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Summary of Financial Condition and Business Results
for the First Quarter Ended June 30, 2005*
(Non-Consolidated)

Corporate Name:	UNITED ARROWS LTD.
URL:	http:// www.united-arrows.co.jp/
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

*The “Summary of Financial Condition and Business Results for the First Quarter Ended June 30, 2005 (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 First Quarter Ended June 30, 2005

The adoption of the simple method in accounting procedure: None

The change of the accounting procedure in the latest business year: Yes

(Content)

We have applied the accounting standards on impairment loss on fixed assets as of the first quarter in this fiscal year ("Statement of position for setting of accounting standards on impairment loss on fixed assets" (Business Accounting Council, August 9, 2002) and "Applicable guideline of accounting standards concerning the impairment loss of fixed assets" (Applicable Guideline by Corporate Accounting Standards, October 31, 2003))

This has not influenced the profit and loss.

2. Financial condition and business results for the First Quarter Ended June 30, 2005 (from April 1, 2005 to June 30, 2005)

(1) Financial Results

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

First quarter ended June 30	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2005	11,928	18.4	1,897	45.3	1,921	46.6	1,115	45.4
2004	10,071	6.0	1,306	13.2	1,310	13.1	766	23.3
Ref.) FY ended March 31, 2005	46,330	-	6,080	-	6,037	-	3,476	-

First quarter ended June 30	Net income per share	Net income per share after adjusting dilutive shares
	yen	yen
2005	50.62	50.03
2004	34.91	34.52
Ref.) FY ended March 31, 2005	154.90	153.32

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

Overview of the Financial Results for the First Quarter Ended June 30, 2005

For the results of the first quarter ended June 30, 2005, blessed with good weather generally, the sales of the spring and early summer apparel including cut-sews, knits, and pants have successfully been increased both for men's and women's wear.

Furthermore, while we had started the summer sale from early July last year, the sale this year has been started from the end of June in more than 20% of the entire stores, which contributed to the year-on-year increase of the sales by 18.4% and reached 11,928 million yen.

Operating income reached 1,897 million yen, 45.3% increase over the previous year, by generally reducing Operating expenses despite increasing of the advertisement and promotion expense. Ordinary income grew by 46.6% over the previous year to 1,921 million yen. The quarterly net income totaled 1,115 million yen, up 45.4% over the previous year.

(2) Financial Positions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
First quarter ended June 30	¥million	¥million	%	yen
2005	27,109	19,635	72.4	890.83
2004	22,786	16,156	70.9	735.18
Ref.) FY ended March 31, 2005	27,648	18,812	68.0	851.00

(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
First quarter ended June 30	¥million	¥million	¥million	¥million
2005	649	(480)	(372)	3,623
2004	(106)	35	(219)	1,333
Ref.) FY ended March 31, 2005	4,122	(738)	(1,180)	3,827

The status of cash flows

- Cash and cash equivalents decreased by 203 million yen from the end of the previous fiscal year.
- Cash flows gained from operating activities were 649 million yen after the quarterly net income before taxes of 1,893 million yen, depreciation of 133 million yen, a decrease in the account receivable of 263 million yen, a decrease in inventories of 189 million yen and the payment of income taxes of 1,454 million yen.
- Cash flows lost to investing activities were 480 million yen after the purchase of tangible fixed assets of 354 million yen and purchase of the long-term prepaid expense paid of 125 million yen.
- Cash flows lost to financing activities were 372 million yen due to the repayments of long-term debt of 164 million yen and the payment of dividends of 227 million yen.

3. Forecast of the Results for the Fiscal year ending March 31, 2006 (from April 1, 2005 to March 31, 2006)

Given the favorable first quarter results, the Company does not revise the initial forecast announced May 11, 2005 for the fiscal year ending March 31, 2006.

Attachment:

Summary of Balance Sheet, Summary of Statements of Income, Summary of Statements of Cash Flows
Summary of Sales Performance for the first quarter ended June 30, 2005

Forward-Looking Statements

The first 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 million of yen)

	1Q/The 16 th Term (As of June 30, 2004)		1Q/The 17 th Term (As of June 30, 2005)		The 16 th Term (As of March 31, 2005)	
	Amount	%	Amount	%	Amount	%
Assets:						
I Current assets						
1. Cash and cash equivalents	1,343		3,623		3,827	
2. Notes and accounts receivable-trade	18		26		57	
3. Inventories	9,380		10,027		10,216	
4. Notes and accounts receivable-other	2,358		2,865		3,106	
5. Others	466		827		792	
Total current assets		13,566 59.5		17,371 64.1		18,001 65.1
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings	3,446		3,652		3,570	
(2) Lands	1,082		1,082		1,082	
(3) Others	512		535		576	
Total tangible fixed assets	5,040	22.1	5,270	19.4	5,229	18.9
2. Intangible fixed assets	492	2.2	489	1.8	498	1.8
3. Investments and other assets						
(1) Long-term lease deposits	3,210		3,428		3,386	
(2) Others	541		614		597	
(3) Allowance for doubtful accounts	(64)		(64)		(64)	
Total investments and other assets	3,687	16.2	3,978	14.7	3,919	14.2
Total fixed assets		9,220 40.5		9,738 35.9		9,646 34.9
Total assets		22,786 100.0		27,109 100.0		27,648 100.0
Liabilities:						
I Current liabilities						
1. Note and accounts payable-trade	2,417		3,205		3,410	
2. Short-term borrowings	400		-		-	
3. Current portion of long-term debt	656		656		656	
4. Notes and accounts payable-other	877		1,094		1,662	
5. Income taxes payable	388		865		1,462	
6. Accrued bonus	257		697		469	
7. Other	375		340		399	
Total current liabilities		5,372 23.6		6,859 25.3		8,060 29.2
Long-term liabilities						
1. Long-term borrowings	1,016		360		524	
2. Accrued retirement benefits for directors	120		133		130	
3. Long-term guarantee deposits received	120		120		120	
Total long-term liabilities		1,257 5.5		614 2.3		775 2.8
Total liabilities		6,629 29.1		7,474 27.6		8,835 32.0
Shareholders' equity:						
Common stock, no par value		3,030 13.3		3,030 11.2		3,030 10.9
Capital surplus						
1. Additional paid-in capital	4,095		4,095		4,095	
Total Capital surplus		4,095 18.0		4,095 15.1		4,095 14.8
Retained earnings						
1. Legal reserve	31		31		31	
2. Unappropriated retained earnings for the term	11,614		15,002		14,203	
Total retained earnings		11,645 51.1		15,033 55.4		14,234 51.5
Treasury stock		(2,614) (11.5)		(2,524) (9.3)		(2,547) (9.2)
Total shareholders' equity		16,156 70.9		19,635 72.4		18,812 68.0
Total Liabilities and shareholders' equity		22,786 100.0		27,109 100.0		27,648 100.0

(2) Statement of Income

	(In million of yen)					
	1Q/The 16 th Term		1Q/The 17 th Term		The 16 th Term	
	(From April 1, 2004 to June 30, 2004)		(From April 1, 2005 to June 30, 2005)		(From April 1, 2004 to March 31, 2005)	
	Amount	%	Amount	%	Amount	%
Sales	10,071	100.0	11,928	100.0	46,330	100.0
Cost of sales	4,374	43.4	5,119	42.9	21,693	46.8
Gross profit	5,696	56.6	6,808	57.1	24,636	53.2
Operating expenses	4,390	43.6	4,910	41.2	18,555	40.1
Operating income	1,306	13.0	1,897	15.9	6,080	13.1
Other income	43	0.4	55	0.5	175	0.4
Other expenses	39	0.4	31	0.3	219	0.5
Ordinary income	1,310	13.0	1,921	16.1	6,037	13.0
Extraordinary income	-	-	-	-	2	0.0
Extraordinary losses	0	0.0	27	0.2	130	0.3
Net income before taxes	1,309	13.0	1,893	15.9	5,909	12.7
Income taxes – Current *	361		833		2,466	
Income taxes – Deferred	181	542	(55)	778	(33)	2,432
Net income	766	7.6	1,115	9.4	3,476	7.5
Retained earnings beginning balance	10,849		13,891		10,849	
Losses on treasury stock transactions	2		3		12	
Interim dividend	-		-		109	
term	11,614		15,002		14,203	

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

(3) Statement of Cash Flows

	(In million of yen)		
	1Q/The 16 th Term (From April 1, 2004 to June 30, 2004)	1Q/The 17 th Term (From April 1, 2005 to June 30, 2005)	The 16 th Term (From April 1, 2004 to March 31, 2005)
	Amount	Amount	Amount
Cash flow from operating activities			
Net income before taxes	1,309	1,893	5,909
Depreciation	123	133	525
Amortization of intangible fixed assets	36	29	148
Amortization of long-term prepaid expenses	14	16	57
Decrease in accrued bonuses	(163)	228	47
Increase in accrued retirement benefits	3	3	13
Interest and dividend income	-	(0)	(0)
Interest expenses	2	1	9
Loss on disposal of tangible fixed assets	0	1	65
Gain on sale of tangible fixed assets	-	-	(2)
Loss on disposal of long-term prepaid expenses	-	0	41
Decrease / (increase) in accounts receivable	482	263	(309)
Decrease / (increase) in inventories	213	189	(622)
Increase in other current assets	(44)	(54)	(75)
Increase / (decrease) in accounts payable	(912)	(205)	80
Increase / (decrease) in other current liabilities	(13)	(325)	561
Bonuses to directors	-	(69)	(43)
Subtotal	1,052	2,105	6,407
Receipt of interest and dividends	0	0	0
Payment of interest	(2)	(1)	(9)
Payment of income taxes	(1,156)	(1,454)	(2,274)
Net cash from operating activities	(106)	649	4,122
Cash flows from investing activities			
Drawing from time deposits	-	-	10
Investment in newly consolidated entity	(5)	-	(5)
Increase in consolidated entity loan receivables	-	-	(75)
Proceeds from loans receivable in affiliates	-	75	-
Proceeds from sale of tangible fixed assets	-	-	2
Purchase of tangible fixed assets	(173)	(354)	(575)
Purchase of intangible fixed assets	(20)	(33)	(117)
Purchase of long-term prepaid expense	(1)	(125)	(39)
Decrease / (increase) in guarantee deposits paid	236	(42)	60
Decrease in other investment	-	-	0
Net cash from (use in) investing activities	35	(480)	(738)
Cash flows from financing activities			
Increase in short-term borrowings	100	-	(300)
Payments for repayment of long-term debt	(164)	(164)	(656)
Exercise of stock options	10	19	66
Dividends paid	(165)	(227)	(290)
Net cash use in financing activities	(219)	(372)	(1,180)
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Net increase / (decrease) in cash and cash equivalents	(290)	(203)	2,203
Cash and cash equivalents at beginning of the term	1,623	3,827	1,623
Cash and cash equivalents at end of the term	1,333	3,623	3,827

(4) Sales for the First Quarter

The Previous First Quarter: 1Q/FY2005 (from April 1, 2004 to June 30, 2004)

This First Quarter: 1Q/FY2006 (from April 1, 2005 to June 30, 2005)

Total Sales

(In million of yen, %)

	1Q/FY2005 (A)	1Q/FY2006 (B)	Increase or Decrease (B)-(A)	Growth
Total Sales	10,071	11,928	1,857	18.4

Sales by Chain

(In million of yen, %)

	1Q/FY2005 (A)	1Q/FY2006 (B)	Increase or Decrease (B)-(A)	Growth
UA	6,165	6,925	760	12.3
GLR	1,929	2,228	298	15.5
CH	554	739	185	33.4
*S.B.U.&UA Labs	605	985	379	62.7
*Total business units sales	9,255	10,879	1,623	17.5
Others	815	1,048	233	28.7

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

*2 In this term, a new category of "Total business units sales" is disclosed. It includes the sales of retail, wholesale, mail-order and formal wear rental. "Other sales" includes the sales of outlet and outside shops. The sales of FY2005 were retroactively calculated.

Sales by Category of Merchandise (Total business units sales)

(In million of yen, %)

	1Q/FY2005 (A)	1Q/FY2006 (B)	Increase or Decrease (B)-(A)	Growth
Men's	4,472	5,143	671	15.0
Women's	3,662	4,307	644	17.6
*Silver & Leather	730	977	246	33.8
Miscellaneous	390	451	60	15.6

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

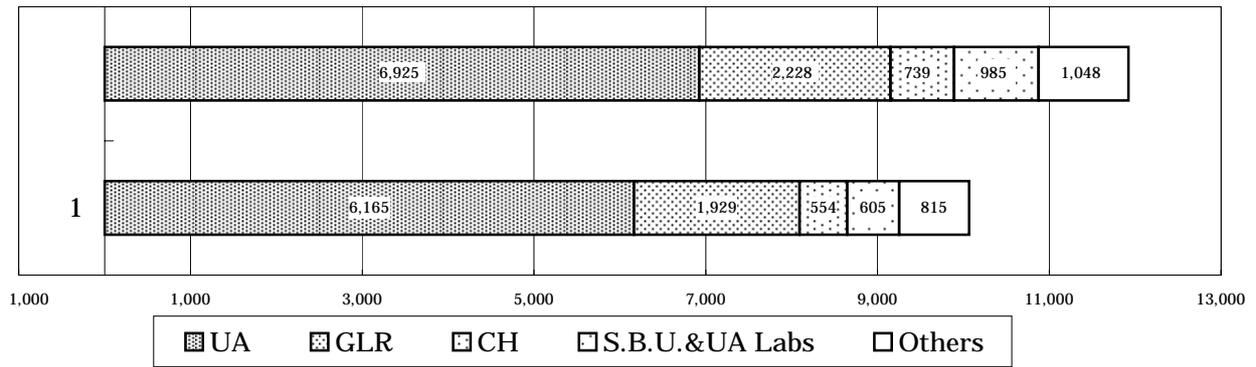
Sales of Existing stores (This First Quarter, Retail, YOY)

(%)

	Sales Growth Ratio	Number of	Ave. Spending per
UA	8.2	1.8	6.3
GLR	3.1	(0.8)	3.9
CH	25.6	34.0	(6.3)
S.B.U.&UA Labs	13.5	3.8	9.3
Retail	8.5	1.5	7.0

References: Sales by Chain (This First Quarter, YOY)

(In million of yen)



References: Sales by Category of Merchandise (Total business units sales, This First Quarter, YOY)

(In million of yen)

