Fiscal 2015
Fiscal Year Ending March 2015
First Quarter
Earnings Announcement

August 5, 2014

UNITED ARROWS LTD.

25TH
Arigato Gozaimasu
United Arrows Ltd.
since 1989

■Contents

UNITED ARROWS LTD.

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

Cautionary Statement

Earnings forecasts and comments other than statements of objective fact 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 uncertainty. Actual results may differ materially from forecasts due to a variety of factors that have an impact on the Company's operating activities including trends in economic and market conditions.

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, District, THE SOCEREIGN HOUSE, BOW & ARROWS, BY, monkey time, STEVEN ALAN
SBUs: Another Edition, Jewel Changes, Odette é Odile, Boisson Chocolat, DRAWER, ASTRAET, EN ROUTE, ARCHIPELAGO, THE AIRPORT STORE, THE STATION STORE, THE HIGHWAY STORE

■Consolidated / Non-Consolidated 1Q P/L Overview

UNITED ARROWS LTD.

While revenue was up and earnings down, profit trends remain essentially in line with plans*

- Consolidated sales: YoY increase in sales of 2.1% → Increase attributable to the upswing in sales at UNITED ARROWS LTD. and COEN CO., LTD.
- Gross margin: 0.2 of a percentage point YoY decline to 56.6% → Decrease in the gross margin owing mainly to the weak yen; increase in the amount of gross profit in line with the increase in revenue
- SGA expenses: 2.1 percentage point YoY increase in the ratio of SGA expenses to sales to 46.7% → Increases in sales personnel expenses as well as overseas and new business costs

* Plan for consolidated ordinary income on a second quarter cumulative basis: ¥3,702 million (YoY decrease of 16.7%)

Millions of yen

	Consolidated Results FY15 1Q				FY14 1Q		Non-Consolidated Results FY15 1Q				FY14 1Q	
	Results	vs. Sales	YoY Increase (Decrease)	%	Results	vs. Sales	Results	vs. Sales	YoY Increase (Decrease)	%	Results	vs. Sales
Sales	**29,850**	100.0%	603	102.1%	29,247	100.0%	**27,641**	100.0%	382	101.4%	27,258	100.0%
Gross Profit	**16,908**	56.6%	288	101.7%	16,620	56.8%	**15,541**	56.2%	124	100.8%	15,416	56.6%
SGA Exp.	**13,949**	46.7%	901	106.9%	13,047	44.6%	**12,390**	44.8%	516	104.4%	11,873	43.6%
Operating Inc.	**2,959**	9.9%	(612)	82.8%	3,572	12.2%	**3,151**	11.4%	(392)	88.9%	3,543	13.0%
Non Op. P/L	**50**	0.2%	62	–	(11)	0.0%	**64**	0.2%	71	–	(7)	0.0%
Ordinary Inc.	**3,010**	10.1%	(550)	84.5%	3,561	12.2%	**3,215**	11.6%	(320)	90.9%	3,535	13.0%
Extraordinary P/L	**(190)**	-0.6%	(75)	–	(114)	-0.4%	**(182)**	-0.7%	(77)	–	(105)	-0.4%
Net Income	**1,720**	5.8%	(346)	83.2%	2,067	7.1%	**1,879**	6.8%	(182)	91.2%	2,061	7.6%

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■ Consolidated / Non-Consolidated 1Q P / L Overview

For the 1Q (April 1, 2014 to June 30, 2014) of FY15, the fiscal year ending March 31, 2015, revenue was up and earnings were down. Profits at each level of earnings below operating income were essentially in line with plans on both a consolidated and non-consolidated basis.

Consolidated sales climbed 2.1% compared with the corresponding period of the previous fiscal year to ¥29,850 million. This was largely attributable to the upswing in sales at UNITED ARROWS LTD. and COEN CO., LTD.

Gross profit increased 1.7% year on year to ¥16,908 million. Despite a decrease in the gross margin owing mainly to the weak yen, this increase in gross profit largely reflected the increase in revenue.

Selling, general and administrative (SGA) expenses amounted to ¥13,949 million, 6.9% higher than the corresponding period of the previous fiscal year. This increase was primarily the result of higher sales personnel expenses as well as overseas and new business costs. The SGA expenses to total sales ratio increased 2.1 percentage points year on year to 46.7%.

Accounting for each of these factors, operating income was ¥2,959 million, down 17.2% compared with the corresponding period of the previous fiscal year. Ordinary income came to ¥3,010 million, down 15.5%, and net income was ¥1,720 million, down 16.8% year on year.

■Non-Consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

Non-consolidated sales up 1.4%YoY; existing retail and online stores sales down 1.5%YoY

- While Company total and existing store sales were slightly weak due to market corrections following the increase in the consumption tax rate in April and poor weather conditions in June, online store sales were firm
- Sales composition: Online store sales 10.3% (9.8% in the 1Q of FY14); outlet store sales 12.9% (13.9% in the 1Q of FY14)

Millions of yen

	Non-Consolidated Results FY15 1Q					
	Results	Share	YoY Increase (Decrease)	%	FY14 1Q Results	Share
Non-Consolidated Sales	**27,641**	100.0%	382	101.4%	27,258	100.0%
Total Business Unit Sales	**24,084**	87.1%	608	102.6%	23,476	86.1%
Retail	**21,085**	76.3%	420	102.0%	20,664	75.8%
Online	**2,837**	10.3%	172	106.5%	2,664	9.8%
Outlet	**3,556**	12.9%	(225)	94.0%	3,782	13.9%

	Existing Stores YoY		
	Sales	Number of Customers	Ave. Spending per Custome
Retail + Online	98.5%	—	—
Retail	98.3%	93.3%	105.4%
Online	101.3%	—	—

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■ Non-Consolidated Sales Results by Sales Channel

Non-consolidated sales were up 1.4% compared with the corresponding period of the previous fiscal year. Existing retail and online store sales, on the other hand, were down 1.5% year on year.

While Company total and existing store sales were slightly weak due to market corrections following the increase in the consumption tax rate in April and poor weather conditions in June, online sales across all stores and existing store sales were firm climbing 6.5% and 1.3%, respectively, year on year.

Looking at the composition of sales, the ratio of online store sales rose 0.5 of a percentage point compared with the corresponding period of the previous fiscal year to 10.3%. The ratio of outlet store sales to total sales declined 1.0 percentage point year on year to 12.9%

■Non-Consolidated Sales Results by Business Type

UNITED ARROWS LTD.

Revenue up in the UA, GLR, and CH businesses;
the GLR and CH businesses exceeded existing stores results on a YoY basis

- UA: men's and women's casual; CH
- GLR: men's and women's items generally
- CH: gold and silver related items

all exhibited robust trends

Millions of yen

	Non-Consolidated Results FY15 1Q			
	Results	YoY Increase (Decrease)	%	FY14 1Q Results
Total Business Unit Sales	**24,084**	608	102.6%	23,476
UA	**11,945**	188	101.6%	11,757
GLR	**6,359**	255	104.2%	6,103
CH	**2,397**	167	107.5%	2,229
SBUs	**3,382**	(3)	99.9%	3,385

	Existing Store Sales YoY		
	Retail + Online	Retail	Online
UA	97.8%	97.7%	98.4%
GLR	101.7%	101.6%	101.8%
CH	-	103.0%	-
SBUs	92.3%	90.2%	102.3%

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■ Non-Consolidated Sales Results by Business Type

In the 1Q of FY15, revenue was up in the UNITED ARROWS (UA), green label relaxing (GLR), and CHROME HEARTS (CH) businesses. Results at existing GLR and CH stores exceeded the levels recorded in the corresponding period of the previous fiscal year.

Men's and women's casual items as well as CH products in the UA business, and men's and women's items generally in the GLR business all exhibited robust trends. Gold and silver related items in the CH business were also firm.

Revenue was down at SBUs as a whole. Amid the sneaker trend, Odette é Odile, which mainly handles pumps and other women's shoes, struggled. In addition, sales of SBUs largely dealing in women's clothing faced difficult conditions.

In the 2Q of FY15, there are indications that DRAWER, which was quick to release fall and winter items, is experiencing extremely strong results.

■Non-Consolidated Gross Margin Results

UNITED ARROWS LTD.

0.3 of percentage point YoY decrease to 56.2% in the non-consolidated gross margin

- Non-consolidated gross margin trends essentially in line with plans
- Total Business Units: while the gross margin declined by 0.5 of a percentage point YoY, the degree of decline continued to narrow (decrease of 1.2 percentage points for the previous full fiscal year)
- Outlet: 3.3 percentage point decrease to 35.5% due mainly to efforts aimed at promoting the reduction of inventories

	Non-Consolidated Results FY15 1Q		
	Results	YoY Increase (Decrease)	FY14 1Q Results
Gross Margin	**56.2%**	-0.3%	56.6%
Total Business Units	**59.3%**	-0.5%	59.8%
Outlet	**35.5%**	-3.3%	38.9%
Other COGS Millions of yen	1	(85)	87

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

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■ Non-Consolidated Gross Margin Results

The non-consolidated gross margin decreased 0.3 of a percentage point compared with the corresponding period of the previous fiscal year to 56.2%.

The Total Business Unit gross margin declined 0.5 of a percentage point year on year to 59.3% owing mainly to an increase in the cost to sales ratio as a result of the weak yen. Despite this downturn, the degree of decline continues to narrow compared with the decrease of 1.2 percentage points for the previous full fiscal year.

The gross margin for outlet stores fell 3.3 percentage points compared with the corresponding period of the previous fiscal year to 35.5%. This was mainly due to efforts aimed at promoting the reduction of inventories.

Accounting for each of the aforementioned factors, the gross margin for the 1Q of FY15 was essentially in line with plans.

■Non-Consolidated SGA Expenses

UNITED ARROWS LTD.

Non-consolidated SGA expense to sales ratio increased 1.3 percentage points YoY to 44.8 %

Note: Factors contributing to the YoY increase (decrease) in SGA expenses as a ratio to sales

- Decline in the ratio of advertising expenses to sales in line with such factors as the drop in advertising placements and transport advertising
- Increase in the ratio of personnel expenses to sales owing mainly to the upswing in sales personnel
- Increase in store rent expenses owing largely to the opening of new business stores
- Increase in IT-related costs as well distribution consignment and other expenses associated with the upswing in inventories

(Decrease compared with plans: Approx. ¥200 million → decrease in personnel expenses of ¥100 million; drop in temporary store opening overhead expenses of ¥40 million, and; downturn in other fixed costs of ¥60 million)

Millions of yen

	Non-Consolidated FY15 1Q				FY14 1Q	
	Results	vs. Sales	YoY Increase (Decrease)	%	Results	vs. Sales
Non-Consolidated Sales	**27,641**	**100.0%**	382	101.4%	27,258	100.0%
SGA Expenses	**12,390**	**44.8%**	516	104.4%	11,873	43.6%
Advertising Expenses	**520**	**1.9%**	(41)	92.7%	561	2.1%
Personnel Expenses	**4,646**	**16.8%**	256	105.8%	4,389	16.1%
Rent	**3,463**	**12.5%**	132	104.0%	3,331	12.2%
Depreciation	**347**	**1.3%**	(0)	99.8%	348	1.3%
Other	**3,411**	**12.3%**	169	105.2%	3,241	11.9%

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■ Non-Consolidated SGA Expenses

The non-consolidated SGA expenses to sales ratio increased 1.3 percentage points compared with the corresponding period of the previous fiscal year to 44.8%.

Factors contributing to the increase (decrease) in SGA expenses as a ratio to sales are presented as follows.

Advertising expenses declined due to the drop in advertising placement in fashion magazines and transport advertising. Personnel expenses increased mainly on the back of an upswing in sales personnel at stores and promotions. In overall terms, store rent expenses were up. Despite the year-on-year decrease in existing store rent expenses, this increase was primarily attributable to the opening of new business stores. Other expenses were higher than levels recorded in the corresponding period of the previous fiscal year. This mainly reflected the upswing in IT-related costs as well as distribution consignment and other expenses associated with the increase in inventories.

SGA expenses decreased approximately ¥200 million compared with plans. This decrease was primarily composed of a drop in personnel expenses of ¥100 million in line with job vacancies, a downturn in temporary store opening overhead expenses of ¥40 million, and a decline in other fixed costs of ¥60 million.

■Consolidated / Non-Consolidated B/S Overview

UNITED ARROWS LTD.

(Comparative analysis of consolidated balances as of the end of the 1Q FY15 and the end of the 1Q FY14)

- Current assets: Increase in the balance inventory; decrease in the balance of cash and deposits
- Noncurrent assets: Increase in the balances of tangible noncurrent assets and guarantee deposits in line with the opening of new stores and other factors
- Current liabilities: Decrease in current portion of long-term loans payable; Increase in short-term loans payable

Note: The balance of consolidated short- and long-term loans payable: down 18.7% YoY to ¥8,400 million

Note: The balance of non-consolidated inventory: Up 14.4% YoY

(higher than the rate of cumulative sales: Up 1.4% YoY; the number of inventory items: up 8.8% YoY)

Millions of yen

	Consolidated FY15 1Q				Non-Consolidated FY15 1Q			
	Results	Share	YOY	vs. FY14-End	**Results**	Share	YOY	vs. FY14-End
Total Assets	**59,410**	100.0%	107.2%	100.2%	**55,153**	100.0%	106.3%	99.7%
Current Assets	**38,245**	64.4%	108.8%	98.6%	**33,914**	61.5%	109.1%	98.3%
(Inventory)	**22,546**	38.0%	117.2%	110.7%	**20,035**	36.3%	114.4%	108.5%
Noncurrent Assets	**21,164**	35.6%	104.4%	103.2%	**21,239**	38.5%	102.0%	102.1%
Current Liabilities	**24,911**	41.9%	94.5%	99.2%	**21,632**	39.2%	91.5%	97.3%
Noncurrent Liabilities	**2,747**	4.6%	100.6%	104.0%	**2,385**	4.3%	96.9%	103.1%
Total Net Assets	**31,751**	53.4%	120.5%	100.7%	**31,135**	56.5%	120.7%	101.2%
Reference: Balance of Short and Long-Term Loans Payable	**8,400**	14.1%	81.3%	165.3%	**6,600**	12.0%	74.7%	184.3%

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■ Consolidated / Non-Consolidated B / S Overview

The balance of total consolidated assets stood at ¥59,410 million as of June 30, 2014, 7.2% higher than the end of the corresponding period of the previous fiscal year and 0.2% higher than the balance as of March 31, 2014.

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

As of June 30, 2014, current assets increased 8.8% year on year to ¥38,245 million. While the balance of cash and deposits declined, this increase was largely attributable to an upswing in the balance of inventories on the back of business expansion. Noncurrent assets climbed 4.4% year on year to ¥21,164 million owing mainly to increases in the balances of tangible noncurrent assets and guarantee deposits in line with the opening of new stores.

Current liabilities declined 5.5% compared with the end of the corresponding period of the previous fiscal year to ¥24,911 million. Despite a year-on-year increase in the balance of short-term loans payable, this decline in current liabilities was primarily the result of decreases in the balances of current portion of long-term loans payable.

As of June 30, 2014, the balance of short- and long-term loans payable fell 18.7% year on year to ¥8,400 million.

On a non-consolidated basis, the balance of inventories was up 14.4% year on year while the number of inventory items climbed 8.8%. Moving forward, the Company will undertake sales initiatives in an effort to enhance the efficiency of inventories

■Consolidated C/F Overview

UNITED ARROWS LTD.

Cash and cash equivalents at the end of the term came to ¥5,016 million

- Cash flows from operating activities: (major cash inflows) income before income taxes of ¥2,800 million, decrease in notes and accounts receivable, trade of ¥1,600 million; (major cash outflows) increase in inventories of ¥2,100 million, income taxes paid of ¥3,300 million
- Cash flows from investing activities: (major cash outflows) purchase of property, plant and equipment of ¥1,100 million, purchase of long-term prepaid expenses of ¥400 million
- Cash flows from financing activities: (major cash inflows) net increase in short-term loans payable of ¥4,000 million; (major cash outflows) repayment of long-term loans payable of ¥600 million, cash dividends paid of ¥1,300 million

Millions of yen

	Consolidated FY15 1Q Results	FY14 1Q Results
Cash flows from operating activities (sub-total)	**2,951**	1,560
Cash flows from operating activities	**(664)**	(777)
Cash flows from investing activities	**(1,747)**	(1,517)
Cash flows from financing activities	**1,999**	1,556
Cash and cash equivalents at the end of the term	**5,016**	5,402

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■ Consolidated C / F Overview

Cash and cash equivalents as of the end of the 1Q of FY15 stood at ¥5,016 million.

Net cash used in operating activities amounted to ¥664 million. The major cash inflows were income before income taxes of ¥2,800 million and the decrease in notes and accounts receivable, trade of ¥1,600 million. The major cash outflows were the increase in inventories of ¥2,100 million and income taxes paid of ¥3,300 million.

Net cash used in investing activities totaled ¥1,747 million. The primary outflows were the purchase of property, plant and equipment of ¥1,100 million and the purchase of long-term prepaid expenses of ¥400 million.

Net cash provided by financing activities came to ¥1,999 million. The major cash inflow included the ¥4,000 million increase in short-term loans payable associated with the payment of income taxes and other factors. Major cash outflows comprised the repayment of long-term loans payable totaling ¥600 million and cash dividends paid of ¥1,300 million.

■Results of FY15 1Q Group total Opening and Closing of Stores and FY15 Forecasts

UNITED ARROWS LTD.

- FY15 1Q Group total: Number of new stores opened: 16; Closed: 0; Number of stores as of FY15 1Q-end: 330
- Full FY15 forecast Group total: Number of new stores opened: 31; Closed: 6; Number of stores as of FY15-end: 339 (four stores less than the previous forecast)

	FY15 1Q Results				FY15 Forecasts						Reference
	No. of stores at the beginning of the period	Opened	Closed	No. of stores as of 1Q-end	No. of stores as of the beginning of the period	Opened 1H	Opened 2H	Opened Full Fiscal Year	Closed	No. of stores at the end of the period	YOY increase (decrease)
Group Total	**314**	**16**		**330**	**314**	**22**	**9**	**31**	**6**	**339**	**(4)**
UNITED ARROWS LTD.	**231**	**11**		**242**	**231**	**14**	**6**	**20**	**4**	**247**	**(7)**
FIGO CO., LTD.	**17**	**1**		**18**	**17**	**1**		**1**	**1**	**17**	**(1)**
COEN CO., LTD.	**65**	**4**		**69**	**65**	**6**	**3**	**9**	**1**	**73**	**4**
UNITED ARROWS TAIWAN LTD.	**1**			**1**	**1**	**1**		**1**		**2**	

Note: COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. maintain a balance date of January 31 each year.
Details of the opening and closing of new stores for the first quarter cover the cumulative period from February 1, 2014 to April 30, 2014.

■ Results of FY15 1Q Group Total Opening and Closing of Stores and FY15 Forecasts

On a Group total basis, 16 stores were newly opened during the 1Q of FY15. There were no stores closed during the period. The number of stores as of June 30, 2014 therefore stood at 330.

For the full fiscal year ending March 31, 2015, the UNITED ARROWS Group is looking to open 31 new stores and close six stores. This will bring the total number of stores as of March 31, 2015 to 339.

Compared with the previously announced forecast the number of projected stores as of the end of FY15 has fallen by four stores.

On a non-consolidated basis, the number of projected newly opened stores has fallen by seven stores compared with the previously announced forecast. This mainly reflects the Company’s decision to temporarily hold down the opening of new business stores in the fall.
(Please refer to page 15 for details regarding the decision to hold back on the opening of new stores.)

FIGO CO., LTD. intends to close one store which is outside the plan.

COEN CO., LTD. intends to newly open two stores which are outside the plan. The company also intends to continue operations at two stores that it had planned to close. As a result, the number of COEN CO., LTD. stores will increase by four stores compared with the previously announced forecast.

■Reference: UNITED ARROWS LTD. Results of FY15 1Q Opening and Closing of Stores and FY15 Forecasts

UNITED ARROWS LTD.

	FY15 1Q Results				FY15 Forecasts						Reference
	No. of stores at the beginning of the period	Opened	Closed	No. of stores as of 1Q-end	No. of stores at the beginning of the period	Opened 1H	Opened 2H	Opened Full Fiscal Year	Closed	No. of stores as of the end of the period	Increase (decrease) from previous announcement
UNITED ARROWS LTD. Total	**231**	**11**		**242**	**231**	**14**	**6**	**20**	**4**	**247**	**(7)**
UNITED ARROWS Total	73	3		76	73	4	1	5	1	77	**(3)**
UNITED ARROWS (General Merchandise Store)	11			11	11					11	
UNITED ARROWS	23			23	23					23	
BOW & ARROWS		2		2		2		2		2	**(3)**
THE SOVEREIGN HOUSE	1			1	1					1	
District	1			1	1					1	
BEAUTY&YOUTH	35	1		36	35	2	1	3	1	37	
monkey time	1			1	1					1	
STEVEN ALAN	1			1	1					1	
green label relaxing	60	2		62	60	2	3	5	2	63	
CHROME HEARTS	9	1		10	9	1		1		10	
SBUs Total	70	4		74	70	6	1	7	1	76	**(4)**
Another Edition	16			16	16					16	
Jewel Changes	10			10	10	1		1	1	10	**(1)**
Odette é Odile	23			23	23					23	
Boisson Chocolat	1	2		3	1	2	1	3		4	**(2)**
DRAWER	7			7	7					7	
ASTRAET	2	1		3	2	1		1		3	**(1)**
EN ROUTE						1		1		1	
Cross Sales-Type / Traffic Channels: ARCHIPELAGO	1			1	1					1	
THE AIRPORT STORE	3			3	3					3	
THE STATION STORE	5	1		6	5	1		1		6	
THE HIGHWAY STORE	2			2	2					2	
Outlet	19	1		20	19	1	1	2		21	

Note: STEVEN ALAN TOKYO and STEVEN ALAN OSAKA are recorded as annex-type stores and are not included in the number of stores listed above.

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■ Reference: UNITED ARROWS LTD. Results of FY15 1Q Opening and Closing of Stores and FY15 Forecasts

An explanation has been omitted.

■Reference: FY15 1Q Results of the Opening and Closing of Stores

UNITED ARROWS LTD.

UNITED ARROWS LTD.

Month	Stores Opened and Closed	Store Name	Commercial Facilities / Address
May	Newly opened store	GLR atre ueno	atre Ueno (Taito-ku, Tokyo)
	Newly opened store	CHROME HEARTS FUKUOKA	Stand-alone store (Chuo-ku, Fukuoka City)
	Newly opened store	ASTRAET AOYAMA	Stand-alone store (Minato-ku, Tokyo)
	Newly opened store	THE STATION STORE OTEMACHI	Otemachi-tower (Chiyoda-ku, Tokyo)
April	Newly opened store	BOW & ARROWS DAIMARU SAPPORO STORE	DAIMARU SAPPORO (Chuo-ku, Sapporo City)
	Newly opened store	BOW & ARROWS DAIMARU UMEDA STORE	DAIMARU UMEDA (Kita-ku, Osaka)
	Newly opened store	BY KYOTO WOMEN'S STORE	KYOTO PORTA (Shimogyo-ku, Kyoto City)
	Newly opened store	GLR musashi-kosugi	LaLa terrace MUSASHIKOSUGI (Nakahara-ku, Kawasaki City)
	Newly opened store	Boisson Chocolat Kichijouji	atre Kichijouji (Musashino City, Tokyo)
	Newly opened store	Boisson Chocolat Marunouchi	Marunouchi Building (Chiyoda-ku, Tokyo)
	Newly opened store	UNITED ARROWS LTD. OUTLET KURASHIKI	MITSUI OUTLET PARK KURASHIKI (Kurashiki City, Okayama Prefecture)

FIGO CO., LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
April	Newly opened store	Felisi FUKUOKA MITSUKOSHI	FUKUOKA MITSUKOSHI (Chuo-ku, Fukuoka City)

COEN CO., LTD.

	Stores Opened and Closed	Store Name	Commercial Facilities / Address
April	Newly opened store	Musashikosugi	LaLa terrace MUSASHIKOSUGI (Nakahara-ku, Kawasaki City)
March	Newly opened store	GENERAL STORE Nishinomiya	HANKYU NISHINOMIYA GARDENS (Nishinomiya City, Hyogo Prefecture)
	Newly opened store	GENERAL STORE KUZUHA MALL	KUZUHA MALL (Hirakata City, Osaka Prefecture)
	Newly opened store	SURPLUS IRUMA	MITSUI OUTLET PARK IRUMA (Iruma City, Saitama Prefecture)

Note: COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. maintain a balance date of January 31 each year.
Details of the opening of new stores for the first quarter cover the cumulative period from February 1, 2014 to April 30, 2014.

■ Reference: FY15 1Q Results of the Opening and Closing of Stores

An explanation has been omitted.

■Group Companies

UNITED ARROWS LTD.

FIGO CO., LTD.

Decrease in revenue and decrease in earnings for the 1Q FY15

- 1Q sales: ¥600 million; down 12% YoY
- Major factors relating to the decrease in revenue include corrections by the market following the increase in the consumption tax rate in Japan and delays in wholesale shipments
- Targeting an increase in revenue for the 2Q cumulative period; aiming for an increase in revenue and earnings for the full fiscal year

Felisi 2014 fall and winter collection: launched on July 18

COEN CO., LTD.

Increase in revenue and decrease in earnings for the 1Q FY15

- 1Q sales: ¥1,600 million; up 25% YoY
- Sales and profits trending above plans
- Positive flow-on effects from the review of prices (prices hikes for 2013 fall and winter items revised to previous levels from the 2014 spring and summer periods)
- Targeting an increase in revenue and earnings for the full fiscal year

GENERAL STORE KUZUHA MALL: Opened in March, 2014

UNITED ARROWS TAIWAN LTD.

1Q FY15 results trends essentially in line with plans

- Visitors to the store continue to mainly comprise the well-to-do, highly fashion-conscious customer
- In the process of adjusting merchandise to better match each season in Taiwan from the 2014 fall and winter seasons
- Targeting an increase in sales by nurturing customer loyalty among visitors to stores and the use of various SNS and other media to enhance the store name's presence and visibility

BY TAIPEI: Opened in May 2014 *To open during the 2Q

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■ Group Companies

・FIGO CO., LTD.
In the 1Q of FY15, both revenue and earnings were down. Sales declined 12% compared with the corresponding period of the previous fiscal year to ¥600 million. This was largely attributable to corrections by the market in April in response to the consumption tax rate hike in Japan and other factors including delays in wholesale shipments into the 2Q. The company is targeting an increase in revenue for the 2Q cumulative period while aiming for an increase in revenue and earnings for the full fiscal year.

・COEN CO., LTD. (balance date: January)
The company reported an increase in revenue and decrease in earnings for the 1Q of FY15. Sales climbed 25% compared with the corresponding period of the previous fiscal year to ¥1,600 million. In addition to the increase in revenue associated with the opening of new stores, the upswing in sales reflected robust trends in online store sales. Sales and each major level of earnings are trending above plans.

COEN was successful to maintaining the support of its customers and securing results in line with plans by returning product prices, which had been raised in the fall and winter of 2013, to their former levels from the spring and summer of 2014. The company is targeting an increase in revenue and earnings for the full fiscal year.

・UNITED ARROWS TAIWAN LTD. (balance date: January)
1Q FY15 results trends were essentially in line with plans. Visitors to the store continue to mainly comprise the well-to-de highly fashion-conscious customer. Plans are in place to adjust merchandise so that products better match each season in Taiwan from the 2014 fall and winter seasons. This will help to address an issue that has continued to plague the store.

Together with the BY TAIPEI store opened in May, energies will be channeled toward increasing sales by turning visitors into loyal purchasing customers and enhancing the store name presence and visibility through the use of various SNSs and other media going forward.

■Progress on Addressing Priority Issues

UNITED ARROWS LTD.

Management Slogan "The Spirit of a Creative Merchant"

Working diligently to surprise and excite customers, employees make full use of their originality and ingenuity to consistently create new and unique value. In this manner, we will increase the value of our brands and secure a fourth consecutive fiscal year of record result.

Bolster the cycle of collaboration between the product, sales, and promotion departments

Sales Department

Increase the number of purchasing customers though passionate customer service and styling proposals

Product Department

Lift the ratio of regular price sales through appealing product development

Promotion Department

Increase the number of store visitors by conveying to customers the creative force behind the Group's attractive products

■ Progress on Addressing Priority Issues

We have adopted "the spirit of a creative merchant" as our slogan for the current fiscal year (FY15). Guided by this slogan, we have positioned efforts to surprise and excite customers as our first priority. With our employees making full use of their originality and ingenuity, we will continue to create new and unique value and increase the value of our brands. Through these means, we will aim for a fourth consecutive fiscal year of record results.

In order to push forward our slogan, we have also identified the priority issue of bolstering the cycle of collaboration between the product, sales, and promotion departments.

Progress in Addressing Priority Issues in the 1Q is explained as follows.
・Background behind the decision to temporarily hold down the opening of new business stores
・Taking the aforementioned into consideration, an explanation of case studies involving successful efforts to address and improve priority issues in certain businesses

■Progress on Addressing Priority Issues

UNITED ARROWS LTD.

■ Temporarily hold down the opening of fall 2014 new business stores*

- BOW & ARROWS: Initial plan: 5 stores → 2 stores (a decrease of 3 stores)
- Boisson Chocolat: Initial plan: 5 stores → 3 stores (a decrease of 2 stores)
- ASTRAET: Initial plan: 2 stores → 1 store (a decrease of 1 store) ••• total number of newly opened stores held down by six

* Includes BOW & ARROWS, which is a UA business

■ Background behind the temporary holding down of new store openings

- Extend into new markets focusing on such key features as tastes, price range, and demographics for each business
- Rather than open new stores in haste, take the time to better grasp the needs of customer at existing stores and to put in place a more precise merchandising strategy
- After successfully addressing the aforementioned, recommence efforts to open new stores from the 2015 spring and summer seasons

Introduce case studies of new store brand improvement based on collaboration between the product, sales, and promotion departments from the following page

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Holding Down the Opening of New Business Stores:
In connection with the opening of new business stores, the decision was made to temporarily hold down the total number of newly opened stores planned for the fall of 2014 by six across the three BOW & ARROWS, Boisson Chocolat, and ASTRAET businesses. Each of these businesses had steadily opened new stores from spring 2014.

Background:
Each of these businesses is taking up the challenge of entering markets in which the UNITED ARROWS Group is yet to establish a presence from a variety of perspectives including tastes, price range, and demographics. While each brand store has recorded certain months when sales have exceeded plans, the current structure that each business has in place is yet to secure the stable of support of customers. The first priority is therefore to accurately grasp the need of customers at existing stores and to then put in place the appropriate merchandising strategy. After successfully addressing the aforementioned, each business can then recommence the opening of new stores from the 2015 spring and summer seasons.

Steps to temporarily hold down the opening of new stores together with a review of product merchandising to match the behavior patterns of customers are initiatives that the UNITED ARROWS Group has previously adopted on a flexible basis in the development of new businesses. This strategy is merely an extension of these activities.

With the above in mind, and as a measure of the progress made in addressing priority issues, we introduce an example where improvements in the sale of products have been made through collaboration with promotion department focusing on the opening of stores in the new monkey time BEAUTY&YOUTH UNITED ARROWS and STEVEN ALAN brand business from FY13 to the beginning of FY14.

Activities aimed at improving the monkey time and STEVEN ALAN businesses

monkey time BEAUTY&YOUTH UNITED ARROWS,

- Opened the Shinjuku store in September 2012

STEVEN ALAN

- Opened stores in Tokyo, Shinjuku, and Osaka in April 2013
- Launched an online store in November 2013

< Issues after Opening New Stores>

- Raise profile and visibility

While both brands are handled by BY stores, insufficient profile when stores are operated independently

- Upgrade and expand product lineup

monkey time

Develop products and a product lineup to overcome the sense of insufficiently when it comes to stores that are operated independently

STEVEN ALAN

In addition to shirts, which boast strong brand prowess, develop other clothing products

Top: monkey time BEAUTY&YOUTH UNITED ARROWS Shinjuku
Bottom: STEVEN ALAN TOKYO

The monkey time BEAUTY&YOUTH UNITED ARROWS brand business operates stores that offer a lineup of monkey time products. The Shinjuku store opened in September 2012 catering largely to men seeking to express their individuality and originality through fashion. Products mainly comprise a lineup of items with a tailored, military, and biker look that features trendsetting tastes.

STEVEN ALAN is a leading select shop based in New York. This particular brand is famous for putting forward simple yet comfortable styling proposals that focus on American traditional and casual tastes. UNITED ARROWS LTD. entered into an agreement to open and operate STEVEN ALAN brand stores in Japan. In April 2013, stores were opened in Shibuya, Shinjuku, and the Umeda in Osaka.

Both brands confronted a host of challenges shortly after commencing business operations. In the ensuing period, the Company has pushed forward a variety of improvement initiatives.

One major issue was and is brand visibility and profile. While BEAUTY&YOUTH has an established track record of handling the monkey time and STEVEN ALAN brands as an original label and procured brand, respectively, steps to build a solid profile for independent monkey time and STEVEN ALAN stores which are operated independently remain lacking. A monkey time store was opened on the fifth floor of LUMINE EST SHINJUKU. The customer demographic for the majority of stores on this floor is younger than BEUATY&YOUTH's established customer base. With the majority of customers having little or no knowledge of the monkey time brand, the store struggled in its early stages. In similar fashion, STEVEN ALAN is not a completely unknown name in Japan. With relatively low visibility, however, the principal issue upon the launch of the inaugural store was to cultivate a customer base particularly among women.

Another key issue was and is the need to upgrade and expand product lineups. As one of the many labels handled by BEAUTY&YOUTH, monkey time has played a central role in the promotion of contemporary and trendy items. In promoting stores that are operated independently, however, there is a need to develop and expand the single label to include not only contemporary items, but also a mix of unique items that set new trends by being a half step ahead of customer needs as well as a selection of basic items. Unable to put together an appropriate merchandising mix under the one monkey time label, steps were taken in the initial stages to complement the monkey time lineup with other BEAUTY&YOUTH products developed for the youth market. While boasting an established reputation particularly in men's shirts, the individuality and appeal of STEVEN ALAN brand products in other clothing categories is weak. As a result, there was the need to support the product lineup with other items developed by the Company under license when independent stores were first opened.

■Progress on Addressing Priority Issues

UNITED ARROWS LTD.

Activities aimed at improving the monkey time and STEVEN ALAN businesses

monkey time

-Raise profile and visibility

Disseminate details of new season styles utilizing the official website (twice a year in spring and summer)
Introduce staff styling proposals using SNS tools including instagrams
Hold events in collaboration with popular brands

-Upgrade and expand product lineup

Conduct daily hearings to gather comments from sales personnel through initiatives undertaken by the Product Department
→ develop product to fill any insufficiencies
Develop newsworthy products through such initiatives as exclusive items with popular brands

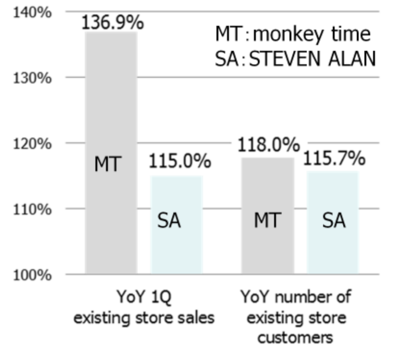
STEVEN ALAN

-Raise profile and visibility

Actively hold store events based on a variety of fashion, art, food, and other themes
Launch an official site in conjunction with online sales
Establish STEVEN ALAN corners at BY stores (six stores)

- Upgrade and expand product lineup

Develop core products through licensing focusing on pants and knitwear
Develop newsworthy products through such initiatives as special orders with popular brands



Note: Comparison for the total of May and June in the case of STEVEN ALAN

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Initiatives Aimed at Addressing Each Issue

Strengthening its sales and promotional activities mainly through the use of the Internet, the monkey time brand business worked diligently to raise its profile and visibility while vigorously showcasing its brand image. In addition to the use of visual images throughout its official website, an online publication commonly referred to as “Looks” outlining unique styling proposals was posted on two occasions (spring and summer) during the year in a bid to further entrench the monkey time brand. Recognizing that the monkey time brand largely appeals to the younger customer, SNS tools including instagrams are seen as a strong marketing tool. Accordingly, staff introduce styling proposals on the official monkey time website while distributing information through a variety of tools including instagrams, Twitter, and Facebook. Efforts are also being made to further expand the fixed customer base through a host of joint events with popular brands.

From a product lineup perspective, officers responsible for products conduct daily hearings with sales personnel. Feedback is used in efforts to develop products that fill any gaps with respect to customers’ needs. During the early stages immediately after stores were opened, products developed for the youth market from BEAUTY&YOUTH original products were used to complement the product lineup. Today, the product lineup is for the most part made up entirely of monkey time products. In addition to promoting exclusive items with popular brands, steps have also been taken to develop newsworthy products.

In promoting the STEVEN ALAN business, active steps were taken to hold a variety of events that encompassed not only fashion themes, but also art, food, and other related areas. Every emphasis was placed on arousing interest and attracting customers to stores. Currently, events are being held every two weeks. This is helping to attract a growing number of visitors to stores. An official website with an online sales function was established in November 2013. In setting up the site, particular focus was placed on following the design of the mother-country site and to convey the unique world view of the brand. Furthermore, STEVEN ALAN corners have been established at six BEAUTY&YOUTH stores located in such major regional cities as Sapporo, Nagoya, and Fukuoka. By using the same design, fixtures, and layout as STEVEN ALAN stores and aggressively showcasing the image and appeal of the brand, successful steps have been taken to raise the profile and visibility of the brand and to expand online sales.

From a product lineup perspective, energies have also been channeled toward strengthening the development of core products through licensing with a focus on such items as pants and knitwear while also developing products that will deliver a new face to the STEVEN ALAN brand. The products that have been developed under license are being extremely well received by the mother STEVEN ALAN brand. So much so that orders are being received for their delivery to the U.S. In conjunction with this trend, steps are being taken to pursue other initiatives including special order with popular brands. Every effort is being made to create interest in the STEVEN ALAN brand through events based on each of the aforementioned initiative themes at stores.

Taking each of these activities into account, results in the monkey time and STEVEN ALAN brand businesses are extremely strong. In the 1Q of FY15, monkey time and STEVEN ALAN sales climbed 36.9% and 15% compared with the previous period, respectively. The number of purchasing customers for each brand also climbed 18% and 15.7%, respectively.

After initiating steps to open new business stores from spring 2014, the UNITED ARROWS Group has decided to temporarily hold down its effort in this area from the fall of 2014. Through current initiative including monkey time and STEVEN ALAN, every effort will be made to carefully address each issue one-by-one and through ongoing improvements to secure medium- to long-term growth.

Reference Materials

■FY15 Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

Millions of yen

	Consolidated FY15 (full fiscal year)			FY14		Non-Consolidated FY15 (full fiscal year)			FY14	
	Forecasts	**vs. Sales**	**YoY**	Results	vs. Sales	**Forecasts**	**vs. Sales**	**YoY**	Results	vs. Sales
Sales	**135,914**	**100.0%**	105.8%	128,489	100.0%	**123,938**	**100.0%**	104.8%	118,212	100.0%
Gross Profit	**72,715**	**53.5%**	106.2%	68,492	53.3%	**65,753**	**53.1%**	105.1%	62,588	52.9%
SGA Exp.	**58,595**	**43.1%**	106.8%	54,842	42.7%	**52,153**	**42.1%**	105.2%	49,568	41.9%
Operating Inc.	**14,119**	**10.4%**	103.4%	13,649	10.6%	**13,600**	**11.0%**	104.5%	13,020	11.0%
Non Op. P/L	**80**	**0.1%**	89.4%	89	0.1%	**90**	**0.1%**	72.8%	124	0.1%
Ordinary Inc.	**14,200**	**10.4%**	103.4%	13,739	10.7%	**13,691**	**11.0%**	104.2%	13,145	11.1%
Extraordinary P/L	**(705)**	**-0.5%**	151.9%	(464)	-0.4%	**(682)**	**-0.6%**	188.6%	(361)	-0.3%
Net Income	**8,257**	**6.1%**	104.3%	7,920	6.2%	**8,113**	**6.5%**	105.6%	7,679	6.5%

■Reference: FY15 First and Second Half Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

■Consolidated

Millions of yen

	Consolidated FY15 First Half			FY14 First Half		Consolidated FY15 Second Half			FY14 Second Half	
	Forecasts	**vs. Sales**	**YoY**	Results	vs. Sales	**Forecasts**	**vs. Sales**	**YoY**	Results	vs. Sales
Sales	**59,754**	**100.0%**	105.4%	56,670	100.0%	**76,159**	**100.0%**	106.0%	71,819	100.0%
Gross Profit	**31,698**	**53.0%**	105.2%	30,135	53.2%	**41,017**	**53.9%**	106.9%	38,356	53.4%
SGA Exp.	**28,034**	**46.9%**	109.0%	25,719	45.4%	**30,561**	**40.1%**	104.9%	29,123	40.6%
Operating Inc.	**3,663**	**6.1%**	83.0%	4,416	7.8%	**10,455**	**13.7%**	113.2%	9,233	12.9%
Non Op. P/L	**38**	**0.1%**	130.5%	29	0.1%	**41**	**0.1%**	69.2%	60	0.1%
Ordinary Inc.	**3,702**	**6.2%**	83.3%	4,445	7.8%	**10,497**	**13.8%**	113.0%	9,293	12.9%
Extraordinary P/L	**(532)**	**-0.9%**	185.1%	(287)	-0.5%	**(173)**	**-0.2%**	98.0%	(177)	-0.2%
Net Income	**1,819**	**3.0%**	74.7%	2,435	4.3%	**6,437**	**8.5%**	117.4%	5,484	7.6%

■Non-Consolidated

	Non-Consolidated FY15 First Half			FY14 First Half		Non-Consolidated FY15 Second Half			FY14 Second Half	
	Forecasts	**vs. Sales**	**YoY**	Results	vs. Sales	**Forecasts**	**vs. Sales**	**YoY**	Results	vs. Sales
Sales	**54,298**	**100.0%**	104.2%	52,130	100.0%	**69,639**	**100.0%**	105.4%	66,081	100.0%
Gross Profit	**28,522**	**52.5%**	103.6%	27,544	52.8%	**37,231**	**53.5%**	106.2%	35,043	53.0%
SGA Exp.	**24,900**	**45.9%**	106.7%	23,333	44.8%	**27,253**	**39.1%**	103.9%	26,234	39.7%
Operating Inc.	**3,622**	**6.7%**	86.0%	4,210	8.1%	**9,978**	**14.3%**	113.3%	8,809	13.3%
Non Op. P/L	**43**	**0.1%**	117.0%	37	0.1%	**46**	**0.1%**	53.8%	87	0.1%
Ordinary Inc.	**3,665**	**6.8%**	86.3%	4,247	8.1%	**10,025**	**14.4%**	112.7%	8,897	13.5%
Extraordinary P/L	**(511)**	**-0.9%**	185.1%	(276)	-0.5%	**(171)**	**-0.2%**	199.8%	(85)	-0.1%
Net Income	**1,904**	**3.5%**	81.6%	2,333	4.5%	**6,209**	**8.9%**	116.1%	5,346	8.1%

■Reference: Details of FY15 Non-Consolidated Sales Forecast

UNITED ARROWS LTD.

Millions of yen

	Non-Consolidated Results FY15 (full fiscal year)				Non-Consolidated Results FY15 First Half			Non-Consolidated Results FY15 Second Half		
	Forecasts	Share	YoY Increase (Decrease)	%	Forecasts	YoY Increase (Decrease)	%	Forecasts	YoY Increase (Decrease)	%
Sales	**123,938**	100.0%	5,725	104.8%	**54,298**	2,167	104.2%	**69,639**	3,557	105.4%
Total Business Unit Sales	**108,503**	87.5%	4,991	104.8%	**47,223**	1,978	104.4%	**61,280**	3,013	105.2%
Retail	**93,847**	75.7%	4,025	104.5%	**41,138**	1,564	104.0%	**52,709**	2,461	104.9%
Online	**13,960**	11.3%	980	107.6%	**5,790**	401	107.4%	**8,169**	579	107.6%
Outlet	**15,434**	12.5%	733	105.0%	**7,075**	189	102.8%	**8,359**	544	107.0%
Existing store sales YoY										
Retail + Online	101.1%				100.8%			101.2%		
Retail	100.5%				100.4%			100.6%		
Online	105.7%				105.7%			105.7%		