
**Brief Report for the Interim Settlement
of the Term Ending March 31, 2004*
(Non-Consolidated)**

Corporate Name:	UNITED ARROWS LTD.
Code Number:	7606
URL:	http://www.united-arrows.co.jp/
Securities Traded	The Tokyo Stock Exchange, First Section
Location of Headquarters:	Tokyo
Representative:	Osamu Shigematsu, President and CEO
Contact:	Tsuyoshi Horoiwa, Finance and Accounting Group Manager
Telephone:	03-6418-0803
Date of the Board of Directors Meeting for Closing of Accounts:	November 10, 2003
First Day of Payment of Interim Dividends:	December 8, 2003
Payment System of Mid-term Dividend:	Presence
Adoption of Unit Share System:	Presence (100 shares/ unit)

*The “Brief Report for the Interim Settlement of the Term Ending March 31, 2004” is an English translation of the original Japanese. If any doubts arise as to the interpretation of this English version, the Japanese version shall take precedence.

1. Business Result for the Current Interim (from April 1, 2003 to September 30, 2003) for the Fiscal Year

(1) Business Performance

Note: A fractional sum less than one million yen is discarded.

	Sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Current Interim (Sep. 2003)	19,000	(25.2)	1,564	(-4.5)	1,594	(-4.5)
Previous Interim (Sep. 2002)	15,174	(32.8)	1,638	(21.1)	1,669	(20.5)
Previous Term (Mar. 2003)	35,271		4,824		4,786	
	Net income		Net income per share		Net income per share including dilutive securities	
	¥ million	%	yen		yen	
Current Interim (Sep. 2003)	787	(-8.6)	72.03		71.69	
Previous Interim (Sep. 2002)	861	(-11.7)	72.24		71.87	
Previous Term (Mar. 2003)	2,561		215.01		214.07	

- Notes:
- Gains and losses on investment by equity method
Current Interim ¥ - million, Previous Interim ¥ - million, Previous Term ¥ - million
 - The average number of shares during the fiscal period
Current Interim 10,928,065 shares, Previous Interim 11,925,000 shares, Previous Term 11,675,685 shares
 - Change of accounting method: none
 - % in columns of Sales, Operating income, Ordinary income, and Net income indicates increase/decrease compared with the previous interim period, respectively.

(2) Dividend

	Interim dividend per share	Annual dividend per share
	yen	yen
Current Interim (Sep. 2003)	10.00	-
Previous Interim (Sep. 2002)	7.00	-
Previous Term (Mar. 2003)	-	23.00

(3) Financial Situation

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ million	¥ million	%	yen
Current Interim (Sep. 2003)	24,158	13,517	56.0	1,235.68
Previous Interim (Sep. 2002)	20,003	14,096	70.5	1,182.13
Previous Term (Mar. 2003)	20,836	12,924	62.0	1,178.30

- Notes:
- The total number of stocks issued at the end of the fiscal period
Current Interim 10,939,000 shares, Previous Interim 11,925,000 shares, Previous Term 10,925,000 shares
 - The total number of treasury stocks at the end of the fiscal period
Current Interim 986,000 shares, Previous Interim 0 shares, Previous Term 1,000,000 shares

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	¥ million	¥ million	¥ million	¥ million
Current Interim (Sep. 2003)	-474	-1,485	1,958	1,467
Previous Interim (Sep. 2002)	911	-612	-172	1,793
Previous Term (Mar. 2003)	740	-1,116	-1,646	1,468

2. Projection for the performance of Fiscal 2005 ended March (from April 1, 2003 to March 31, 2004)

	Sales	Ordinary income	Net income	Annual dividend per share	
	¥ million	¥ million	¥ million	Year end	
				yen	yen
Full fiscal year	43,393	5,200	2,814	15.50	25.50

Reference: Projected net income per share (in the full fiscal year): 255.39yen

* The above projection was made based on the information available at the present moment. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the above due to any possible factors. Please refer to the attached documents starting from page 5 for the preconditions and further information for the above projection.

1. Status of the corporate group

No corresponding data

2. Management Policy

Basic policy of management

At the time when this company was established in October 1989, we declared our “resolution” as follows:

“We aim to contribute to society by improving living standards, culture and society through the development of products and the environment.” This reflects not only our business purposes, but also our strong will to continue to establish and pursue a proper sense of value that would serve as a model for Japanese lifestyle and culture through our business.

Under such resolution, we set our goal in “creating five kinds of value”, : “the value for customers”, “the value for the employees”, “the value for trading partners”, “the value for the community”, and “the value for the shareholders”, and we intend to be a company that continues to create the value to stakeholders, shareholders and the community, all of which are related to us.

We make all-out efforts to create these 5 values, and at the same time we as a public institution intend to contribute to improving Japanese lifestyle and culture.

Basic policy concerning profit sharing

Recognizing that maximizing the value for the shareholders is a matter of a great importance for the management, we intend to return profits to our shareholders by such means as increased dividend payments and stock splits. We also have an intention to enhance our reputation on the stock market and increase our market capitalization to the greatest extent in order to increase the value for the shareholders. Moreover, we intend to efficiently manage shareholders' equity, aiming at return on equity (ROE) of 20% or more as a mid-term operating target.

With regard to dividend policy, for the time being, we basically use 10% of net income to finance dividends. As to internal revenues, we use such reserves for capital expenditures in growing businesses and establishing new stores, and try to expand our business.

The interim dividend will be 10 yen per share, and the year-end dividend for the current fiscal year will be 15.50 yen per share.

Mid- and long-term management strategy

Our basic business strategy consists of the following three factors:

Multi-business-centered strategy with “UNITED ARROWS” at its core

Strategy of restricting the number of stores per business type in order to maintain the royalty held by each store high

Long-term strategy to expand the size of stores in order to maximize sales of each store

The above strategies are aimed at operating different types of business of high royalty through limiting the number of stores, centering on “UNITED ARROWS”, our current main business, and at the same time to maximize sales of each store by expanding its sales floor space respectively.

We have an intention to grow a “high value-added, multi-business-centered, innovative retailer” by developing the above strategies. We will also strive to achieve the ratio of operating income to sales of 15% or more, which is a mid-term operating target.

Fundamental Idea and Performance of Measures about Corporate Governance

(1) Fundamental Idea about Corporate Governance

As stated above, we set our goal in “creating five kinds of value”,: “the value for customers”, “the value for the employees”, “the value for trading partners”, “the value for the community”, and “the value for the shareholders”, and we as a public institution intend to contribute to improving Japanese lifestyle and culture. Moreover, we always provide investors with fair information timely, continuously, and voluntarily, and we try to improve transparency and reliable of management.

(2) Performance of Measures about Corporate Governance

The conditions of the corporate governance system, including organizations for management which are related to decision-makings on corporate management, execution and supervision of such decisions, and others

The Company makes decisions over important matters at a board of directors meeting to be held once a month in principle, and at an extraordinary board meeting as the need arises. Also, directors negotiate subjects as the occasion demands, and they efficiently execute their own duties as well as monitor the performance of such activities each other. The Company has six directors and one of them is an outside director. The outside board member takes part in our management from a broader point of perspective, and activates the board meetings.

Furthermore, the Company adopts a system of corporate auditors.

Presently, all of four corporate auditors come from outside the Company. They secure transparency of management and play a roll of supervising and auditing the whole organization.

The internal audit in the Company aims to properly inspect the situations of preservation of assets held by the Company and business activities from a viewpoint of running a diagnostic check on management at all times. And at the same time, it intends to promote sound development of the Company by nipping illegal activities in the bud, and through rationalization and improvement of efficiency of the Company.

As an auditing company, we select Chuo Aoyama Audit Corporation. The Company executes a contract with this auditors group, and provides correct information regarding management as well as it maintains an environment to enable these auditors to inspect from a fair and impartial position.

When the situation requests for a legal judgement, we are timely advised from a corporate lawyer.

Overview of the human relationship, capital relationship, business connections or other interests among the Company, the outside director and outside auditors of the Company

Nothing falls under the above matters.

Performance of measures for fulfillment of corporate governance in the year

In the middle of May and November respectively in each year, the Company holds briefing sessions about closing and business strategies in the future for investors (analysts and individual investors).

Base on our basic policy of disclosure, where we always provide investors with fair information timely, continuously, and voluntarily, we try to disclose materials without giving a sense of unfairness.

Each briefing session for individual investors is held in the presence of a small number of people, about 20 or so, in order to have them feel free to ask questions.

Moreover, after the general meeting of shareholders held in every June, the Company holds a session for the shareholders attended the meeting in order to report management based on the business strategies in the future, as a part of “an opened shareholders meeting”.

In addition, we have started disclosing the details of quarterly business results since the first quarter of this business year ended in March, 2004.

Major issues to be solved

In the industry of retailers dealing with clothing where we belong, competition among retail companies becomes increasingly fiercer. We think that only enterprises having overwhelming competitive advantages to others will move on to the next generation.

In this circumstance, the Company still makes all divisions and sections to be cooperative under the slogan of “Maximum satisfaction to each customer in each occasion.” We will also make an great effort to establish overwhelming competitive advantages to other companies by developing “Person (sales and customer service)”, “product (planning and development of merchandise)”, and “ambience (pleasant store)”, all of which are basic matters for retailers.

As to four structural reforms (Product CS to merchandises and marketing; Sales CS to customer service; Corporate Culture; and Management Control) just started, we will focus on looking into and solving new issues found in the process.

3. Operating Results and Financial Condition

(1) Overview of this interim business performance

In the economic condition of Japan during the interim fiscal period, problems of excessive debts and over-employment passed its peak, but uncertainty to our economy has remained. Even in the phase of economic recovery, we could not feel strength in it. On the other hand, capital investments have been increasing in line with improvement of corporate revenues, and business sentiment has taken a turn for the better due to a rise of stock prices. Also, consumer confidence has got better gradually. Accordingly, the economy seems to be in the process of slow recovery.

In the retail industry for apparel and related goods in which we are engage, especially in the “Trend Market”, that is, “Market where companies dealing in high value-added goods are the players”, the trend of decline of selling prices has begun to stop. In addition, we could see a sign of consumer confidence shifting from low-priced goods to high value-added ones. From the viewpoint of the whole industry, it was favorable situations, but competition among companies became harsher.

Under such circumstances, the Company has promoted four structural reforms and reinforcement of existing and new businesses aggressively, both of which we have been tackling successively since the previous business year.

With respect to the four structural reforms (“structural reform of Product CS (Customer Satisfaction) to merchandises and marketing”; “structural reform of Sales CS to Customer Service”; “structural reform of Management Control”; and “structural reform of Corporate Culture”), many cross-functional section meetings were held once a week or monthly.

Issues with a high priority were solved one by one, and improvement and rationalization of many business processes were realized.

For reinforcement of existing and new businesses, we performed renewal and enlargement of sales areas of the existing Harajuku store (Shibuya-ku, Tokyo) of UNITED ARROWS (“UA”), which is our flagship store, with the aim of increasing the corporate value in 10 or 20 years.

With regard to new businesses, “ANOTHER EDITION” (“AE”) and “THE SOVEREIGN HOUSE” (“SVH”), where test marketing has been implemented as UA Lob. (test-marketing store) till the previous business year changed their positions to “Small Business Unit” this year, which is a business aiming at sales under 10 billion yen by developing many stores.

For new stores regarding UA business chain, in addition to renewal and enlargement of UA Harajuku store mentioned above, we set up a store in Sendai (Aoba-ku, Sendai) for the first time in Tohoku district. The store in Futako-tamagawa (Setagaya-ku, Tokyo) moved into “Tamagawa Takashimaya Shopping Center”, where greater number of new customers was expected.

As to the business of Green Label Relaxing (“GLR”) chain, we set up a new store in Kokura (Kokura-ku, Kita-kyushu), and in Shinagawa (Minato-ku, Tokyo) respectively. GLR chain is growing satisfactorily as the second major business chain of our company after UA business.

For AE as one of our small business unit, we newly opened a store in Fukuoka (Chuo-ku, Fukuoka), and in Nagoya (Naka-ku, Nagoya) respectively. Moreover, the store in Harajuku (Shibuya-ku, Tokyo) was moved within the same ward and renewed in order to be suitable as a flagship store of AE business.

As for SVH as another small business unit, we closed the existing store in Ginza district, and opened a new store having more floor space in Marunouchi district (Chiyoda-ku, Tokyo) where further development would be expected in the future.

With regard to UA Lab. (test-marketing store), new UA Lab. “Drawer” for women that was the third project adopted in the in-house venture system was opened in Minami-Aoyama (Minato-ku, Tokyo). UA Lab. “Changes UNITED ARROWS” for women supported by many customers was had set up in Tokyo (Shibuya-ku, Tokyo) at first, and then, opened in Nagoya (Naka-ku, Nagoya).

Regarding the business of CHROME HEARTS (“CH”) chain, we continuously developed new products aggressively, and strengthened the foundation with an eye toward future development of business.

Accordingly, the number of stores in each type of business chain is twenty-one store for UA, fifteen stores for GLR, two stores for CH, six stores for Small Business Unit, and eight stores for UA Lab. as of the end of September, 2003. As a result, the total number of stores in all business chains is fifty-two.

In the field of sales and marketing activities, we continuously tried to plan and procure products elaborately responded to the motivation for purchase of customers. By these approaches, we performed an organic linkage of sales promotion, store arrangement and service for customers.

Concerning the systems, we structured a system which allowed fast distribution of goods from a warehouse to our stores, and especially, we tried to prevent lack of good sellers on the shelves or counters in the stores. By these efforts, sales of UA, GLR, and CH, major three business chains, and sales of Small Business Unit, and each type of Lab. were satisfactory.

In consequence, the amount of sales in this interim accounting period was 19,000 million yen (increased by 25.2% over the preceding period). The ordinary income was 1.594 million yen (decreased by 4.5% from the same), because of temporary expenses used for renewal of UA Harajuku store and relocation of the clerical department. The net income in the interim period was 787 million yen, decreased by 8.6% over the preceding period.

(2) Condition of Cash Flows interim Period

Cash and cash equivalents (hereinafter referred to as “Cash”) was 1,467 million yen at the end of this interim period, decreased a slight amount by the end of the previous fiscal year of 1,468 million yen.

The condition of each cash flows in this interim period and its factors are as follows:

(Cash flows from operating activities)

The Cash used for operating activities in this interim period was 474 million yen (deceased 48.0% by the previous period).

This was caused mainly by followings:

Although there were the net income before taxes in the interim period of 1,408 million yen, an increase of 1,048 million yen in accounts payable and depreciation of tangible fixed assets of 210 million yen, there were also increase in inventories of 2,024 million yen, due to earlier application to stores of products for fall and winter seasons, and payment of income taxes of 1,115 million yen.

(Cash flows from investing activities)

Cash gained from investing activities in this interim period was 1,485 million yen (increased 142.5% by the previous period). This was largely attributable to expenditure of 991 million yen on purchase of tangible fixed assets accompanying new store openings and renovations, etc., of shops, increase of 309 million yen in guarantee deposits paid.

(Cash flows from financing activities)

Cash lost on financing activities in this interim period came to 1,958 million yen (increased 172 million yen by the previous period). This was attribute to expenditure of 174 million yen on dividend payments despite 2,100 million yen of proceeds from debt.

The indicators of our cash flows are as follows:

	Fiscal Year ended March 2002		Fiscal Year ended March 2003		Fiscal Year ended March 2004
	Interim	The end of the year	Interim	The end of the year	Interim
Shareholders' equity ratio (%)	68.4	68.5	70.5	62.0	56.0
Shareholders' equity ratio at market value (%)	244.5	207.6	205.7	158.0	194.0
Debt redemption period (number of years)	-	-	-	1.9	-
Interest coverage ratio	-	-	-	193.9	-

(Note) Ratio of shareholders' equity = Shareholders' equity / Total assets

Ratio of shareholders' equity at market value = Total amount of shares at market value / Total assets

Debt redemption period = Interest-bearing liabilities Cash flows from operating activities

Interest coverage ratio = Cash flows from operating activities / Interest payment

1. Each indicator was calculated based on financial figures on a non-consolidated basis.
2. The total amount of shares at market value was calculated by multiplying the final share price at the end of the fiscal year by the total number of shares issued at the end of the fiscal year.
3. Cash flows from operating activities mean the cash flows from operating activities recorded on statements of cash flows. The interest-bearing liabilities mean the total interest-bearing liabilities recorded on a balance sheet. The interest payment means the amount of payment for interest recorded on a cash flow statement.
4. The debt redemption period and the interest coverage ratios were not indicated above due to cash flows from operating activities in interim period of the fiscal year ended March 2003 and 2004 were negative resulting from none interest-bearing liabilities in fiscal year ended March 2002.

(3) Overview of the whole business year

For an economic outlook in the future, there are concerns of recession because of a sharp rise of yen, and the economy that we cannot yet feel strength despite of shrinkage of decline of consumer prices. However, it seems that the pace of economic recovery will be slow, but on a steady upturn, due to recovery of corporate sentiment in the US, and improvement of export environment and increase of corporate revenues expected to be caused by the US economy.

Under such condition, we estimate for the full business year sales of 43,393 million yen (increased 23.0% by the previous period), ordinary income of 5,200 million yen (increased 8.6% by the same), and net income of 2,814 million yen (increased 9.9 % by the same) as we planed at the beginning of the term.

Based on our dividend policy of profit sharing, we plan to distribute annual dividend of 25.50 yen per share consisting of interim dividend of 10 yen per share and year-end dividend of 15.50 yen per share we planed at the beginning of the term.

4. Financial Statements

(1) Balance Sheets

						(In thousand of yen)		
	The 14 th Term		The 15 th Term			B/S Summary of Previous Fiscal Year		
	(As of September 30, 2002)		(As of September 30, 2003)			as of March 31 2003		
	Amount	%	Amount	%		Amount	%	
<u>Assets:</u>								
I Current assets								
1. Cash and deposits	1,803,848			1,477,696		1,478,263		
2. Notes and accounts receivable-trade	94,527			126,454		78,443		
3. Inventories	7,393,362			9,704,753		7,679,760		
4. Notes and accounts receivable-other	2,237,663			2,614,154		2,729,211		
5. Others	417,716			654,182		516,671		
6. Allowance for doubtful accounts	(6,100)			-		-		
Total current assets	11,941,018	59.7		14,577,241	60.3	12,482,351	59.9	
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings	2,723,945			3,460,386		2,797,806		
(2) Lands	1,082,072			1,082,072		1,082,072		
(3) Others	396,590			525,504		352,672		
Total tangible fixed assets	4,202,607	21.0		5,067,962	21.0	4,232,551	20.3	
2. Intangible fixed assets	473,898	2.4		578,311	2.4	535,328	2.6	
3. Investments and other assets								
(1) Long-term lease deposits	2,881,580			3,399,318		3,089,830		
(2) Others	569,478			623,304		584,232		
(3) Allowance for doubtful accounts	(65,000)			(87,400)		(87,400)		
Total investments and other	3,386,059	16.9		3,935,223	16.3	3,586,663	17.2	
Total fixed assets	8,062,565	40.3		9,581,497	39.7	8,354,543	40.1	
Total assets	20,003,583	100.0		24,158,739	100.0	20,836,894	100.0	

(In thousand of yen)

	The 14 th Term		The 15 th Term		B/S Summary of Previous Fiscal Year	
	(As of September 30, 2002)		(As of September 30, 2003)		as of March 31 2003	
	Amount	%	Amount	%	Amount	%
Liabilities:						
I Current liabilities						
1. Note and accounts payable-trade	3,540,724		4,130,359		3,081,744	
2. Short-term borrowings	-		2,000,000		900,000	
3. Current portion of long-term debt	-		828,000		500,000	
4. Notes and accounts payable-other	958,924		1,427,260		1,455,400	
5. Income taxes payable	684,609		692,206		1,118,562	
6. Accrued bonus	424,515		536,521		421,781	
7. Others	144,394		124,106		275,646	
Total current liabilities	5,753,168	28.7	9,738,454	40.3	7,753,135	37.2
Long-term liabilities						
1. Long-term borrowings	-		672,000		-	
2. Accrued retirement benefits for directors	97,526		110,185		103,651	
3. Long-term guarantee deposits received	55,926		120,961		55,916	
Total long-term liabilities	153,452	0.8	903,146	3.7	159,567	0.8
Total liabilities	5,906,621	29.5	10,641,600	44.0	7,912,703	38.0
Shareholders' equity:						
Common stock, no par value	3,030,000	15.1	3,030,000	12.5	3,030,000	14.5
Capital surplus						
1. Additional paid-in capital	4,095,600		4,095,600		4,095,600	
Total Capital surplus	4,095,600	20.5	4,095,600	17.0	4,095,600	19.7
Retained earnings						
1. Legal reserve	31,035		31,035		31,035	
2. Unappropriated retained earnings for the Interim	6,941,956		9,113,238		8,558,556	
Total retained earnings	6,972,991	34.9	9,144,273	37.9	8,589,591	41.2
Net unrealized holdings gains on investment in securities	(1,628)	(0.0)	(808)	(0.0)	-	-
Treasury stock	-	-	(2,751,926)	(11.4)	(2,791,000)	(13.4)
Total shareholders' equity	14,096,962	70.5	13,517,138	56.0	12,924,191	62.0
Total Liabilities and shareholders' equity	20,003,583	100.0	24,158,739	100.0	20,836,894	100.0

(2) Statements of Income

(In thousand of yen)

	The 14 th Term		The 15 th Term		B/S Summary of Previous Fiscal Year	
	(As of September 30, 2002)		(As of September 30, 2003)		as of March 31 2003	
	Amount	%	Amount	%	Amount	%
Sales	15,174,478	100.0	19,000,766	100.0	35,271,577	100.0
Cost of sales	7,044,953	46.4	8,864,952	46.7	16,416,934	46.5
Gross profit	8,129,525	53.6	10,135,813	53.3	18,854,642	53.5
Operating expenses	6,491,026	42.8	8,571,250	45.1	14,030,602	39.8
Operating income	1,638,498	10.8	1,564,563	8.2	4,824,040	13.7
Other income	65,059	0.4	69,930	0.4	113,591	0.3
Other expenses	34,370	0.2	39,906	0.2	150,771	0.4
Ordinary income	1,669,187	11.0	1,594,587	8.4	4,786,860	13.6
Extraordinary income	2,685	0.0	-	0.0	4,286	0.0
Extraordinary losses	160,504	1.0	185,810	1.0	290,773	0.8
Net income before taxes	1,511,368	10.0	1,408,777	7.4	4,500,373	12.8
Income taxes – Current *	681,637		688,950		2,067,636	
Income taxes – Deferred	(31,808)	4.3	(67,282)	3.3	(128,876)	5.5
Net income	861,539	5.7	787,109	4.1	2,561,614	7.3
Retained earnings beginning balance	6,080,417		8,332,527		6,080,417	
Losses on treasury stock transactions	-		6,398		-	
Interim dividend	-		-		83,475	
Unappropriated retained earnings for the term	6,941,956		9,113,238		8,558,556	

* Income taxes – Current consists of corporate income tax (national), enterprise tax (local), and resident income taxes (local).

(3) Statements of Cash Flows

	(In thousand of yen)		
	Six –months ended September 30, 2002	Six –months ended September 30, 2003	P/L Summary of Previous Fiscal Year as of March 31 2003
	Amount	Amount	Amount
Cash flows from operating activities			
Net income before taxes	1,511,368	1,408,777	4,500,373
Depreciation	181,640	210,732	371,579
Amortization of intangible fixed assets	59,410	73,561	128,321
Amortization of long-term prepaid expenses	21,169	26,679	44,536
Impairment of value of securities	-	-	4,524
Increase in accrued bonuses	115,711	114,739	112,977
Increase / (Decrease) in accrued retirement benefits	(5,902)	6,534	222
Increase in allowance for doubtful accounts	-	-	16,300
Interest and dividend income	(300)	(115)	(484)
Interest expenses	-	3,596	3,821
Exchange gain	(0)	-	-
Loss on disposal of tangible fixed assets	61,408	154,629	117,923
Loss on sale of tangible fixed assets	1,535	137	4,321
Gain on sale of tangible fixed assets	(2,685)	-	(4,286)
Loss on disposal of intangible fixed assets	-	-	25,528
Loss on cancellation of insurance reserve fund	-	-	5,122
Decrease / (Increase) in accounts receivable	204,220	87,866	(318,523)
Increase in inventories	(1,965,413)	(2,024,992)	(2,251,811)
Increase in accounts payable	911,585	1,048,615	452,605
Decrease / (Increase) in other current assets	(5,945)	(107,575)	10,264
Increase / (Decrease) in other current liabilities	(415,596)	(372,516)	57,329
Increase / (Decrease) in other long-term liabilities	-	65,044	(10)
Bonuses to directors	(46,365)	(51,229)	(46,365)
Subtotal	625,841	644,483	3,234,273
Receipt of interest and dividends	284	115	484
Payment of interest	-	(3,353)	(3,821)
Payment of income taxes	(1,537,946)	(1,115,306)	(2,489,992)
Net cash from operating activities	(911,820)	(474,061)	740,944

	Six –months ended September 30, 2002	Six –months ended September 30, 2003	P/L Summary of Previous Fiscal Year as of March 31 2003
	Amount	Amount	Amount
Cash flows from investing activities			
Transfer to time deposits	-	-	(10,029)
Drawing from time deposits	-	-	10,009
Proceeds from sale of tangible fixed assets	5,353	34	8,220
Purchase of tangible fixed assets	(416,541)	(991,404)	(592,032)
Purchase of intangible fixed assets	-	(121,252)	(146,234)
Purchase of long-term prepaid expense	-	(63,086)	(110,769)
Decrease of staff loan	100	-	489
Guarantee deposits paid	(82,997)	(309,487)	(291,247)
Decrease / (increase) in other investment	(118,376)	50	15,229
Net cash from investing activities	(612,461)	(1,485,146)	(1,116,364)
Cash flows from financing activities			
Increase in short-term borrowings	-	1,100,000	900,000
Proceeds from long-term debt	-	1,000,000	500,000
Exercise of stock options	-	32,676	-
Purchase of treasury stock	-	-	(2,791,000)
Dividends paid	(172,019)	(174,035)	(255,470)
Net cash used in financing activities	(172,019)	1,958,640	(1,646,470)
Effect of exchange rate changes on cash and cash equivalents	0	-	-
Net increase/ (decrease) in cash and cash equivalents	(1,696,301)	(567)	(2,021,890)
Cash and cash equivalents at beginning of the year	3,490,124	1,468,234	3,490,124
Cash and cash equivalents at end of the fiscal year	1,793,822	1,467,667	1,468,234

(References) Sales for the Interim Period ended September 30, 2003

For The Previous Interim : (from April 1, 2002 to September 30, 2002)

For This Interim : (from April 1, 2003 to September 30, 2003)

Total Sales

(In million of yen, %)

	For The Previous Interim (A)	For This Interim (B)	Increase or Decrease (B) - (A)	Growth
Total Sales	15,174	19,000	3,826	25.2

Sales by Chain

(In million of yen, %)

	For The Previous Interim (A)	For This Interim (B)	Increase or Decrease (B) - (A)	Growth
UA	10,487	11,840	1,352	12.9
GLR	1,893	3,214	1,320	69.7
CH	1,026	1,030	3	0.3
*S.B.U.&UA Labs	556	1,138	581	104.4
Retail	13,964	17,222	3,257	23.3
*Others	1,209	1,778	568	47.0

*1. S.B.U. ; Small Business Unit

*2. "Others" includes the sales of wholesale, outlets, mail-order and café.

Sales of Existing stores (For this Interim Period, Retail, Growth Ratio)

(Unit : %)

	Sales Growth Ratio	Number of Customer Growth Ratio	Ave. Spending per Customer Growth Ratio
UA	10.9	2.9	7.8
GLR	9.2	3.3	5.8
CH	0.3	9.1	(8.0)
*S.B.U.&UA Labs	24.5	18.5	5.1
Retail	10.3	3.4	6.7

Sales by Category of Merchandise (Retail)

(In million of yen, %)

	For The Previous Interim (A)	For This Interim (B)	Increase or Decrease (B) - (A)	Growth
Men's clothes	6,636	8,584	1,948	29.4
Women's clothes	5,477	6,563	1,085	19.8
*Silver & Leather	1,435	1,460	24	1.7
Miscellaneous	414	613	199	48.1

* "Silver & Leather" means the silver accessories and leather outfits of CHROME HEARTS brand.