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**Summary of Financial Condition and Business Results**  
**for the Third Quarter Ended December 31, 2004\***  
**(Non-Consolidated)**

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Corporate Name:	UNITED ARROWS LTD.
URL:	<a href="http://www.united-arrows.co.jp/">http:// www.united-arrows.co.jp/</a>
Registered Name:	U-Arrows
Code Number:	7606
Securities Traded	The Tokyo Stock Exchange, First Section
Location of Headquarters:	Tokyo
Contact:	Representative; Tetsuya Iwaki, President and COO Yuko Sajima, Finance and Accounting Group Manager
Telephone:	+81-3-6418-0803

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\*The “Summary of Financial Condition and Business Results for the Third Quarter Ended December 31, 2004 (Non-Consolidated)”

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. Preparation Basis for Non-Consolidated Financial Information for the Third Quarter Ended December 31,2004

The adoption of the simple method in accounting procedure: None

The change of the accounting procedure in the latest business year: None

2. Financial condition and business results for the Third Quarter Ended December 31, 2004

(from April 1, 2004 to December 31, 2004)

(1) Financial Results

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

Third quarter ended December 31	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2004	34,279	7.3	4,977	20.9	5,007	20.4	2,907	28.7
2003	31,934	-	4,117	-	4,160	-	2,258	-
Ref.) FY ended March 31, 2004	42,903	-	5,241	-	5,270	-	2,877	-

Third quarter ended December 31	Net income per share	Net income per share after adjusting dilutive shares
	yen	yen
2004	132.23	130.87
2003	206.55	205.00
Ref.) FY ended March 31, 2004	258.97	256.76

Notes: 1) The percentage representation in sales, operating income, etc. is a change over the previous third quarter.

2) A share of the common stock was divided into 2 shares effective on May 20, 2004. The quarterly net income per share and the quarterly net income per share after adjusting dilutive shares for the relevant quarter are calculated on the assumption that the share division took place at the beginning of the fiscal year.

3) On the assumption that the share was divided at the beginning of the previous fiscal year, the quarterly net income per share for the third quarter ended December 31, 2003 will be 103.27 yen and the quarterly net income per share after adjusting dilutive shares will be 102.50 yen for the same period, and then the net income per share for the fiscal year ended March 31, 2004 will be 129.48 yen and the net income per share after adjusting dilutive shares will be 128.38 yen for the same fiscal year.

**Overview of the Financial Results for the Third Quarter Ended December 31, 2004**

Although the impact of unseasonable weather such as a heat wave and typhoons was concerned, the sales of this third quarter ended December 31, 2004 reached 34,279 million yen with a year-on-year increase of 7.3% thanks to a favorable sales of men's and women's clothes in addition to successful performance in winter clothes (mainly outer wears) selling season along with temperature drop. Operating income reached 4,977 million yen with a year-on-year 20.9% increase over the previous year thanks to improving a ratio of gross profit to net sales by no temporary costs for renewal of Harajuku main flagship shop, which incurred in the same period last year. Ordinary income grew by 20.4% over the previous year to 5,007 million yen. The quarterly net income totaled 2,907 million yen, up 28.7% over the previous year.

## (2) Financial Positions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
Third quarter ended December 31	¥million	¥million	%	yen
2004	26,371	18,221	69.1	828.02
2003	26,016	14,942	57.4	1,362.60
Ref.) FY ended March 31, 2004	24,125	15,603	64.7	1,416.68

Notes: 1) A share of the common stock was divided into 2 shares effective on May 20, 2004.

2) On the assumption that the share was divided at the beginning of the previous fiscal year, the shareholders' equity per share will be 681.30 yen for the third quarter ended December 31, 2004 and 708.34 yen for the fiscal year ended March 31, 2003.

## (Status of 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
Third quarter ended December 31	¥million	¥million	¥million	¥million
2004	1,359	(552)	(329)	2,100
2003	-	-	-	-
Ref.) FY ended March 31, 2004	1,876	(2,311)	589	1,623

Note: The descriptions for the same quarter in the previous year are omitted because the cash flows statement was not presented.

### The status of cash flows

- Cash and cash equivalents increased by 477 million yen from the end of the previous fiscal year.
- Cash flows gained from operating activities were 1,359 million yen after the increase in accounts receivable of 1,253 million yen, the increase in inventories of 629 million yen and the payment of income taxes of 2,275 million yen although the quarterly net income before taxes of 4,939 million yen and depreciation of 387 million yen.
- Cash flows lost to investing activities were 552 million yen after the purchase of tangible fixed assets of 529 million yen and the purchase of intangible fixed assets of 112 million yen.
- Cash flows lost to financing activities were 329 million yen after the repayments of long-term debt of 492 million yen and the payment of dividends of 282 million yen although the net increase in short-term borrowings of 400 million yen.

3. Forecast of the Results for the Fiscal Year Ending March 31, 2005 (from April 1, 2004 to March 31, 2005)

Given the favorable third quarter results, the Company does not revise the initial forecast announced on November 8, 2004 for the fiscal year ending March 31, 2005.

Attachment:

- Summary of Balance Sheet
- Summary of Statements of Income
- Summary of Statements of Cash Flows
- Summary of Sales Performance for the **Third Quarter Ended December 31**

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**Forward-Looking Statements**

The Third quarter results contain forward-looking statements that are based on management's estimates, assumptions and projections at the time of original release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

#### 4. Financial Statements

##### (1) Balance Sheets

(In thousand of yen)

	3Q/The 16 <sup>th</sup> Term (As of December 31, 2004)		Previous 3Q/The 15 <sup>th</sup> Term (As of December 31, 2003)		Previous FY/The 15 <sup>th</sup> Term (As of March 31, 2004)	
	Amount	%	Amount	%	Amount	%
<b>Assets:</b>						
<b>I Current assets</b>						
1. Cash and cash equivalents	2,110,886		2,796,030		1,633,461	
2. Notes and accounts receivable-trade	16,354		28,709		84,205	
3. Inventories	10,223,954		9,370,535		9,594,053	
4. Notes and accounts receivable-other	4,074,251		3,787,103		2,747,274	
5. Others	622,806		464,527		601,367	
<b>Total current assets</b>	<b>17,048,253</b>	<b>64.6</b>	<b>16,446,907</b>	<b>63.2</b>	<b>14,660,363</b>	<b>60.8</b>
<b>II Fixed assets</b>						
<b>1. Tangible fixed assets</b>						
(1) Buildings	3,470,759		3,481,209		3,468,953	
(2) Lands	1,082,072		1,082,072		1,082,072	
(3) Others	520,983		502,294		474,026	
<b>Total tangible fixed assets</b>	<b>5,073,816</b>	<b>19.3</b>	<b>5,065,576</b>	<b>19.5</b>	<b>5,025,052</b>	<b>20.8</b>
<b>2. Intangible fixed assets</b>	<b>506,465</b>	<b>1.9</b>	<b>569,214</b>	<b>2.2</b>	<b>508,318</b>	<b>2.1</b>
<b>3. Investments and other assets</b>						
(1) Long-term lease deposits	3,276,164		3,416,729		3,447,213	
(2) Others	531,277		582,521		549,493	
(3) Allowance for doubtful accounts	(64,676)		(64,676)		(64,676)	
<b>Total investments and other assets</b>	<b>3,742,766</b>	<b>14.2</b>	<b>3,934,574</b>	<b>15.1</b>	<b>3,932,030</b>	<b>16.3</b>
<b>Total fixed assets</b>	<b>9,323,047</b>	<b>35.4</b>	<b>9,569,366</b>	<b>36.8</b>	<b>9,465,401</b>	<b>39.2</b>
<b>Total assets</b>	<b>26,371,301</b>	<b>100.0</b>	<b>26,016,273</b>	<b>100.0</b>	<b>24,125,764</b>	<b>100.0</b>
<b>Liabilities:</b>						
<b>I Current liabilities</b>						
1. Note and accounts payable-trade	3,232,751		3,536,965		3,329,967	
2. Short-term borrowings	700,000		3,700,000		300,000	
3. Current portion of long-term debt	656,000		828,000		656,000	
4. Notes and accounts payable-other	1,051,225		1,041,268		938,175	
5. Income taxes payable	876,651		615,642		1,183,863	
6. Accrued bonus	282,112		247,469		421,695	
7. Other	415,100		280,212		274,094	
<b>Total current liabilities</b>	<b>7,213,840</b>	<b>27.4</b>	<b>10,249,558</b>	<b>39.4</b>	<b>7,103,795</b>	<b>29.4</b>
<b>Long-term liabilities</b>						
1. Long-term borrowings	688,000		590,000		1,180,000	
2. Accrued retirement benefits for directors	127,090		113,660		117,139	
3. Long-term guarantee deposits received	120,961		120,961		120,961	
<b>Total long-term liabilities</b>	<b>936,051</b>	<b>3.5</b>	<b>824,621</b>	<b>3.2</b>	<b>1,418,100</b>	<b>5.9</b>
<b>Total liabilities</b>	<b>8,149,891</b>	<b>30.9</b>	<b>11,074,179</b>	<b>42.6</b>	<b>8,521,895</b>	<b>35.3</b>
<b>Shareholders' equity:</b>						
<b>Common stock, no par value</b>	<b>3,030,000</b>	<b>11.5</b>	<b>3,030,000</b>	<b>11.7</b>	<b>3,030,000</b>	<b>12.6</b>
<b>Capital surplus</b>						
1. Additional paid-in capital	4,095,600		4,095,600		4,095,600	
<b>Total capital surplus</b>	<b>4,095,600</b>	<b>15.5</b>	<b>4,095,600</b>	<b>15.7</b>	<b>4,095,600</b>	<b>17.0</b>
<b>Retained earnings</b>						
1. Legal reserve	31,035		31,035		31,035	
2. Unappropriated retained earnings for the term	13,638,216		10,463,243		11,073,843	
<b>Total retained earnings</b>	<b>13,669,251</b>	<b>51.8</b>	<b>10,494,278</b>	<b>40.3</b>	<b>11,104,878</b>	<b>46.0</b>
<b>Net unrealized gain on (other) securities</b>	<b>-</b>	<b>-</b>	<b>(936)</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>
<b>Treasury stock</b>	<b>(2,573,441)</b>	<b>(9.7)</b>	<b>(2,676,848)</b>	<b>(10.3)</b>	<b>(2,626,610)</b>	<b>(10.9)</b>
<b>Total shareholders' equity</b>	<b>18,221,409</b>	<b>69.1</b>	<b>14,942,094</b>	<b>57.4</b>	<b>15,603,868</b>	<b>64.7</b>
<b>Total Liabilities and shareholders' equity</b>	<b>26,371,301</b>	<b>100.0</b>	<b>26,016,273</b>	<b>100.0</b>	<b>24,125,764</b>	<b>100.0</b>

## (2) Statements of Income

(In thousand of yen)

	3Q/The 16 <sup>th</sup> Term (From April 1, 2004 to December 31, 2004)		Previous 3Q/The 15 <sup>th</sup> Term (From April 1, 2003 to December 31, 2003)		Previous FY/The 15 <sup>th</sup> Term (From April 1, 2003 to March 31, 2004)	
	Amount	%	Amount	%	Amount	%
	<b>Sales</b>	34,279,668	100.0	31,934,845	100.0	42,903,183
<b>Cost of sales</b>	15,588,843	45.5	14,625,628	45.8	20,180,308	47.0
Gross profit	18,690,825	54.5	17,309,216	54.2	22,722,874	53.0
<b>Operating expenses</b>	13,713,385	40.0	13,191,332	41.3	17,481,627	40.8
<b>Operating income</b>	4,977,439	14.5	4,117,884	12.9	5,241,246	12.2
<b>Other income</b>	130,021	0.4	114,816	0.3	157,562	0.4
<b>Other expenses</b>	99,735	0.3	72,632	0.2	128,123	0.3
<b>Ordinary income</b>	5,007,725	14.6	4,160,069	13.0	5,270,685	12.3
<b>Extraordinary income</b>	2,049	0.0	22,724	0.1	23,125	0.0
<b>Extraordinary losses</b>	69,954	0.2	208,343	0.7	265,363	0.6
Net income before taxes	4,939,820	14.4	3,974,449	12.4	5,028,446	11.7
Income taxes – Current *	1,901,460		1,628,517		2,918,126	
Income taxes – Deferred	130,888	2,032,348	87,158	1,715,675	(47,280)	2,150,846
Net income	2,907,472	8.5	2,258,774	7.1	2,877,600	6.7
Retained earnings beginning balance	10,849,445		8,332,527		8,332,527	
Losses on treasury stock transactions	8,705		18,691		26,917	
Interim dividend	109,995		109,367		109,367	
<b>Unappropriated retained earnings for the term</b>	13,638,216		10,463,243		11,073,843	

\*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)	
	3Q/The 16 <sup>th</sup> Term (From April 1, 2004 to December 31 2004)	Previous FY/The 15 <sup>th</sup> Term (From April 1, 2003 to March 31, 2004)
	Amount	Amount
<b>Cash flow from operating activities</b>		
Net income before taxes	4,939,820	5,028,446
Depreciation	387,783	470,065
Amortization of intangible fixed assets	112,745	155,750
Amortization of long-term prepaid expenses	42,614	53,968
Decrease in accrued bonuses	(139,582)	(86)
Increase in accrued retirement benefits	9,951	13,488
Decrease in allowance for doubtful accounts		(22,724)
Interest and dividend income	(67)	(180)
Loss on sale of securities		2,684
Interest expenses	7,772	11,242
Loss on disposal of tangible fixed assets	57,340	167,790
Loss on sale of tangible fixed assets		8,892
Gain on sale of tangible fixed assets	(2,049)	(401)
Loss on disposal of intangible fixed assets		31,084
Loss on disposal of long-term prepaid expenses	4,135	6,433
Increase in accounts receivable	(1,253,262)	(33,992)
Increase in inventories	(629,901)	(1,914,293)
Increase in other current assets	(60,849)	(18,620)
Increase / (decrease) in accounts payable	(97,215)	248,222
Increase / (decrease) in other current liabilities	307,239	(201,016)
Increase in other long-term liabilities		65,044
Bonuses to directors	(43,164)	(51,229)
Subtotal	3,643,311	4,020,569
Receipt of interest and dividends	15	178
Payment of interest	(7,841)	(11,025)
Payment of income taxes	(2,275,518)	(2,132,825)
<b>Net cash from operating activities</b>	1,359,967	1,876,896
<b>Cash flows from investing activities</b>		
Transfer to time deposits	(10,036)	(10,033)
Drawing from time deposits	10,033	10,029
Investment in newly consolidated entity	(5,000)	-
Increase in consolidated entity loan receivables	(55,000)	-
Proceeds from sale of securities		4,091
Proceeds from sale of tangible fixed assets	2,500	8,825
Purchase of tangible fixed assets	(529,083)	(1,649,678)
Purchase of intangible fixed assets	(112,345)	(213,202)
Purchase of long-term prepaid expense	(25,225)	(103,891)
Decrease / (increase) in guarantee deposits paid	170,961	(357,382)
Decrease in other investment	216	220
<b>Net cash from (use in) investing activities</b>	(552,980)	(2,311,021)
<b>Cash flows from financing activities</b>		
Increase in short-term borrowings	400,000	(600,000)
Proceeds from long-term debt		2,000,000
Payments for repayment of long-term debt	(492,000)	(664,000)
Exercise of stock options	44,462	137,472
Dividends paid	(282,028)	(284,153)
Net cash use in financing activities	(329,565)	589,319
<b>Effect of exchange rate changes on cash and cash equivalents</b>		-
<b>Net increase in cash and cash equivalents</b>	477,421	155,193
<b>Cash and cash equivalents at beginning of the term</b>	1,623,427	1,468,234
<b>Cash and cash equivalents at end of the term</b>	2,100,849	1,623,427



(4) Sales for the Third Quarter

The Previous Third Quarter: 3Q Ended December 31, 2003 (from October 1, 2003 to December 31, 2003 for 3 months)

This Third Quarter: 3Q Ended December 31, 2004 (from October 1, 2004 to December 31, 2004 for 3 months)

The Previous Total (1Q-3Q): (from April 1, 2003 to December 31, 2003 for 9 months)

This Total (1Q-3Q): (from April 1, 2004 to December 31, 2004 for 9 months)

Total Sales

(In million of yen, %)

	This accounting period (A)	The previous accounting period (B)	Increase or Decrease (A)-(B)	Growth Ratio
The Third Quarter	13,794	12,934	859	6.6
Total(1Q-3Q)	34,279	31,934	2,344	7.3

Sales by Chain

(In million of yen, %)

		This accounting period (A)	The previous accounting period (B)	Increase or Decrease (A)-(B)	Growth Ratio
The Third Quarter	UA	8,187	8,077	109	1.4
	GLR	2,457	2,302	155	6.7
	CH	781	632	148	23.5
	*S.B.U.&UA Labs	1,041	768	273	35.5
	Retail	12,467	11,781	686	5.8
	*Others	1,326	1,152	173	15.0
Total(1Q-3Q)	UA	20,384	19,917	466	2.3
	GLR	6,053	5,516	537	9.7
	CH	1,971	1,663	308	18.5
	*S.B.U.&UA Labs	2,608	1,906	701	36.8
	Retail	31,017	29,003	2,013	6.9
	*Others	3,261	2,930	330	11.3

\*1. S.B.U. =Small Business Unit

\*2. "Others" includes the sales of outlets, wholesale, outside shops, mail-order, café (only the previous accounting period) and formal wear rental.

Sales by Category of Merchandise (Retail)

(In million of yen, %)

		This accounting period (A)	The previous accounting period (B)	Increase or Decrease (A)-(B)	Growth Ratio
The Third Quarter	Men's	6,370	6,132	237	3.9
	Women's	4,575	4,265	310	7.3
	*Silver & Leather	1,025	931	94	10.1
	Miscellaneous	496	452	43	9.7
Total(1Q-3Q)	Men's	15,170	14,717	453	3.1
	Women's	12,003	10,828	1,175	10.9
	*Silver & Leather	2,597	2,391	205	8.6
	Miscellaneous	1,245	1,066	179	16.8

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

Sales of Existing stores (Retail, YOY)

(%)

		Sales Growth Ratio	Number of Customer Growth Ratio	Ave. Spending per Customer Growth Ratio
The Third Quarter	UA	(4.9)	(4.5)	(0.4)
	GLR	(4.8)	(10.4)	6.3
	CH	19.5	19.3	0.1
	S.B.U.&UA Labs	9.5	(1.3)	10.9
	Retail	(2.6)	(5.8)	3.4
Total(1Q-3Q)	UA	(3.3)	(0.9)	(2.5)
	GLR	(6.1)	(10.8)	5.2
	CH	17.7	22.1	(3.7)
	S.B.U.&UA Labs	10.9	3.9	6.7
	Retail	(1.8)	(3.1)	1.4