November 8, 2004

Brief Report for the Interim Settlement of the Term Ending March 31, 2005*
(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
Contact:	Representative;
	Tetsuya Iwaki, President and COO
	Yuko Sajima, Finance and Accounting Group Manager
Telephone:	+81-3-6418-0803
Date of the Board of Directors Meeting for Closing of Accounts:	November 8, 2004
First Day of Payment of Interim Dividends:	December 9, 2004
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, 2005" 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, 2004 to September 30, 2004) 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. 2004)	20,485	(7.8)	2,071	(32.4)	2,087	(30.9)
Previous Interim (Sep. 2003)	19,000	(25.2)	1,564	(-4.5)	1,594	(-4.5)
Previous Term (Mar. 2004)	42,903		5,241		5,270	

	Net income		Net income per share	Net income per share after adjusting dilutive securities
	¥ million	%	yen	yen
Current Interim (Sep. 2004)	1,185	(50.6)	53.93	53.36
Previous Interim (Sep. 2003)	787	(-8.6)	72.03	71.69
Previous Term (Mar. 2004)	2,877		258.97	256.76

Notes:
1. Gains and losses on investment by equity method
   Current Interim ¥ - million, Previous Interim ¥ - million, Previous Term ¥ - million
2. The average number of shares during the fiscal period
   Current Interim 21,979,973 shares, Previous Interim 10,928,065 shares, Previous Term 10,945,121 shares
3. Change of accounting method: none
4. % in columns of Sales, Operating income, Ordinary income, and Net income indicates increase/decrease compared with the previous interim period, respectively.
5. A share of the common stock was divided into 2 shares effective on May 20, 2004. The interim net income per share and the interim net income per share after adjusting dilutive shares for the relevant interim are calculated on the assumption that the share division took place at beginning of the fiscal year ended September 30, 2004.
6. On the assumption that the share was divided at the beginning of the previous fiscal year, the interim net income per share will be 36.01 yen and the interim net income per share after adjusting dilutive shares will be 35.84 yen for the interim of the fiscal year ended September 30, 2003, and then the net income per share will be 129.48 yen and the net income per share after adjusting dilutive shares will be 128.38 yen for the fiscal year ended March 31, 2003.

(2) Dividend

	Interim dividend per share	Annual dividend per share
	yen	yen
Current Interim (Sep. 2004)	5.00	—
Previous Interim (Sep. 2003)	10.00	—
Previous Term (Mar. 2004)	—	26.50

(3) Financial Situation

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ million	¥ million	%	yen
Current Interim (Sep. 2004)	25,000	16,601	66.4	754.64
Previous Interim (Sep. 2003)	24,158	13,517	56.0	1,235.68
Previous Term (Mar. 2004)	24,125	15,603	64.7	1,416.68

Notes: 1. The total number of stocks issued at the end of the fiscal period
Current Interim 21,999,100 shares, Previous Interim 10,939,000 shares, Previous Term 10,983,900 shares
2. The total number of treasury stocks at the end of the fiscal period
Current Interim 1,850,900 shares, Previous Interim 986,000 shares, Previous Term 941,100 shares
3. On the assumption that the share was divided at the beginning of the previous fiscal year, the shareholder's equity per share will be 617.84 yen for the interim of the fiscal year ended September 30, 2003, and 708.34 yen for the fiscal year ended March 31, 2004.

(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. 2004)	685	-144	-772	1,391
Previous Interim (Sep. 2003)	-474	-1485	1,958	1,467
Previous Term (Mar. 2004)	1,876	-2311	589	1,623

2. Projection for the performance of Fiscal 2006 ended March (from April 1, 2004 to March 31, 2005)

	Sales	Ordinary income	Net income	Annual dividend per share	
				Year end	
	¥ million	¥ million	¥ million	yen	yen
Full fiscal year	47,014	5,810	3,302	10.00	15.00

Reference: Projected net income per share (in the full fiscal year): 149.45 yen

* The projected net income per share was calculated in consideration of the number of shares issued after stock options are exercised.

* 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 10 for the preconditions and further information for the above projection.

1. Status of the corporate group

The corporate group (the company concerned and its newly consolidated entity) is composed of the following two companies: the company concerned and Complice (investment ratio is 50%).

Status of newly consolidated entity

The following company has been established as newly consolidated entity in order to secure a new "groundwork for production" for a new experimental business scheduled to start from the spring in 2005.

(Name of the company) Complice LTD.

(Address) Shibuya-ku, Tokyo

(Capital) 10 million yen

(Business outline) Produce, Sales, Export and Import of apparel, accessories and other products

(Percentage of voting right owned by the company concerned) 50.0%

(Information concerned) Four interlocking directorates, Lending of operating fund

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

Mid- and long-term management strategy

Our basic business strategy consists of the following three factors:

① Multi-business-centered strategy with “UNITED ARROWS” at its core

② Strategy of restricting the number of stores per business type in order to maintain the royalty held by each store high

③ 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.

In addition, we aim to cover all “from downstream range to upstream range” concurrently with higher dimension as mid-term goals, which will include 1) “customer service and sales”, 2) “purchase of merchandises (selection of merchandises)”, and 3) “product planning (creation of merchandises)”. This is what we call “Super SPA (*) Vision”.

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 sales of 100 billion yen as of ending March, 2011, and the ratio of operating income to sales of 15% or more, which is a mid-term operating target.

*SPA = Specialty store retailer of Private label Apparel, which means a retail business with integrated management including original product planning, logistics, and sales.

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

① 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.

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.

② 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.

③ Performance of measures for fulfillment of corporate governance in the year

Base on our basic policy of disclosure, where we always provide investors with fair information timely, continuously, and voluntarily, the Company holds briefing sessions about clothing and business strategies in the future for investors (analysts and individual investors) in the middle of May and November respectively in each year.

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.

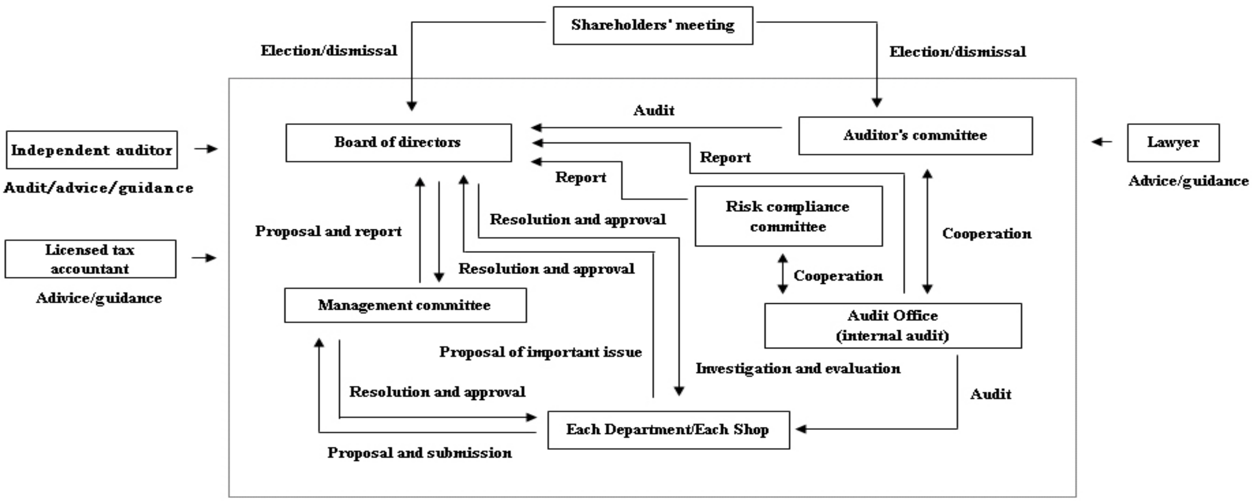
Moreover, we send e-mail about our monthly sales summary and press release to investors who want to get them. (Now, only available in Japanese version.)

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

Furthermore, 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 terms of the mechanism of the internal control, we have newly established the “risk compliance committee” in August 2004, as a governing function of risk management activity as well as compliance activity. The committee has been advancing the continuous implementation of the management cycle, by organizing the associated rules and standards, assessing the risk and control (administrative structure), and providing ethical education.

Our corporate governance system can be illustrated as follows.



Major issues to be solved

During the interim accounting period, we have no material changes in assignments or new assignments generated that will require our business-wise or financial involvement.

3. Operating Results and Financial Condition

(1) Overview of this interim business performance

Japanese economy in the interim accounting period has undergone the transition keeping signs of improving business confidence thanks to the enhancement of the corporate earnings along with the improving business strength due to the restructuring efforts by each company and the structural reorganization.

In addition, supported by the steady economy and the recovery of the employment environment, the consumer sentiment is improving gradually, and the consumer spending is also improving gently.

In the retail industry such as apparel, the deflation tendency is about to end. We have seen a new trend to "pay what it is worth even though it may be expensive" everywhere. Especially, in the "trend market" where we belong to, or "the market in where the highly value-added products are sold", we have seen new corporations entering into the industry, which has not be seen in the past and the competition can only be increasing.

Under the circumstances, we aim to grow steadily in the long run, and implemented 1) organizational reformation targeting at the improvement of the product planning ability, 2) planning and development of new businesses, and 3) driving of structural change.

Each effort is described as follows.

① Organization reform to improve the products planning ability

We have newly established "Total Planning Intelligence Office" and "Research and Development Group" in April in order to improve the product planning ability. "Total Planning Intelligence Office" will collect, consolidate, store and transmit a wide range of information in a cross-sectional manner to improve the planning ability of PB (private brand) products, and "Research and development group" has been making samples that will be practical prototypes of products, enhancing communication with external specialists, or studying the contribution to the society to pursue the improvement and evolution of the corporate culture. Then, in July we have re-enforced the organization of product section among the business chain of United Arrows (UA) to clarify the functions of “planning (creation of merchandises)” and “purchase of merchandises (selection of merchandises)” to make all the efforts in each own sector, and then organized the structure to foster sense of responsibility for the results.

② Planning and development of new business

We manage ten business lines in total including three main business chains, two small business units and five “UA Labs.” (experimental shops). In the interim accounting period, we have advanced the diversification strategy aggressively by focusing on one of the three basic business strategies, “UA” as core, and we have started the plan and the development of the experimental business “DARJEELING DAYS” in response to customers’ requests further. This business will target at the range from “45 years old to 60 years old”, which is our first experience. We will mainly develop original product line for this business.

③ Promotion of structural reform

As for the “four structural reforms (structural reform of CS (Customer Satisfaction) to Goods; structural reform of CS to Marketing; structural reform of Management Control, and structural reform of Organizational Culture)”, started in 2002, we have finished the company-wide sampling of assignments in a cross-sectional manner by the end of the previous fiscal year, and have gradually been working on the assignments that can be improved promptly. In the interim accounting period, we have studied the concrete measures for the mid-term assignments selected to start the action from the last half of the fiscal year. Thanks to these enhancements, we could organize the preparation to pursue the upcoming company-wide structural reformation in cross-sectional manner to unify employees’ minds toward the long-term growth with stability or to share sense of emergency.

In this fiscal year, the Company’s accomplishments in store opening and others for each business or operation were as follows.

In UNITED ARROWS (UA) chain, the Company opened the “Tachikawa store” (Tachikawa-shi, Tokyo) to improve placement power in the capital sphere.

In Green Label Relaxing (GLR) chain, the Company fully renovated the “Shinjuku store” which had opened in 1999, to provide more satisfaction for customers. In addition, the store was renamed to the “Lumine Shinjuku store.”

In CHROME HEARTS (CH) chain, the “CHROME HEARTS TOKYO ANNEX” was fully renovated and renamed to the “CHROME HEARTS HARAJUKU.”

In UA Lab business, the second store of an existing UA Lab for men’s apparel, “TOKISHIRAZU,” opened in Shibuya (Shibuya-ku, Tokyo), which had been innovated through intrapreneurship,.

Accordingly, the number of our stores totaled 59 at the end of September, 2004. The breakdown of the total store number was 23 for UA chain, 18 for GLR chain, 3 for CH chain, 6 for small business unit, and 9 for UA Labs.

Thereupon, the sales in this interim accounting period was 20,485 million yen (increased by 7.8 % over the preceding period). The ordinary income was 2,087 million yen (increased by 30.9 % over the preceding period). The net income in the interim period was 1,185 million yen (increased by 50.6 % over the preceding period).

(2) Condition of Cash Flows interim Period

Cash and cash equivalents (hereinafter referred to as “Cash”) was 1,391 million yen at the end of this interim period, deceased 231 million yen by the end of the previous fiscal year of 1,623 million yen.

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

(Cash flows from operating activities)

Cash gained from operating activities in this interim period was 685 million yen (expenditure 474 million yen by the previous period).

It was mainly due to the gain on the net income before taxes of 2,020 million yen, depreciation expense of tangible fixed assets of 253 million yen, and an increase of 572 million yen in accounts payable, despite increase of 1,248 million yen in inventories and 1,177 million yen of payment of income taxes.

(Cash flows from investing activities)

Cash gained from investing activities in this interim period was 144 million yen (decreased 90.3% by the previous period). This was largely attributable to decrease of 218 million yen in guarantee deposits paid for partial stores, despite expenditure of 306 million yen on purchase of tangible fixed assets accompanying new store openings and renovations etc., of shops, investment in newly consolidated entity of 5 million yen and Increase in consolidated entity loan receivables of 10 million yen.

(Cash flows from financing activities)

Cash gained from financing activities in this interim period came to 772 million yen (gain of 1,958 million yen by the previous period). This was attribute to 300 million yen of decrease in short-term borrowings, 328 million yen of payments for repayment of long-term debt and the expenditure of 180 million yen on dividend payments.

The indicators of our cash flows are as follows:

	Fiscal Year ended March 2003		Fiscal Year ended March 2004		Fiscal Year ended March 2005
	Interim	The end of the year	Interim	The end of the year	Interim
Shareholders’ equity ratio (%)	70.5	62.0	56.0	64.7	66.4
Shareholders’ equity ratio at market value (%)	205.7	158.0	194.0	278.8	247.1
Debt redemption period (number of years)	-	1.9	-	1.1	2.2
Interest coverage ratio	-	193.9	-	170.2	133.6

(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 results.

(3) Overview of the whole business year

In terms of the prospects, we will sequentially start up several projects in order to realize the “Super SPA Vision” continuously, and will work steadily on one of the three basic business strategies, “Vision to enlarge existing stores”. Moreover, we will aggressively advance openings of new stores in the existing business lines as well as new business lines.

We estimate for the full business year sales of 47,014 million yen (increased 9.6% over the previous period), ordinary income of 5,810 million yen (increased 10.2% by the same), and net income of 3,302 million yen (increased 14.8% by the same).

Based on our dividend policy of profit sharing, we plan to distribute annual dividend of 15 yen per share consisting of interim dividend of 5 yen per share and year-end dividend of 10 yen per share.

4. Financial Statements

(1) Balance Sheets

(In thousand of yen)

	The 15th Term (As of September 30, 2003)			The 16th Term (As of September 30, 2004)			B/S Summary of Previous Fiscal Year as of March 31, 2004		
	Amount		%	Amount		%	Amount		%
Assets:									
I Current assets									
1. Cash and cash equivalents	1,477,696			1,401,966			1,633,461		
2. Notes and accounts receivable-trade	126,454			84,115			84,205		
3. Inventories	9,704,753			10,842,215			9,594,053		
4. Notes and accounts receivable-other	2,614,154			2,670,881			2,747,274		
5. Others	654,182			627,814			601,367		
Total current assets		14,577,241	60.3		15,626,993	62.5		14,660,363	60.8
II Fixed assets									
1. Tangible fixed assets									
(1) Buildings	3,460,386			3,509,935			3,468,953		
(2) Lands	1,082,072			1,082,072			1,082,072		
(3) Others	525,504			539,387			474,026		
Total tangible fixed assets	5,067,962		21.0	5,131,395		20.6	5,025,052		20.8
2. Intangible fixed assets	578,311		2.4	535,563		2.1	508,318		2.1
3. Investments and other assets									
(1) Long-term lease deposits	3,399,318			3,228,223			3,447,213		
(2) Others	623,304			542,566			549,493		
(3) Allowance for doubtful accounts	(87,400)			(64,676)			(64,676)		
Total investments and other assets	3,935,223		16.3	3,706,114		14.8	3,932,030		16.3
Total fixed assets		9,581,497	39.7		9,373,073	37.5		9,465,401	39.2
Total assets		24,158,739	100.0		25,000,067	100.0		24,125,764	100.0
Liabilities:									
I Current liabilities									
1. Note and accounts payable-trade	4,130,359			3,902,650			3,329,967		
2. Short-term borrowings	2,000,000			—			300,000		
3. Current portion of long-term debt	828,000			656,000			656,000		
4. Notes and accounts payable-other	1,427,260			1,189,489			938,175		
5. Income taxes payable	692,206			862,200			1,183,863		
6. Accrued bonus	536,521			505,928			421,695		
7. Other	124,106			185,540			274,094		
Total current liabilities		9,738,454	40.3		7,301,808	29.2		7,103,795	29.4
II Long-term liabilities									
1. Long-term borrowings	672,000			852,000			1,180,000		
2. Accrued retirement benefits for directors	110,185			123,857			117,139		
3. Long-term guarantee deposits received	120,961			120,961			120,961		
Total long-term liabilities		903,146	3.7		1,096,818	4.4		1,418,100	5.9
Total liabilities		10,641,600	44.0		8,398,626	33.6		8,521,895	35.3
Shareholders' equity:									
I Common stock, no par value		3,030,000	12.5		3,030,000	12.1		3,030,000	12.6
II Capital surplus									
1. Additional paid-in capital	4,095,600			4,095,600			4,095,600		
Total Capital surplus		4,095,600	17.0		4,095,600	16.4		4,095,600	17.0
III Retained earnings									
1. Legal reserve	31,035			31,035			31,035		
2. Unappropriated retained earnings for the interim	9,113,238			12,027,736			11,073,843		
Total retained earnings		9,144,273	37.9		12,058,771	48.2		11,104,878	46.0
IV Net unrealized gain on (other) securities		(808)	(0.0)		—	—		—	—
V Treasury stock		(2,751,926)	(11.4)		(2,582,930)	(10.3)		(2,626,610)	(10.9)
Total shareholders' equity		13,517,138	56.0		16,601,440	66.4		15,603,868	64.7
Total liabilities and shareholders' equity		24,158,739	100.0		25,000,067	100.0		24,125,764	100.0

(2) Statements of Income

(In thousand of yen)

	The 15th Term (As of September 30, 2003)			The 16th Term (As of September 30, 2004)			B/S Summary of Previous Fiscal Year as of March 31, 2004		
	Amount		%	Amount		%	Amount		%
Ⅰ Sales		19,000,766	100.0		20,485,645	100.0		42,903,183	100.0
Ⅱ Cost of sales		8,864,952	46.7		9,560,216	46.7		20,180,308	47.0
Gross profit		10,135,813	53.3		10,925,429	53.3		22,722,874	53.0
Ⅲ Operating expenses		8,571,250	45.1		8,853,945	43.2		17,481,627	40.8
Operating income		1,564,563	8.2		2,071,483	10.1		5,241,246	12.2
Ⅳ Other income		69,930	0.4		86,726	0.4		157,562	0.4
Ⅴ Other expenses		39,906	0.2		70,232	0.3		128,123	0.3
Ordinary income		1,594,587	8.4		2,087,977	10.2		5,270,685	12.3
Ⅵ Extraordinary income		—	—		2,049	0.0		23,125	0.0
Ⅶ Extraordinary losses		185,810	1.0		69,063	0.3		265,363	0.6
Net income before taxes		1,408,777	7.4		2,020,964	9.9		5,028,446	11.7
Income taxes – Current *	688,950			817,909			2,198,126		
Income taxes – Deferred	(67,282)	621,667	3.3	17,611	835,520	4.1	(47,280)	2,150,846	5.0
Net income		787,109	4.1		1,185,443	5.8		2,877,600	6.7
Retained earnings beginning balance		8,332,527			10,849,445			8,332,527	
Losses on treasury stock transactions		6,398			7,152			26,917	
Interim dividend		—			—			109,367	
Unappropriated retained earnings for the term		9,113,238			12,027,736			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)

	The 15th Term (As of September 30, 2003)	**The 16th Term (As of September 30, 2004)**	B/S Summary of Previous Fiscal Years of March 31, 2004
	Amount	**Amount**	Amount
Ⅰ Cash flows from operating activities			
Net income before taxes	1,408,777	2,020,964	5,028,446
Depreciation	210,732	253,187	470,065
Amortization of intangible fixed assets	73,561	73,732	155,750
Amortization of long-term prepaid expenses	26,679	28,177	53,968
Increase / (Decrease) in accrued bonuses	114,739	84,233	(86)
Increase in accured retirement benefits	6,534	6,718	13,488
Decrease in allowance for doubtful accounts	—	—	(22,724)
Interest and dividend income	(115)	(19)	(180)
Loss on sale of securities	—	—	2,684
Interest expenses	3,596	5,074	11,242
Loss on disposal of tangible fixed assets	154,629	56,449	167,790
Loss on sale of tangible fixed assets	137	—	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
Decrease / (Increase) in accounts receivable	87,866	105,331	(33,992)
Increase in inventories	(2,024,992)	(1,248,161)	(1,914,293)
Increase in other current assets	(107,575)	(47,446)	(18,620)
Increase in accounts payable	1,048,615	572,683	248,222
Decrease in other current liabilities	(372,516)	(2,038)	(201,016)
Increase in other long-term liabilities	65,044	—	65,044
Bonuses to directors	(51,229)	(43,164)	(51,229)
Subtotal	644,483	1,867,806	4,020,569
Receipt of interest and dividends	115	11	178
Payment of interest	(3,353)	(5,127)	(11,025)
Payment of income taxes	(1,115,306)	(1,177,452)	(2,132,825)
Net cash from operating activities	(474,061)	685,238	1,876,896
Ⅱ Cash flows from investing activities			
Transfer to time deposits	—	—	(10,033)
Drawing from time deposits	—	—	10,029
Investment in newly consolidated entity	—	(5,000)	—
Increase in consolidated entity loan receivables	—	(10,000)	—
Proceeds from sale of securities	—	—	4,091
Proceeds from sale of tangible fixed assets	34	2,500	8,825
Purchase of tangible fixed assets	(991,404)	(306,547)	(1,649,678)
Purchase of intangible fixed assets	(121,252)	(38,912)	(213,202)
Purchase of long-term prepaid expense	(63,086)	(5,873)	(103,891)
Guarantee deposits paid	(309,487)	218,989	(357,382)
Decrease in other investment	50	216	220
Net cash from (use in) investing activities	(1,485,146)	(144,628)	(2,311,021)
Ⅲ Cash flows from financing activities			
Increase in short-term borrowings	1,100,000	(300,000)	(600,000)
Proceeds from long-term debt	1,000,000	—	2,000,000
Payments for repayment of long-term debt	—	(328,000)	(664,000)
Exercise of stock options	32,676	36,527	137,472
Dividends paid	(174,035)	(180,632)	(284,153)
Net cash used in financing activities	1,958,640	(772,105)	589,319
Ⅳ Effect of exchange rate changes on cash and cash equivalents	—	—	—
Ⅴ Net increase / (decrease) in cash and cash equivalents	(567)	(231,495)	155,193
Ⅵ Cash and cash equivalents at beginning of the year	1,468,234	1,623,427	1,468,234
Ⅶ Cash and cash equivalents at end of the year	1,467,667	1,391,932	1,623,427

(References) Sales for the Interim Period ended September 30, 2004

For The Previous Interim : (from April 1, 2003 to September 30, 2003)
For This Interim : (from April 1, 2004 to September 30, 2004)

① Total Sales

(In million of yen, %)

	For This Interim (A)	For The Previous Interim (B)	Increase or Decrease (A)-(B)	Growth
Total Sales	20,485	19,000	1,484	7.8

② Sales by Chain

(In million of yen, %)

	For This Interim (A)	For The Previous Interim (B)	Increase or Decrease (A)-(B)	Growth
UA	12,197	11,840	357	3.0
GLR	3,596	3,214	382	11.9
CH	1,189	1,030	159	15.5
*S.B.U.&UA Labs	1,566	1,138	428	37.6
Retail	18,549	17,222	1,327	7.7
*Others	1,935	1,778	157	8.9

*1. S.B.U. =Small Business Unit
*2. “Others” includes the sales of outlets, wholesale, outside shops, mail-order, café and formal wear rental.

③ Sales by Category of Merchandaise (Retail)

(In million of yen, %)

	For This Interim (A)	For The Previous Interim (B)	Increase or Decrease (A)-(B)	Growth
Men’s	8,800	8,584	215	2.5
Women’s	7,428	6,563	864	13.2
*Silver & Leather	1,571	1,460	111	7.6
Miscellaneous	749	613	135	22.1

* ”Siver & Leather” means the silver accessories and leather outfits of CHROME HEARTS brand.

④ Sales of Existing stores (For This Interim, Retail, YOY)

(%)

	Sales Growth Ratio	Number of Customer Growth Ratio	Ave. Spending per Customer Growth Ratio
UA	(2.2)	0.9	(3.1)
GLR	(7.1)	(11.0)	4.4
CH	16.6	23.8	(5.9)
S.B.U.&UA Labs	12.2	6.9	4.9
Retail	(1.1)	(1.7)	0.6