in fashion and aspires to an affluent lifestyle. Moving forward, UNITED ARROWS TAIPEI will further hone the great service, products, and store environment nurtured in Japan to create new value overseas.

UNITED ARROWS TAIPEI is a roadside store that boasts two floors with a total shop space of 67.5 tsubo (approx. 222 m2). The store’s interior was supervised by Yasuto Kamoshita a UA business creative director. While exuding a certain dignity, the store interior imbues the UA business’s modern classic spirit by offering an open and free-flowing ambiance that combines just the right sense of excitement and comfort. Since its opening, the store has forged a trend-setting position within Taiwan’s fashion industry and is attracting a substantial number of visitors and wide-ranging acclaim.

The makeup of the store’s products is essentially the same as Japan and comprises a full lineup of private label brands as well as selectively purchased domestic and overseas apparels, miscellaneous items and lifestyle goods. Prices are set at around 1.25 times the level used in Japan.

Looking ahead, energies will be channeled toward identifying prospective sites that extend beyond roadside stores to include department stores and commercial facilities with the immediate focus on opening UA and BY stores. The emphasis with then shift to opening GLR stores with an eye to opening a total of 10 UA, BY, and GLR stores by 2022.

■ Progress on Addressing Priority Issues

UNITED ARROWS LTD.

(3) Take up the “challenge” of becoming a leading O2O company

(1) Taking steps to expand distribution inventory information cooperative sites

- Marui web channel (from June), Stylife and au Brand Garden (from August), and SELECT SQUARE (from September)
- Reducing the incidence of opportunity loss and promoting the efficient sale of products by ensuring increased cooperation between the Company’s distribution inventory information of each online site

(2) Commencing the photographic shooting of products in the Company’s own right

- Taking steps to enhance the image of each brand by maintaining control over the selection of models as well as styling
- Photographs posted on UA Online Store and ZOZOTOWN sites from October; plans in place to expand to compatible sites

Images of product photos taken by the Company

(3) Future plans

- Release a UA Online Store application (release scheduled within the current year)
- Add an ordering function from UA Online Store to actual stores

■Take up the “challenge” of becoming a leading O2O company

(1) Taking steps to expand distribution inventory information cooperative sites

UNITED ARROWS LTD. is working diligently to expand collaboration with respect to distribution inventory information. In addition to the existing collaboration between ZOZOTOWN, an online site operated by START TODAY CO., LTD., and UNITED ARROWS LTD. ONLINE STORE, the Company included the Marui web channel from June, Stylife and au Brand Garden from August, and SELECT SQUARE from September.

Even when a particular site is out of stock, indications will show that inventory is available when the item is in stock at one of the Company’s distribution warehouses. Purchases can then be made through order sales. This particular measure is contributing significantly to reducing opportunity loss and is expected to produce results leading into actual selling periods in the future. Looking ahead, we will seek the cooperation of each EC site and will work to further expand collaboration.

(2) Commencing the photographic shooting of products in the Company’s own right

To date, the photographic shooting of products was undertaken by each EC site. As a result, there were instances when photos did not truly reflect the Company’s intentions with respect to such key features as styling. By having UNITED ARROWS LTD. take on the responsibility of all photographic shooting, photos can be expected to project the genuine aims and views of the Company. This shift in responsibility is also expected to help enhance the image of each brand. After adopting this policy for the Company’s own site as well as ZOZOTOWN, efforts will be made to extend this initiative to other compatible sites.

(3) Future plans

Plans are in place to release a UNITED ARROWS LTD. ONLINE STORE mobile application by the end of the year. In addition to browsing the Company’s own EC site, searching for products by item number, and confirming the status of inventories at each store, this new application extends beyond the ONLINE STORE to provide a GPS function to locate an actual neighborhood store. This initiative is expected to further enhance convenience when using actual stores. Following its release, steps will be taken to update the application as needed.

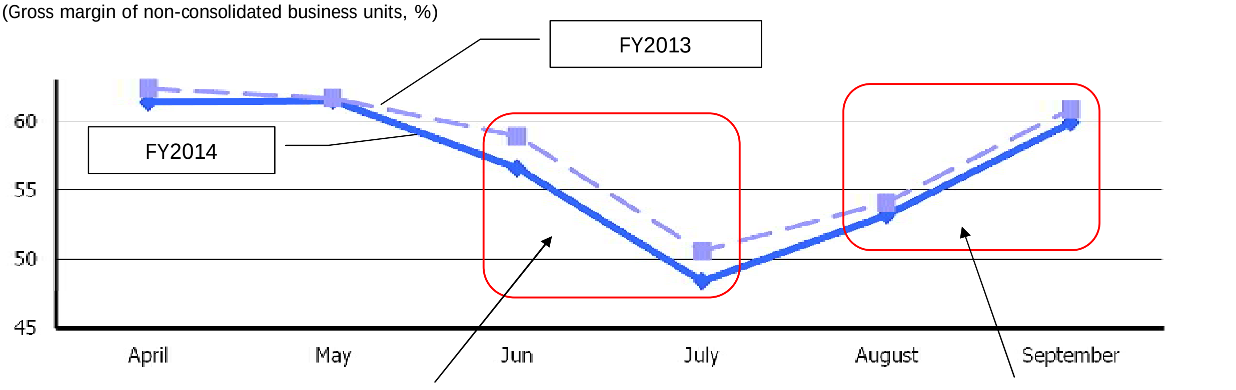
Plans are also in place to add a product ordering function from UNITED ARROWS LTD. ONLINE STORE to actual stores by next spring. This function will allow customers to confirm with certainty the products of their choice. Customers will first confirm the product online and collect the product after selecting the required color as well as size and placing an order for delivery to a designated actual store. As customers then call into stores, the potential exists to increase the number of purchased items as sales staff put forward various coordination proposals.

■ TOPIC 1: Responding to the Weak Yen

UNITED ARROWS LTD.

1. Trends in the gross margin contingent to movements in foreign currency exchange rates

(Gross margin of non-consolidated business units, %)



- The start of clearance sale periods brought forward
- Increase in the cost of goods purchased ratio of additional products launched

→ Down by more than 2 points year on year in June and July

- Increase in the fixed price sales ratio in line with the growth in sales of fall and winter items

→ Improvement up to a decline of around 1 point year on year in August and September

2. Expand inbound demand (travelers from overseas)

- 2Q cumulative of FY2014: duty-free sales of approx.. ¥566 million
  Around 3.9 times the level recorded for the corresponding period of the previous fiscal year; surpassing the full-year FY2013 results of ¥ 396 million
  CH business accounted for around 78% while UA business contributed approx.. 15%
- Expectations of mutual synergy benefits following the opening of the UNITED ARROWS TAIPEI store

■TOPIC 1: Responding to the Weak Yen

Procurement costs are on an upward trajectory fueled by continuing weakness in the yen. The effects of this trend emerged primarily with respect to this season's spring and summer items, resulting in a more than two percentage point year-on-year decline in the non-consolidated business unit gross margins for June and July. In addition to an increase in the COGS ratio of additional products launched, this decline largely reflects the bringing forward of the start of clearance sale periods for mainstay commercial facilities and online store sites from the beginning of July last year to the end of June. This in turn served to prolong the periods of clearance sales.

While the cost of goods purchased ratio continues to rise due mainly to the flow-on effects of the weak yen, steps are being taken to enhance products planning capabilities and to review prices with the underlying prerequisite of securing customers' understanding and acceptance that they are getting value for their money for certain products. For those products where prices remain unchanged, every effort is being made to limit as much as possible any increase in the COGS ratio by utilizing the production platform. Among a host of endeavors, the Company is reviewing production each location where products are manufactured, promoting low season production, and modifying material procurement routes. The business unit gross margins for August and September exhibited an improvement trend with the year-on-year decline held to around one percentage point. This largely reflects steady trends in sales of later summer, fall, and winter items, which contributed to an improvement in the final sales rate at regular prices (the fixed price sales ratio). From October, every emphasis has been placed on raising the final sales rate at regular prices (the fixed price sales ratio) by promoting collaboration between product, sales, and promotion. Steps are also being taken to harness the product platform in a bid to ensure the quick conversion of products into cash through the early reduction of inventory using outlet stores. As much as possible, energies are being channeled toward securing forecast gross margins and gross profit.

On a positive note, the weak yen raises the potential for an increase in foreign traveler sales. Sales to foreign travelers are improving. On a non-consolidated basis, duty-free sales for the 1H of FY14 jumped approximately 3.9 times compared with the corresponding period of the previous fiscal year and have already surpassed the level recorded for the full fiscal year ended March 31, 2013. Looking at a breakdown of results, CH sales account for 78% of the total. This reflects the high brand awareness that CH enjoys overseas. UA sales contribute 15%. Brand awareness is expected to further increase in Asia following the opening of a Taiwan store at the end of October with future inbound demand projected to increase. Looking ahead, UNITED ARROWS LTD. will expand its network of duty-free stores while undertaking wide-ranging measures as a part of efforts to continuously capture this inbound demand.

■ TOPIC 2: COEN CO., LTD. Initiatives

UNITED ARROWS LTD.

1. Strengthening product supply systems

- The Company's Supply Chain Management Division began providing its support from October in a bid to identify issues relating to the supply chain and putting forward improvement proposals

2. coen ONLINE STORE and COEN GENERAL STORE opened

(1) coen ONLINE STORE, a directly operated online store opened on September 18

- Entice customers to actual stores by displaying details regarding store inventories
  → Robust start in excess of plans

(2) COEN GENERAL STORE opened in SEIBU SHINJUKU PePe on September 26

Store name	coen General Store Shinjuku PePe store
Location	3F Shinjuku PePe, Shinjuku-ku, Tokyo
Store floor space	119.3 tsubo (393.69 ㎡)

- A varied and diverse product lineup reflecting efforts to promote business along multiple levels
  → Robust start in excess of plans

COEN General Store Shinjuku PePe

■TOPIC 2: COEN CO., LTD. Initiatives

COEN CO., LTD. reported an increase in revenue and a decrease in earnings for the 1H of FY14. In addition to the increase in costs owing to the expansion of new store openings, these results were largely attributable to an upswing in the COGS ratio on the back of the weak yen, and such factors as the drop in final sales rates at regular prices due to the over-emphasis on products that generated positive results in the previous fiscal year. Taking each of these factors into account, the gross margin declined in the 1H of FY14.

Working to strengthen product supply systems, the Company's Supply Chain Management Division has provided support in identifying issues relating to the current supply chain while putting forward improvement proposals from October. Drawing on the Company's know-how, every effort will be made to find quick solutions by providing support that takes into consideration the details and background of procurement as well as coen's different merchandising business operating flows.

In the 2H, coen will take up the challenge of promoting the following new endeavors.

coen ONLINE STORE opened on September 18. Mirroring UNITED ARROWS LTD. ONLINE STORE, coen ONLINE STORE offers a function that enables customers to confirm the status of inventory at actual stores thereby bolstering collaboration between online and actual stores. While drawing on UNITED ARROWS LTD. ONLINE STORE examples of success including a styling page and the use of advanced order events, this new initiative is helping to express the coen brand image through a full lineup of products.

COEN General Store Shinjuku PePe store opened as the company's first large-scale flagship store on September 26. With a floor space of slightly less than 120 tsubo (approx. 393m2), this store is the largest of the company's network, and offers a full lineup of products including new private brands. With the store interior arranged by label, every effort has been made to display in a complete and powerful manner the colors of the coen collection. Offering the variety of multiple labels, the store is attracting wide acclaim and large number of visitors from students through to families. Plans are in place to open and additional General Store in November.

Looking ahead, every effort will be made to secure a rapid improvement in business performance by drastically revamping both products and sales.

Reference Materials

■ Reference: Fiscal 2014 Consolidated / Non-Consolidated P/L Forecasts

Millions of yen

	Consolidated FY14 (full fiscal year)			FY13		Non-Consolidated FY14 (full fiscal year)			FY13	
	Forecasts	**vs. Sales**	**YoY**	Results	vs. Sales	**Forecasts**	**vs. Sales**	**YoY**	Results	vs. Sales
Sales	**125,545**	**100.0%**	109.1%	115,041	100.0%	**114,651**	**100.0%**	107.5%	106,605	100.0%
Gross Profit	**68,319**	**54.4%**	109.1%	62,619	54.4%	**61,903**	**54.0%**	107.7%	57,499	53.9%
SGA Exp.	**54,857**	**43.7%**	109.6%	50,056	43.5%	**49,379**	**43.1%**	107.5%	45,955	43.1%
Operating Inc.	**13,462**	**10.7%**	107.2%	12,562	10.9%	**12,523**	**10.9%**	108.5%	11,544	10.8%
Non Op. P/L	**21**	**0.0%**	111.0%	19	0.0%	**40**	**0.0%**	107.5%	37	0.0%
Ordinary Inc.	**13,484**	**10.7%**	107.2%	12,582	10.9%	**12,564**	**11.0%**	108.5%	11,582	10.9%
Extraordinary P/L	**(439)**	**-0.4%**	–	(954)	-0.8%	**(424)**	**-0.4%**	–	(931)	-0.9%
Net Income	**7,754**	**6.2%**	106.0%	7,316	6.4%	**7,285**	**6.4%**	112.0%	6,507	6.1%

■ Reference: Fiscal 2014 First and Second Half Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

■Consolidated

Millions of yen

	Consolidated FY14 First Half			FY13 First Half		Consolidated FY14 Second Half			FY13 Second Half	
	Forecasts	vs. Sales	YoY	Results	vs. Sales	Forecasts	vs. Sales	YoY	Results	vs. Sales
Sales	**55,996**	**100.0%**	110.7%	50,582	100.0%	**69,548**	**100.0%**	107.9%	64,458	100.0%
Gross Profit	**30,424**	**54.3%**	110.4%	27,553	54.5%	**37,895**	**54.5%**	108.1%	35,065	54.4%
SGA Exp.	**26,058**	**46.5%**	115.0%	22,663	44.8%	**28,799**	**41.4%**	105.1%	27,393	42.5%
Operating Inc.	**4,366**	**7.8%**	89.3%	4,890	9.7%	**9,095**	**13.1%**	118.6%	7,671	11.9%
Non Op. P/L	**6**	**0.0%**	8.8%	71	0.1%	**15**	**0.0%**	–	(51)	-0.1%
Ordinary Inc.	**4,372**	**7.8%**	88.1%	4,961	9.8%	**9,111**	**13.1%**	119.6%	7,620	11.8%
Extraordinary P/L	**(302)**	**-0.5%**	–	(687)	-1.4%	**(136)**	**-0.2%**	–	(267)	-0.4%
Net Income	**2,328**	**4.2%**	85.2%	2,733	5.4%	**5,425**	**7.8%**	118.4%	4,582	7.1%

■Non-Consolidated

	Non-Consolidated FY14 First Half			FY13 First Half		Non-Consolidated FY14 Second Half			FY13 Second Half	
	Forecasts	vs. Sales	YoY	Results	vs. Sales	Forecasts	vs. Sales	YoY	Results	vs. Sales
Sales	**51,274**	**100.0%**	109.3%	46,911	100.0%	**63,377**	**100.0%**	106.2%	59,694	100.0%
Gross Profit	**27,632**	**53.9%**	109.2%	25,308	54.0%	**34,270**	**54.1%**	106.5%	32,190	53.9%
SGA Exp.	**23,540**	**45.9%**	113.1%	20,817	44.4%	**25,839**	**40.8%**	102.8%	25,137	42.1%
Operating Inc.	**4,091**	**8.0%**	91.1%	4,491	9.6%	**8,431**	**13.3%**	119.5%	7,053	11.8%
Non Op. P/L	**16**	**0.0%**	24.2%	68	0.1%	**24**	**0.0%**	–	(30)	-0.1%
Ordinary Inc.	**4,108**	**8.0%**	90.1%	4,559	9.7%	**8,455**	**13.3%**	120.4%	7,022	11.8%
Extraordinary P/L	**(287)**	**-0.6%**	–	(682)	-1.5%	**(136)**	**-0.2%**	–	(249)	-0.4%
Net Income	**2,216**	**4.3%**	90.5%	2,448	5.2%	**5,069**	**8.0%**	124.9%	4,058	6.8%

■ Reference: Details of Fiscal 2014 Non-Consolidated Sales Forecast

UNITED ARROWS LTD.

Millions of yen

	Non-Consolidated Results FY14 (full fiscal year)			Non-Consolidated Results FY14 First Half			Non-Consolidated Results FY14 Second Half		
	Forecasts	YoY Increase (Decrease)	%	Forecasts	YoY Increase (Decrease)	%	Forecasts	YoY Increase (Decrease)	%
Sales	**114,651**	8,046	107.5%	**51,274**	4,362	109.3%	**63,377**	3,683	106.2%
Total Business Unit Sales	**100,019**	7,236	107.8%	**44,677**	3,853	109.4%	**55,341**	3,383	106.5%
Retail	**86,877**	6,820	108.5%	**38,956**	3,578	110.1%	**47,920**	3,241	107.3%
Online	**12,587**	638	105.3%	**5,453**	363	107.1%	**7,133**	275	104.0%
Outlet	**14,632**	810	105.9%	**6,596**	509	108.4%	**8,036**	300	103.9%
Existing store sales YoY									
Retail + Online	101.2%			101.3%			101.1%		
Retail	100.5%			100.5%			100.4%		
Online	106.1%			107.2%			105.2%		

■ Reference: Overview of the Long-Term Vision through to Fiscal 2022

■ Slogan

In Japan there is UNITED ARROWS LTD.

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

■ Management strategies aimed at achieving UA VISION 2022

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

■ Sales initiatives aimed at achieving UA VISION 2022

1. Strengthen collaboration between the Product, Sales, and Promotion departments
2. Take a systematic approach toward business processes and operations
3. Bolster creativity

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

Consolidated sales: ¥220.0 billion (Average rate of annual growth: 107.5%)

Consolidated ordinary income: ¥26.4 billion; Ordinary income margin: 12.0%
(Average rate of annual growth: 108.7%)

Consolidated ROE: 20.0%

About the Company's product platform

UNITED ARROWS LTD.'s product platform is comprised of its merchandising (MD) and production platforms. It entails wide-ranging activities including product procurement, production, product launch, and inventory reduction. The platform itself was designed to break free from a business process and practice that overly relies on the skills and experience of individual artisans. Emphasis is therefore placed on a common and consistent set of forms and benchmarks that all appropriate parties can quickly master and perform with a high degree of accuracy. Information that underpins the selection of factories and raw materials procured is collated and shared throughout the Group. By applying the product platform, the Company is better positioned to promote stable merchandising processes and to improve gross profit and cash flows.

About the Company's merchandising platform

The merchandising platform forms a part of the product platform. This is a 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 Group to promote the additional manufacture of top-selling items while reducing production and inventories or slow-selling items. As a result, UNITED ARROWS LTD. is increasing the rates of inventory reduction as well as final sales. This in turn is leading to improvements in gross profit, inventories, and cash flows.

About the Company's production platform

The production platform forms a part of the product platform. This platform works to formulate the product procurement and production strategies that take the Company from merchandising planning through to realization. While manufacturing is outsourced, the choice of external plant or factory for each item is based on a Companywide consolidation of the raw materials procured by each business as well as manufacturing plant information. Through these means, the Company has benefitted from positive adjustments in procurement costs relating to purchases and production as well as lead times in a way that satisfies UNITED ARROWS LTD.'s five key criteria*.

*Five key criteria: Customers can purchase (1) the products they want, (2) when they want, (3) where they want, (4) in the quantities they want, and (5) at prices they want.

(Please refer to UNITED ARROWS LTD.'s 2013 Annual Report posted on the "IR Library" section of the Company's IR homepage, and specifically to the "Product Flow (Value Chain)" and "Product Platform" sections on pages 36-39 and 40-41, respectively, for details. http://www.united-arrows.co.jp/ir/lib/index.html)

About O2O and Omni Channel Retailing

O2O is the acronym for "Online to Offline." It refers to the coordination of purchasing activities between online and offline (actual stores) channels as well as the impact that online channels have on purchasing at actual and other stores. UNITED ARROWS LTD.'s proprietary in-store inventory display function, UNITED ARROWS LTD. House Card points collaboration, and the item number memo service, which allows customers calling on actual stores to quickly and easily search for a product using an EC site (not available at all actual stores), are a few of the Company's specific examples.

Omni Channel Retailing is a customer-centric strategy that integrates a wide variety of sales channels and media including actual stores, online sales, catalog sales, DM, and social media networks to build the optimal purchasing experience on an individual customer basis. In particular, "Omni Channel Retailing" is attracting considerable interest in North America as a key next-generation retailing concept. Cutting-edge Omni Channel Retailing strategies are currently being practiced by the established department store chain Macy's.

Please refer to UNITED ARROWS LTD.'s 2013 Annual Report posted on the "IR Library" section of the Company's IR homepage, and specifically to the "O2O Strategy Initiatives" section on pages 22-23, respectively, for details. http://www.united-arrows.co.jp/ir/lib/index.html)