
Summary of Financial Condition and Business Results
for the Third Quarter Ended December 31, 2005*
(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
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*The “Summary of Financial Condition and Business Results for the Third Quarter Ended December 31, 2005 (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 Consolidated Financial Information for the Third Quarter Ended December 31, 2005

The adoption of the simple method in accounting procedure: None

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

The change in the scope of consolidation and application of the equity method: Yes

Content: consolidation (newly adopted) 1 subsidiaries

2. Financial condition and business results for the Third Quarter Ended December 31, 2005 (from April 1, 2005 to December 31, 2005)

As a consolidated financial statement is used from this Third quarter, the Third quarter for the term ended March 2005 and the term ended March 2005 have not been included.

(1) Financial Results (Consolidated)

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

Third quarter ended December	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2006	40,099	-	6,621	-	6,650	-	3,658	-
2005	-	-	-	-	-	-	-	-
Ref.) FY ended March 31, 2005	-	-	-	-	-	-	-	-

Third quarter ended December	Net income per share	Net income per share after adjusting dilutive shares
	yen	yen
2006	165.80	163.51
2005	-	-
Ref.) FY ended March 31, 2005	-	-

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

Qualitative information regarding the progress situation of operating results (consolidated)

The Japanese economy in this Third quarter performed relatively well, with improvements in the job total helping household income, and private consumption increasing steadily.

In the fashion wear retail industry, the sales of top-range articles and high-priced products increased gradually to back up robust private consumption. The industry was also boosted by favorable factors such as the promotion of winter clothes and goods due to the good post-autumn weather.

In such an economic climate, our group has continued on from the previous term to promote various corporate restructurings aimed at the realization of the 'super SPA concept', and has endeavored to improve management benchmark including improvement of the gross profit margin, the reduction of the operating expenses ratio, and the optimization of inventory level. Furthermore, new store openings have been implemented basically as planned, and have developed as per below.

- green label relaxing business chain:
Chiba store (opened in Chuo-ku, Chiba-shi, Chiba at October 23, 2005)

- Small Business Units
Odette é Odile united arrows: Nihonbashi store (opened in Chuo-ku, Tokyo at October 7, 2005)

Also, in November 2005, we acquired all the shares of Figo Co., Ltd. (which deals mainly in the import and wholesale of Italian-made shoes, etc.) for 2,100 million yen, making it a subsidiary company.

As a result, this Third quarter showed 40,099 million yen in sales, 6,621 million yen in operating income, 6.650 million yen in ordinary income, and 3,658 million yen in net income.

(2) Financial Positions (Consolidated)

Third quarter ended December	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥million	¥million	%	yen
2006	41,260	22,159	53.7	1,001.99
2005	-	-	-	-
Ref.) FY ended March 31, 2005	-	-	-	-

References: Financial condition and business results for the Third Quarter Ended December 31, 2005 (from April 1, 2005 to December 31, 2005)

(1) Financial Results (Non-Consolidated)

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

Third quarter ended December	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2006	39,423	15.0	6,461	29.8	6,476	29.3	3,591	23.5
2005	34,279	7.3	4,977	20.9	5,007	20.4	2,907	28.7
Ref.) FY ended March 31, 2005	46,330	-	6,080	-	6,037	-	3,476	-

Third quarter ended December	Total assets	Shareholders' equity
	¥million	¥million
2006	40,474	22,089
2005	26,371	18,221
Ref.) FY ended March 31, 2005	27,648	18,812

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

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

	Sales		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal year 2006	53,396	-	7,380	-	3,937	-

Reference: Projected net income per share (Fiscal year 2006):180.47yen

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

Qualitative information regarding earnings forecast

In regards to the consolidated earnings forecast, as a consolidated financial statement is used from this Third quarter, we did not disclose this for the interim financial results for the term ending March 2006 announced on 7 November, 2005, and therefore have disclosed the consolidated earnings forecast for the whole financial term ending March 2006 as per above.

In regards to None-consolidated earnings forecast, earnings performed well in principle, and there are no changes in None-consolidated forecast for the whole of the financial term ending March 2006, which was disclosed in the interim financial results for the term ending March 2006 as announced on 7 November, 2005.

Please note that the above forecasts have been based in all information available up till the day of the announcement of this document. There is the possibility that actual earnings will differ from the forecast figures due to various factors.

Attachment:

Summary of Balance Sheet, Summary of Statements of Income (Consolidated)

Summary of Balance Sheet, Summary of Statements of Income (Non-Consolidated)

Summary of Sales Performance for the third quarter ended December 31, 2005

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.

[Attachment]

(1) Balance Sheets for the Third quarter ended December 31, 2005 (Consolidated)

As a consolidated financial statement is used from this Third quarter, the previous Third quarter and fiscal year 2005 have not been included.

	The 17 th Term	
	(As of December 31, 2005)	
	Amount	%
<u>Assets:</u>		
I Current assets		
1. Cash and cash equivalents	12,692	
2. Notes and accounts receivable-trade	222	
3. Inventories	11,408	
4. Notes and accounts receivable-other	4,729	
5. Others	608	
Allowance for doubtful accounts	(3)	
Total current assets	29,658	71.9
II Fixed assets		
1. Tangible fixed assets		
(1) Buildings	3,688	
(2) Others	1,709	
Total tangible fixed assets	5,398	
2. Intangible fixed assets		
	2,022	
3. Investments and other assets		
(1) Long-term lease deposits	3,563	
(2) Others	680	
(3) Allowance for doubtful accounts	(62)	
Total investments and other assets	4,181	
Total fixed assets	11,602	28.1
Total assets	41,260	100.0
<u>Liabilities:</u>		
I Current liabilities		
1. Notes and accounts payable-trade	5,416	
2. Current portion of bonds	10	
3. Short-term borrowings	9,000	
4. Current portion of long-term debt	611	
5. Accrued bonus	257	
6. Other	3,473	
Total current liabilities	18,768	45.5
Long-term liabilities		
1. Corporate bond	15	
2. Long-term borrowings	98	
3. Accrued retirement benefits for directors	140	
4. Other	80	
Total long-term liabilities	333	0.8
Total liabilities	19,101	46.3
<u>Shareholders' equity:</u>		
Common stock, no par value	3,030	7.3
Capital surplus	4,095	9.9
Retained earnings	17,452	42.3
Net unrealized holdings gains on investments in securities	2	0.0
V Treasury stock	(2,421)	(5.8)
Total shareholders' equity	22,159	53.7
Total liabilities and shareholders' equity	41,260	100.0

**(2) Statement of Income for the Third quarter ended December 31, 2005
(Consolidated)**

As a consolidated financial statement is used from this Third quarter, the previous Third quarter and fiscal year 2005 have not been included.

	The 17 th Term	
	(As of December 31, 2005)	
	Amount	%
Sales	40,099	100.0
Cost of sales	17,942	44.7
Gross profit	<u>22,156</u>	55.3
Operating expenses	15,535	38.8
Operating income	<u>6,621</u>	16.5
Other income	158	0.4
Other expenses	<u>128</u>	0.3
Ordinary income	6,650	16.6
Extraordinary income	2	0.0
Extraordinary losses	<u>374</u>	0.9
Net income before taxes	6,278	15.7
Income taxes – Current *	2,474	
Income taxes – Deferred	<u>144</u>	6.6
Net income	<u>3,658</u>	9.1

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

[Reference]

(1) Balance Sheets for the Third quarter ended December 31, 2005 (None-consolidated)

(In million of yen)

	The 16 th Term (As of November 31, 2004)		The 17 th Term (As of November 31, 2005)		B/S Summary of Previous Fiscal Year as of March 31, 2005	
	Amount	%	Amount	%	Amount	%
Assets:						
I Current assets						
1. Cash and cash equivalents	2,110		12,085		3,827	
2. Notes and accounts receivable-trade	16		32		57	
3. Inventories	10,223		11,173		10,216	
4. Notes and accounts receivable-other	4,074		4,592		3,106	
5. Others	622		577		792	
Total current assets		17,048 64.6		28,461 70.3		18,001 65.1
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings	3,470		3,667		3,570	
(2) Lands	1,082		1,082		1,082	
(3) Others	520		618		576	
Total tangible fixed assets	5,073	19.3	5,368	13.3	5,229	18.9
2. Intangible fixed assets	506	1.9	488	1.2	498	1.8
3. Investments and other assets						
(1) Investment securities-Affiliates	-		2,105		-	
(2) Long-term lease deposits	3,276		3,504		3,386	
(3) Others	531		609		597	
(4) Allowance for doubtful accounts	(64)		(62)		(64)	
Total investments and other assets	3,742	14.2	6,156	15.2	3,919	14.2
Total fixed assets		9,323 35.4		12,012 29.7		9,646 34.9
Total assets		26,371 100.0		40,474 100.0		27,648 100.0
Liabilities:						
I Current liabilities						
1. Note and accounts payable-trade	3,232		5,005		3,410	
2. Short-term borrowings	700		9,000		-	
3. Current portion of long-term debt	656		590		656	
4. Notes and accounts payable-other	1,051		1,657		1,662	
5. Income taxes payable	876		1,166		1,462	
6. Accrued bonus	282		254		469	
7. Other	415		397		399	
Total current liabilities		7,213 27.4		18,071 44.6		8,060 29.2
Long-term liabilities						
1. Long-term borrowings	688		98		524	
2. Accrued retirement benefits for directors	127		140		130	
3. Long-term guarantee deposits received	120		74		120	
Total long-term liabilities	936	3.5	312	0.8	775	2.8
Total liabilities		8,149 30.9		18,384 45.4		8,835 32.0
Shareholders' equity:						
Common stock, no par value		3,030 11.5		3,030 7.5		3,030 10.9
Capital surplus						
1. Additional paid-in capital	4,095		4,095		4,095	
Total Capital surplus		4,095 15.5		4,095 10.1		4,095 14.8
Retained earnings						
1. Legal reserve	31		31		31	
2. Unappropriated retained earnings for the term	13,638		17,354		14,203	
Total retained earnings		13,669 51.8		17,385 43.0		14,234 51.5
Treasury stock	(2,573)	(9.7)	(2,421)	(6.0)	(2,547)	(9.2)
Total shareholders' equity		18,221 69.1		22,089 54.6		18,812 68.0
Total liabilities and shareholders' equity		26,371 100.0		40,474 100.0		27,648 100.0

(2) Statement of Income for the Third quarter ended December 31, 2005 (None-consolidated)

(In million of yen)

	The 16 th Term		The 17 th Term		B/S Summary of Previous Fiscal Year	
	(As of December 31, 2004)		(As of December 31, 2005)		as of March 31, 2005	
	Amount	%	Amount	%	Amount	%
Sales	34,279	100.0	39,423	100.0	46,330	100.0
Cost of sales	15,588	45.5	17,690	44.9	21,693	46.8
Gross profit	18,690	54.5	21,733	55.1	24,636	53.2
Operating expenses	13,713	40.0	15,272	38.7	18,555	40.1
Operating income	4,977	14.5	6,461	16.4	6,080	13.1
Other income	130	0.4	152	0.4	175	0.4
Other expenses	99	0.3	137	0.4	219	0.5
Ordinary income	5,007	14.6	6,476	16.4	6,037	13.0
Extraordinary income	2	0.0	2	0.0	2	0.0
Extraordinary losses	69	0.2	374	0.9	130	0.3
Net income before taxes	4,939	14.4	6,104	15.5	5,909	12.7
Income taxes – Current *	1,901		2,358		2,466	
Income taxes – Deferred	130	5.9	153	6.4	(33)	5.2
Net income	2,907	8.5	3,591	9.1	3,476	7.5
Retained earnings beginning balance	10,849		13,891		10,849	
Losses on treasury stock transactions	8		18		12	
Interim dividend	109		110		109	
Unappropriated retained earnings for the term	13,638		17,354		14,203	

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

(3) Sales for the Third Quarter (None-consolidated)

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

This Third Quarter :3Q Ended December 31, 2005 (from October 1, 2005 to December 31, 2005 for 3 months)

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

This Total (1Q-3Q) : (from April 1, 2005 to December 31, 2005 for 9 months)

Total Sales

(In million of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or Decrease (B)-(A)	Growth Ratio
The Third Quarter	13,794	15,782	1,988	14.4
Total(1Q-3Q)	34,279	39,423	5,143	15.0

Sales by Chain

(In million of yen, %)

		The previous accounting period (A)	This accounting period (B)	Increase or Decrease (B)-(A)	Growth Ratio
The Third Quarter	UA	8,391	9,042	650	7.8
	GLR	2,485	3,089	604	24.3
	CH	781	900	119	15.3
	*S.B.U.&UA Labs	937	1,383	446	47.6
	Business units total	12,596	14,417	1,820	14.5
	*Others	1,197	1,365	167	14.0
Total (1Q-3Q)	UA	20,915	22,418	1,502	7.2
	GLR	6,123	7,525	1,402	22.9
	CH	1,971	2,423	452	23.0
	*S.B.U.&UA Labs	2,385	3,670	1,284	53.9
	Business units total	31,395	36,037	4,642	14.8
	*Others	2,884	3,385	501	17.4

*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 the previous term were retroactively calculated.

Sales by Category of Merchandise (Business units total)

(In million of yen, %)

		The previous accounting period (A)	This accounting period (B)	Increase or Decrease (B)-(A)	Growth Ratio
The Third Quarter	Men's	6,411	7,221	809	12.6
	Women's	4,661	5,445	783	16.8
	*Silver & Leather	1,025	1,213	187	18.3
	Miscellaneous	497	537	40	8.1
Total (1Q-3Q)	Men's	15,275	17,037	1,761	11.5
	Women's	12,271	14,421	2,150	17.5
	*Silver & Leather	2,597	3,188	591	22.8
	Miscellaneous	1,251	1,390	138	11.1

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

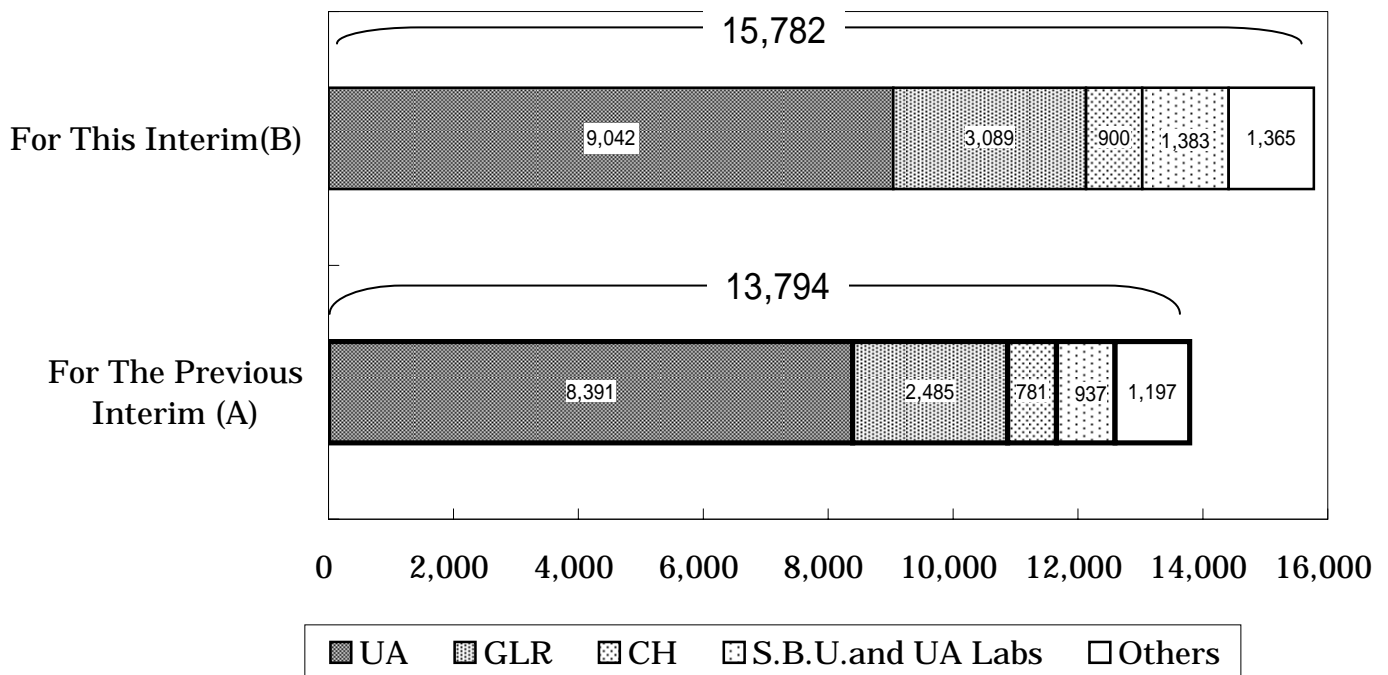
Sales of Existing stores (Retail, YOY)

(%)

		Sales Growth Ratio	Number of Customer Growth Ratio	Ave. Spending per Customer Growth Ratio
The Third Quarter	UA	6.4	2.6	3.7
	GLR	9.6	1.1	8.4
	CH	15.3	9.3	5.5
	S.B.U.&UA Labs	21.1	14.0	6.3
	Retail	8.5	2.8	5.5
Total (1Q-3Q)	UA	6.4	1.7	4.6
	GLR	7.3	0.0	7.2
	CH	20.7	21.0	(0.2)
	S.B.U.&UA Labs	15.6	8.4	6.6
	Retail	8.1	1.9	6.2

References: Sales by Chain (YOY, None-consolidated)

(In million of yen)



References: Sales by Category of Merchandise (Total business units sales)

(In million of yen)

