November 20, 2006

Summary of Financial Conditions and Business Results for Interim ended September 30, 2006* (Consolidated)

Corporate Name:	UNITED ARROWS LTD.
Code Number:	7606
URL:	http://www.united-arrows.co.jp/
Securities Traded:	Tokyo Stock Exchange, First Section
Location of Headquarters:	Tokyo
Representative:	Tetsuya Iwaki, President and COO
Contact:	Yuko Sajima, Department Manager, Finance & Accounting Department
Telephone:	+81-3-5785-6338
Date of the Board of Directors Meeting for Closing Accounts:	November 20, 2006
Name of Other Related Company:	-
Voting Rights by Other Related Company:	-
Application of US Accounting Standards:	No

*The "Summary of Financial Conditions and Business Results for Interim ended September 30, 2006" is an English translation of the original Japanese version. If any doubts arise as to the interpretation of this English version, the Japanese version shall take precedence.

1. Consolidated Business Results of Interim Ended September 2006 (from April 1, 2006 to September 30, 2006)

(1)Consolidated Business Performance

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

	Sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Interim ended September 2006	26,754	(-)	2,703	(-)	2,693	(-)
Interim ended September 2005	-	(-)	-	(-)	-	(-)
Fiscal Year Ended March 2006	53,813	(-)	7,663	(-)	7,639	(-)

	Net income		Net income per share	Net income per share after adjusting dilutive shares
	¥ million	%	yen	yen
Interim ended September 2006	1,228	(-)	29.73	29.42
Interim ended September 2005	-	(-)		
Fiscal Year Ended March 2006	4,076	(-)	183.99	181.40

Notes: 1. Gains and losses on investment by equity method

Interim ended September 2006 ¥ -million,

Interim ended September 2005 ¥ -million

Fiscal Year Ended March 2006 ¥ -million

2. Average number of shares during the fiscal period (Consolidated)

Interim ended September 2006 41,301,932 shares,

Interim ended September 2005 -

Fiscal Year Ended March 2006 21,720,084 shares

3. Change of accounting method: yes

4. Percentage noted in columns of sales, operating income, ordinary income, and net income indicates increase / decrease compared with the previous period.

5. Common stocks were split two for one on April 1, 2006

6. As a consolidated financial statement is used from fiscal year ended March 2006, fiscal year ended March 2005 and increase / decrease compared with the previous period is not indicated.

(2) Consolidated Financial Situation

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ million	¥ million	%	yen
Interim ended September 2006	37,493	15,474	41.3	374.22
Interim ended September 2005	-	-	-	-
Fiscal Year Ended March 2006	35,334	14,565	41.2	702.65

Notes: 1. Total number of stocks issued at the end of the fiscal period (Consolidated)

Interim ended September 2006 41,350,683 shares

Interim ended September 2005 -

Fiscal Year Ended March 2006 20,614,546 shares

2. Common stocks were split two for one on April 1, 2006

3. As a consolidated financial statement is used from fiscal year ended March 2006, fiscal year ended March 2005 and increase / decrease compared with the previous period is not indicated.

(3) Consolidated 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
Interim ended September 2006	845	(3,048)	(1,174)	4,272
Interim ended September 2005	-	-	-	-
Fiscal Year Ended March 2006	6,596	(3,423)	648	7,650

Notes: 1. As a consolidated financial statement is used from fiscal year ended March 2006, fiscal year ended March 2005 and increase / decrease compared with the previous period is not indicated.

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 1

Number of non-consolidated subsidiaries accounted for by the equity method: none

Number of associated companies accounted for by the equity method: none

(5) Changes in scope of consolidation and application of equity method:

Number of companies newly consolidated: none

Number of companies excluded from consolidation: none

Number of companies newly accounted for by the equity method: none

Number of companies excluded from the equity method of accounting: none

2. Performance Projection of Fiscal Year Ended March (from April 1, 2006 to March 31, 2007)

	Sales	Ordinary income	Net income
	¥ million	¥ million	¥ million
Full fiscal year	60,845	7,910	4,214

Reference: Projected net income per share (in the full fiscal year): 100.45 yen

* Projected net income per share was calculated considering number of shares issued after stock options are exercised.

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

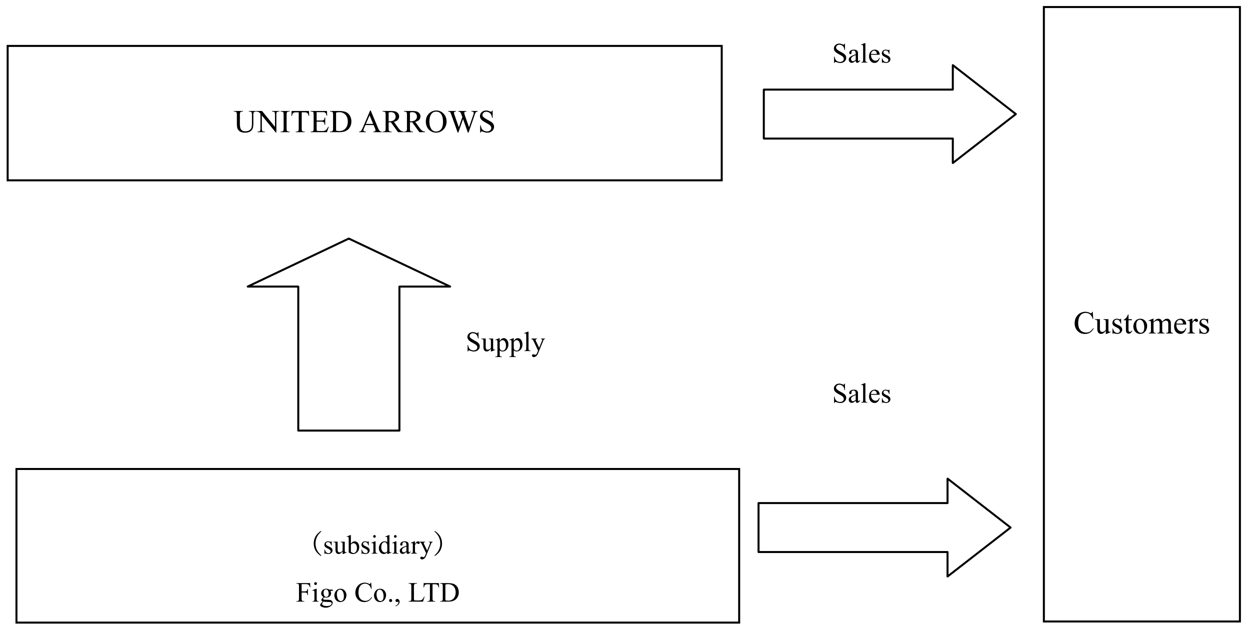
Ⅰ. Status of corporate group

The corporate group is composed of two companies; the company and subsidiary Figo Co., LTD. Our main businesses are planning and selling Men's and Women's apparel and related goods.

Further more, associated company Complise LTD. was dissolved on September 27, 2006.

Status of consolidated entity

Name	Address	Capital stock	Main products	Ratio of total shares issued and outstanding (%)	relationship
(subsidiary) Figo Co., LTD.	Minato-ku, Tokyo	40	Import, wholesale and sales of Italian -made bags, etc.	100.0%	4 concurrent directors



Ⅱ. Management Policy

1. Basic policy of management

At the time when the company was established in October 1989, we declared our “resolution” as follows:
“We aim to contribute to the society by improving living standards, culture and society through the development of products and 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 values”: “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 will make every effort to create these five values, and at the same time, we as a public institution intend to contribute to improve Japanese lifestyle and culture.

2. Basic policy concerning profit sharing

As for our basic policy concerning profit sharing, recognizing that maximizing value for our shareholders is a matter of great importance to our management, thus we intend to return profits to our shareholders by increasing dividend payments and stock splits. We also intend to enhance our reputation in the stock market and increase market capitalization to the greatest extent in order to increase value for our shareholders.
In addition, considering the conditions of business environment and business performance, we will pay careful attention to balance investments to development new stores, capital expenditures to grow business in the future, and required retained earnings. We will also improve distribution of profit to our shareholders while keeping profit level and dividend ratio in mind.
Further more, the interim dividend will be 3 yen per share, and year end dividend is planned to be 7 yen.

3. Policy and opinion concerning decrease of investment unit

We believe that improving liquidity of equity, expanding shareholder classes, and expanding long term and stable shareholders are important subjects.
In order to expand individual shareholder class, we have carried out following program of decreasing investment units / investment amounts.
①May 1, 2000; decrease trading unit in stock market, 1 unit 1,000 stocks → 100 stocks
②May 22, 2000; decrease stock price per share, split stock 1:1.5
③May 20, 2004; decrease stock price per share, split stock 1:2
④April 1, 2006; decrease stock price per share, split stock 1:2
In the future, necessary measures will be enforced according to change in stock price level, market conditions, etc.

4. Mid- and long-term management strategy

Our basic business strategy consists of the following three factors:
① Multi-business-centered strategy with UNITED ARROWS business as its core
② Strategy of restricting number of stores per business in order to maintain high royalty held by each store
③ Long-term strategy to expand size of stores in order to maximize sales of each store
The goals of above strategies are to operate different types of high royalty business by limiting 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, as mid-term goals, we aim to cover all "from downstream range to upstream range" concurrently in a high level which includes 1) "customer service and sales", 2) "purchase of merchandises (selection of merchandises)", and 3) "product planning (creation of merchandises)". This is what we call the "Super SPA" (*) concept.

Setting forward these basic strategies across UNITED ARROWS group, we intend to evolve as a "high value-adding, multi-business centered, innovative retailer". As a mid-term management indicator, we will also strive to achieve ROE of more than 20%, sales of more than100 billion yen for the fiscal year ending March 2011, and operating margin of 15% or more.

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

Ⅲ. Operating Results and Financial Condition

1. Overview of business performance at this fiscal year (Consolidated)

In this interim, Japanese economy showed decisive upturn trend pulled by improvement in profit structure of large companies and active investment in the private sector. On the other hand, oil price hovering at a high level and emerging geopolitical risks continued to pose uncertainties in the future.

In the clothing retailing industry where our group stands, despite stagnant consumer demand, industry reorganization by M&A and TOB is becoming active. Each company strategy is being challenged not only by corresponding to diversifying customer tastes and sense of values, but also adding new values or creating new markets to the industry.

Under these circumstances, the company continued to actively implement the following four key strategies set at the beginning of the term to realize the "Super SPA concept": "promotion of weekly MD (merchandising = product planning)", "strengthening of self-planned products", "strengthening of CRM (Customer Relationship Management)" and "expansion of sales by improving the efficiency of store front services".

Additionally, the main UNITED ARROWS business carried out store brand re-building (division of store brand), and each business / business unit actively opened new stores.

Further more, Figo Co. LTD., in its second year of becoming our subsidiary, strengthened cooperation with UNITED ARROWS LTD. to further grow and expand group sales.

The Performance of the company and group companies were as follows.

■ UNITED ARROWS LTD.

UNITED ARROWS LTD. actively carried out the company-wide key strategies set at the beginning of the term.

For "promotion of weekly MD (merchandising = product planning)", Green Label Relaxing (GLR) business is in its second year of introducing this strategy, refined product planning accuracy. Main UNITED ARROWS (UA) business is now preparing to start full implementation of this strategy from next spring and summer products.

For "strengthening of self-planned products", strength was put in planning and developing products by actively introducing human resources into merchandise planning division, designing product samples one by one, and strictly checking prices.

For "strengthening of CRM (Customer Relationship Management)", efforts were made in applying house-cards in UA business and small business units (S.B.U) which started from February 2006. Together with this, preparation was driven forward to enable spot-on sales promotion by applying customer sales information.

For “expansion of sales by improving the efficiency of store front services”, aiming to increase time to serve customers by improving efficiency of store front incidental operations, systemization of producing detailed operation shifts were promoted.

The Performance of each business and business units were as follows.

◆ UNITED ARROWS (UA) business

UA business started re-building of business into “UNITED ARROWS” focusing on dress items with good quality and giving a sense of relief, and “Beauty & Youth UNITED ARROWS” focusing on contemporary sporty (casual) items including casual taste dress items, in order to meet better customer needs. Reflecting above new openings, existing three UNITED ARROWS stores in Kobe, Fukuoka and Yurakucho (Chiyoda-ku, Tokyo) areas withdrew stores due to change in business form.

As a result, sales increased by 2.4% YoY to 13,995 million yen, and number of stores reached 30 stores.

* “Changes UNITED ARROWS Tokyo” and “Changes UNITED ARROWS Nagoya” which were categorized as small business units changed position to “Label Image Store” of UNITED ARROWS business on August 1, 2006. Due to this change, sales by business YoY are retroactively calculated.

Newly opened stores

September 2006: UNITED ARROWS KOBE MOTOMACHI (Chuo-ku, Kobe-shi)
September 2006: UNITED ARROWS FUKUOKA (Chuo-ku, Fukuoka-shi)
September 2006: UNITED ARROWS YURAKUCHO (Chiyoda-ku, Tokyo)
September 2006: BEAUTY & YOUTH UNITED ARROWS FUKUOKA (Chuo-ku, Fukuoka-shi)
September 2006: BEAUTY & YOUTH UNITED ARROWS YURAKUCHO (Chiyoda-ku, Tokyo)
September 2006: Cath Kidston Daikanyama (Shibuya-ku, Tokyo)

◆ Green Label Relaxing (GLR) business

Green Label Relaxing business is actively increasing stores and business forms from last consolidated accounting period, and one general store and one new business form store were opened in this interim.

As a result, sales increased by 14.1% YoY to 5,059 million yen, and number of stores reached 29 stores.

Newly opened stores

September 2006: green label relaxing Kawasaki (General store: Saiwai-ku, Kawasaki-shi)
September 2006: FACADE GREEN green label relaxing Fukuoka Solaria Plaza (New business form store: Chuo-ku, Fukuoka-shi)

◆ CHROME HEARTS (CH) business

Sales of CH business declined by 2.1% to 1,490 million yen, caused by price revision (price increase) in June 2006. However, sales including influence of price increase reached initially planned sales made at the beginning of the term, due to active advertising in newspapers which enabled further growth in new customer level. There were no new stores opened in this interim. (Number of stores: 3 stores)

◆ **Small Business Units (S.B.U.) and UA Labs**

UA Labs means an experimental business with a test marketing function to develop a new business form, and S.B.U. means small business units which is a cluster of small businesses targeting to become a main business pillar by actively developing stores.

S.B.U. and UA Labs expanded business by actively opening stores of existing businesses and opening one experimental business.

New store opening of S.B.U. and UA labs were as follows.

Another Edition: 3 stores

April 2006: Another Edition Shibuya (Shibuya-ku, Tokyo)

April 2006: Another Edition Sapporo (Chuo-ku, Sapporo-shi)

September 2006: Another Edition Machida (Machida-shi, Tokyo)

Jewel Changes: 2 stores

September 2006: Jewel Changes Fukuoka Soralia Plaza (Chuo-ku, Fukuoka-shi)

September 2006: Jewel Changes Roppongi Hills (Minato-ku, Tokyo)

Odette é Odile: 4 stores

April 2006: Odette é Odile UNITED ARROWS Ikebukuro (Toshima-ku, Tokyo)

September 2006: Odette é Odile UNITED ARROWS Fukuoka (Chuo-ku, Fukuoka-shi)

September 2006: Odette é Odile UNITED ARROWS Namba Marui (Chuo-ku, Osaka-shi)

September 2006: Odette é Odile UNITED ARROWS Yurakucho Hankyu (Chiyoda-ku, Tokyo)

Additionally, a new UA Lab "Liquor, woman and tears" which handles men's apparel and other miscellaneous goods started in this interim.

UA Labs: 1 store

September 2006: Liquor, woman & tears (Minato-ku, Tokyo)

As a result, sales of S.B.U. and UA Labs increased to 45.7% YoY to 2,907 million yen, and number of stores reached 32 stores.

■ **UNITED ARROWS group**

Figo Co. LTD.

Figo Co. Ltd., which primarily engages in import, wholesale and retail sales of Italian-made bags and other items, strengthened cooperation with UNITED ARROWS LTD.

First of all, the amount of handling main product "Felisi" brand Italian bags, increased in each store of UA business and stand alone corner extensions were started. Additionally, there were Sur Mesure (personal order) individual order parties for French high-end men's shoes "Corthay" brand at retail stores and UNITED ARROWS Harajuku. Together with this, retail sales showed good figures, and interim sales overwhelmed initial plans.

As a result, in this interim, results were total consolidated sales of 26,754 million yen, consolidated operating profit of 2,703 million yen, and consolidated ordinary profit of 2,693 million yen. Additionally, loss on retirement of fixed assets for store renovation, impairment loss and others of 484 million yen were posted, but consolidated net income landed at 1,228 million yen, which was higher than expectations at the beginning of the term.

２. Condition of Cash Flows for this fiscal year (Consolidated)

Cash and cash equivalents (hereinafter referred to as “Cash”) in this interim was 4,272 million yen. Each cash flow condition and its reasons for this interim were as follows:

* As a consolidated financial statement was used from fiscal year ended March 2006, increase / decrease compared with the previous period are not contained.

(Cash flows from operating activities)

Cash gained from operating activities in this interim was 845 million yen.

This was mainly due to increase of net income before taxes of 2,215 million yen, depreciation expense of tangible fixed assets of 293 million yen and increase of accounts payable of 2,437 million yen, which covered increase of inventories of 3,113 million yen and payment of income taxes of 1,832 million yen.

(Cash flows from investing activities)

Cash used for investing activities in this year was 3,048 million yen.

This was largely due to 1,136 million yen in purchase of tangible fixed assets for new store openings and store renovations etc., purchase of intangible fixed assets of 1,195 million yen.

(Cash flows from financing activities)

Cash gained from financing activities in this year was 1,174 million yen.

This was due to 2,010 million yen of net decrease in short-term borrowings, 1,925 million yen of proceeds from long-term debt and 308 million yen of payment in dividends.

The indicators of our cash flows are as follows:

	This Consolidated Interim	Previous Consolidated Fiscal Year
Shareholders’ equity ratio (%)	41.3	41.2
Shareholders’ equity ratio at market value (%)	229.8	216.7
Debt redemption period (number of years)	10.9	1.5
Interest coverage ratio	20.4	473.0

Notes: 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.

3. Challenges for the company and the outlook for the next term

Our group's basic strategy is to expand high value-adding business based on high store loyalty. To maintain and grow this, we believe it is necessary to evaluate higher quality of product and service to maximize our customer's satisfaction.

Together with this, our main three businesses (UA, GLR, CH) and small business units that will grow in the future will expand to its adequate business size and actively continue to increase number of stores. In the second half of the fiscal year, 16 new stores are planned to be opened, total 34 stores (closing of 4 stores due to re-branding) in the full year, totaling to 109 stores by the end of the term.

Under these conditions, we estimate for the full business year, as estimated initially and announced on May 29, 2006, sales of 60,845 million yen (+13.1% YoY), ordinary income of 7,910 million yen (+3.5% YoY), and net income of 4,214 million yen (+3.4% YoY).
As for dividends, based on our basic policy concerning profit sharing, interim dividends are 3 yen per share, and planned term-end dividends are 7 yen per share, and annual dividends are 10 yen per share.

4. Risk exposure of business operations

Included in items discussed in the sections of the status of business operations and accounting information, items that may have important affect on investors' judgment are as follows:
(Items that relate to the future are based on judgment made at the end of this interim)

1) Domestic market conditions

Our group operates only in Japan, thus sales condition may fluctuate by change in consumption movement caused by Japanese economic conditions, movement of population, weather factors, etc.

2) Failure of debt collection

Most of our group's stores are borrowed by rent and there are times that guarantee money is deposited. At the end of this interim, balance of guarantee money deposited was 4,534 million yen, composing 12.1% of total assets. Additionally, we have stores in commercial facilities, and there is possibility that some failure of debt collection will occur and give negative impact to our business performance depending on the financial status of those who rent stores or commercial facilities.

3) Natural disasters, accidents, etc.

Our group's stores are mostly in large cities, and product logistic centers and head office functions are centralized in the metropolitan area. If there are large disasters or accidents in this area, there is possibility that our business operation will be influenced and give negative impact to our business performance.

4) Customer information

Although full attention is paid when handling customer information, as a large extent of customer information is handled at stores, if in any case such information is leaked, there is possibility that our group's brand image will devalue, thus business performance will be affected.

5) Dependency on limited areas of product

Our group buys in products from around the world, centering around Asia. There is possibility that business performance will be affected by difficulty in product procurement caused by political affairs, business fluctuations, war and terrorist attacks, natural disasters, etc.

6) Influence of foreign exchange

A part of payment for imported products is settled in foreign currency denominated, thus there is possibility that business performance will be affected by harsh fluctuation of foreign exchange rate.

7) Licensing agreements

Licensing agreement is signed between CHROME HEARTS JAPAN, LTD regarding handling of CHROME HEARTS products. Although minimum buy-in amount is decided by expectations that the brand will grow and active business development is carried out in the future, slower than expected growth may adversely affect business performance.

Consolidated sales of CHROME HEARTS products in this interim were 2,008 million yen (7.5% of total consolidated sales).

Ⅳ. Interim Financial Conditions (Consolidated) and others
Interim Financial Conditions (Consolidated)
(1) Balance Sheets for the Interim ended September 30, 2006 (Consolidated)

(Amount in millions of yen)

	The 18th Term (As of September 30, 2006)		The 17th Term (As of March 31, 2006)	
	Amount	%	Amount	%
Assets:				
I Current assets				
1. Cash and cash equivalents	4,369		7,752	
2. Notes and accounts receivable-trade	240		255	
3. Inventories	14,072		10,959	
4. Notes and accounts receivable-other	4,071		3,494	
5. Deferred tax assets	779		919	
6. Allowance for doubtful accounts	(2)		(2)	
Total current assets	23,530	62.8	23,378	66.2
II Fixed assets				
1. Tangible fixed assets				
(1) Buildings	4,075		3,768	
(2) Land	1,082		1,082	
(3) Others	718		534	
Total tangible fixed assets	5,875	15.7	5,384	15.2
2. Intangible fixed assets				
(1) Consolidation goodwill	1,276		1,435	
(2) Others	1,711		589	
Total intangible fixed assets	2,987	7.9	2,025	5.7
3. Investments and other assets				
(1) Long-term guarantee mony deposited	4,534		3,972	
(2) Others	565		573	
Total investments and other assets	5,100	13.6	4,546	12.9
Total fixed assets	13,963	37.2	11,956	33.8
Total assets	37,493	100.0	35,334	100.0
Liabilities:				
I Current liabilities				
1. Notes and accounts payable-trade	7,917		5,480	
2. Current portion of bonds	10		10	
3. Short-term borrowings	-		2,010	
4. Current portion of long-term debt	3,801		3,194	
5. Accounts payable - other	2,778		2,019	
6. Accrued bonus	590		479	
7. Allowance for loss on guarantee of obligations	-		130	
8. Others	1,269		2,258	
Total current liabilities	16,368	43.6	15,582	44.1
Ⅱ Long-term liabilities				
1. Corporate bond	5		10	
2. Long-term borrowings	5,426		4,959	
3. Reserve for retirement benefits for directors	145		143	
4. Other	74		74	
Total long-term liabilities	5,651	15.1	5,187	14.7
Total liabilities	22,019	58.7	20,769	58.8

	The 18th Term (As of September 30, 2006)		The 17th Term (As of March 31, 2006)	
	Amount	%	Amount	%
Shareholders' equity:				
Ⅰ Common stock, no par value				
Ⅱ Capital surplus	-		3,030	8.6
Ⅲ Retained earnings	-		4,095	11.6
Ⅳ Treasury stock	-		17,777	50.3
Total shareholders’ equity	-		(10,337)	(29.3)
Total liabilities and shareholders' equity	-		14,565	41.2
	-		35,334	100.0
Net Assets:				
I Shareholders' equity				
1 Common stock, no par value				
2 Capital surplus	3,030			
3 Retained earnings	4,095			
4 Treasury stock	18,493			
Total shareholders’ equity	(10,143)			
	15,475	41.3		
Ⅱ Valuation and translation differences				
1 Deferred profit and loss on hedges				
Total valuation and translation differences	(1)			
Total net assets	(1)	0.0		
Total liabilities and net assets	15,474	41.3		
	37,493	100.0		

(2) Statement of Income for the Interim ended September 30, 2006 (Consolidated)

	The 18th Term (As of September 30, 2006)			The 17th Term (As of March 31, 2006)		
	Amount		%	Amount		%
Ⅰ Sales		26,754	100.0		53,813	100.0
Ⅱ Cost of sales		11,945	44.6		24,794	46.1
Gross profit		14,809	55.4		29,018	53.9
Ⅲ Operating expenses		12,105	45.3		21,355	39.7
Operating income		2,703	10.1		7,663	14.2
Ⅳ Other income						
Interest income	0			0		
Rent income	56			117		
Other	33	90	0.3	87	205	0.4
Ⅴ Other expenses						
Interest expenses	39			21		
Expenses - lease	51			112		
Donation	-			64		
Other	9	100	0.3	31	229	0.4
Ordinary income		2,693	10.1		7,639	14.2
Ⅵ Extraordinary income						
Gain on sales of investment securities	-			7		
Reversal of allowance for doubtful accounts	-			2		
Gain on sales of tangible assets	6	6	0.0	-	10	0.0
Ⅶ Extraordinary losses						
Loss on retirement of fixed assets	322			254		
Provision for reserve for loss on guarantee of obliagtions	-			130		
Loss on prior period adjustments	-			156		
Impairment Loss	123			-		
Other	38	484	1.8	32	573	1.1
Net income before taxes		2,215	8.3		7,075	13.1
Income taxes – Current *	960			3,084		
Income taxes – Deferred	26	987	3.7	(85)	2,998	5.5
Net income		1,228	4.6		4,076	7.6

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

(3) Consolidated Statements of Capital surplus retained earnings

As a consolidated financial statement is used from previous business year, consolidated statement of capital surplus of previous business year has not been prepared.

	The 17th Term (From April 1, 2005 to March 31, 2006)	
	Amount	
Capital Surplus:		
Ⅰ Capital Surplus, Beginning of period		4,095
Ⅱ Capital Surplus, End of period		4,095
Retained Earnings:		
Ⅰ Retained Earnings, Beginning of Period		14,234
Ⅱ Increase in Retained Earnings:		
1. Net income	4,076	4,076
Ⅲ Decrease in Retained Earnings:		
1. Cash dividends	352	
2. Bonuses to directors	69	
3. Loss on disposal of treasury stock	111	533
Ⅳ Retained Earnings, End of Period		17,777

(4) Consolidated Statements of Shareholders' Equity

The 18 th Term Interim (From April 1, 2006 to September 30, 2006)

	Shareholders' Equity							
		Capital surplus	Retained earnings					
	Capital stock	Capital reserve	Retained surplus	Other retained earnings	Treasury stocks	Total shareholders' equity	Valuation and translation differences, etc.	Total net assets
Balances at March 31, 2006	3,030	4,095	31	17,746	(10,337)	14,565	-	14,565
Change in current interim								
Dividend of accumulated profit				(309)		(309)		(309)
Directors' Bonus				(82)		(82)		(82)
Net profit in current interim				1,228		1,228		1,228
Purchase of Treasury stocks					(0)	(0)		(0)
Disposal of Treasury stocks				(119)	194	74		74
Change other than shareholders' equity (net amount) in current interim							(1)	(1)
Total amount of change in current interim				716	193	910	(1)	908
Balance at September 30, 2006	3,030	4,095	31	18,462	(10,143)	15,475	(1)	15,474

(5) Consolidated Statements of Cash Flows

As a consolidated financial statement is used from previous business year, cashflow statement of previous business year has not been prepared.

	The 18th Term (From Apr. 1, 2006 to September 30, 2006)	The 17th Term (From Apr. 1, 2005 to Mar. 31, 2006)
	Amount	Amount
Ⅰ Cash flows from operating activities		
Income before income taxes	2,215	7,075
Depreciation	293	565
Amortization of intangible fixed assets	60	114
Amortization of long-term prepaid expenses	34	80
Impairment loss	123	-
Amortization of consolidated adjustment account	159	159
Increase in accrued bonuses	110	0
Increase in accrued retirement benefits for directors	2	12
Increase in allowance for doubtful accounts	129	1
Increase in provision for loss on guarantees	(130)	130
Interest and dividend income	(0)	(0)
Interest expenses	39	21
Exchange gain	1	(1)
Gain on sale of securities	-	(7)
Impairment of stock of affiliated company	-	5
Gain on sale of tangible fixed assets	(6)	-
Loss on disposal of tangible fixed assets	187	161
Loss on disposal of long-term prepaid expenses	34	26
Increase in accounts receivable	(506)	(311)
Increase in inventories	(3,113)	(540)
Decrease in other current assets	(9)	3
Increase in accounts payable	2,437	1,803
Increase in other current liabilities	731	226
Decrease in other long-term liabilities	-	(46)
Bonuses to directors	(82)	(69)
Others	6	-
Subtotal	2,718	9,411
Interest and dividend income	0	0
Payment of interest	(41)	(13)
Payment of income taxes	(1,832)	(2,802)
Net cash from operating activities	845	6,596
Ⅱ Cash flows from investing activities		
Transfer from time deposits	5	-
Transfer to time deposits	-	(9)
Investment in affiliated company with changes in scope of consolid	-	(1,740)
Proceeds from loans receivable in affiliates	5	75
Increase in consolidated entity loans receivables	(142)	-
Proceeds from long-term loans receivable	-	117
Proceeds from sale of securities	-	25
Payments for purchases of investment in securities	-	(0)
Proceeds from sales of tangible fixed assets	7	-
Purchase of tangible fixed assets	(1,136)	(941)
Purchase of intangible fixed assets	(1,195)	(215)
Purchase of long-term prepaid expense	(66)	(191)
Guarantee deposits paid	(562)	(539)
Decrease in other investment	34	(3)
Net cash from (used in) investing activities	(3,048)	(3,423)

	The 18th Term (From Apr. 1, 2006 to September 30, 2006)	The 17th Term (From Apr. 1, 2005 to Mar. 31, 2006)
	Amount	Amount
Ⅲ Cash flows from financing activities		
Increase in short-term borrowings	(2,010)	1,975
Proceeds from long-term debt	3,000	7,950
Payments for repayment of long-term debt	(1,925)	(1,017)
Redemption of bonds	(5)	(5)
Purchase of treasury stocks	(0)	(8,077)
Exercise of stock options	74	175
Dividends paid	(308)	(352)
Net cash used in financing activities	(1,174)	648
Ⅳ Effect of exchange rate changes on cash and cash equivalents	(0)	1
Ⅴ Net increase / (decrease) in cash and cash equivalents	(3,377)	3,822
Ⅵ Cash and cash equivalents at beginning of the year	7,650	3,827
Ⅶ Cash and cash equivalents at end of the year	4,272	7,650

[For Reference]

(1) Balance Sheets for the interim ended September 30, 2006 (Non-consolidated)

(In million of yen)

	The 17th Term (As of September 30, 2005)			The 18th Term (As of September 30, 2006)			B/S Summary of Previous Fiscal Year as of March 31, 2006		
	Amount		%	Amount		%	Amount		%
Assets:									
I Current assets									
1. Cash and cash equivalents	4,465			3,731			7,084		
2. Notes and accounts receivable-trade	87			75			60		
3. Inventories	11,879			13,745			10,694		
4. Notes and accounts receivable-other	3,338			4,010			3,430		
5. Others	737			737			886		
Allowance for doubtful accounts		20,507	67.6		22,300	60.3		22,157	63.9
Total current assets									
II Fixed assets									
1. Tangible fixed assets									
(1) Buildings	3,703			4,050			3,742		
(2) Lands	1,082			1,082			1,082		
(3) Others	543			713			530		
Total tangible fixed assets	5,329		17.5	5,846		15.8	5,355		15.5
2. Intangible fixed assets	477		1.6	1,710		4.6	588		1.7
3. Investments and other assets									
(1) Investment securities-Affiliates	-			2,100			2,100		
(2) Long-term lease deposits	3,471			4,465			3,913		
(3) Others	632			558			534		
(4) Allowance for doubtful accounts	(64)			-			-		
Total investments and other assets	4,039		13.3	7,124		19.3	6,548		18.9
Total fixed assets		9,846	32.4		14,680	39.7		12,492	36.1
Total assets		30,353	100.0		36,981	100.0		34,649	100.0
Liabilities:									
I Current liabilities									
1. Note and accounts payable-trade	5,857			7,597			5,117		
2. Short-term borrwings	-			-			2,010		
3. Current portion of long-term debt	672			3,800			3,180		
4. Notes and accounts payable-other	1,670			2,733			1,922		
5. Income taxes payable	1,036			938			1,743		
6. Accrued bonus	440			579			470		
7. Other	163			216			507		
Total current liabilities		9,841	32.4		15,865	42.9		14,951	43.2
Ⅱ Long-term liabilities									
1. Long-term borrowings	180			5,426			4,959		
2. Accrued retirement benefits for directors	136			141			143		
3. Long-term guarantee deposits received	120			74			74		
Total long-term liabilities		437	1.5		5,642	15.3		5,177	14.9
Total liabilities		10,278	33.9		21,507	58.2		20,128	58.1
Shareholders' equity:									
Ⅰ Common stock, no par value		3,030	10.0		-	-		3,030	8.7
Ⅱ Capital surplus									
1. Additional paid-in capital	4,095			-			4,095		
Total Capital surplus		4,095	13.5		-	-		4,095	11.8
Ⅲ Retained earnings									
1. Legal reserve	31			-			31		
2. Unappropriated retained earnings for the term	15,370			-			17,701		
Total retained earnings		15,401	50.7		-			17,732	51.2
Ⅳ Treasury stock		(2,453)	(8.1)		-			(10,337)	(29.8)
Total shareholders' equity		20,074	66.1		-			14,520	41.9
Total liabilities and shareholders' equity		30,353	100.0		-			34,649	100.0
Net Assets:									
I Shareholders' equity									
1 Capital stock		-	-		3,030				
2 Capital surplus		-	-						
(1) Capital reserve				4,095					
Total capital surplus					4,095				
3 Retained earnings		-	-						
(1) Retained surplus				31					
(2) Other retained earnings									
Earned surplus carried forward to the following term				18,461					
Total retained earnings					18,492				
4 Treasury stock		-	-		(10,143)				
Total shareholders' equity		-	-		15,475	41.8			
ⅡValuation and translation differences									
1 Deferred hedge loss		-	-		(1)				
Total valuation and translation differences		-	-		(1)	0.0			
Total net assets		-	-		15,473	41.8			
Total liabilities and net assets		-	-		36,981	100.0			

(2) Statement of Income for the Interim ended September 30, 2006 (Non-consolidated)

(In million of yen)

	The 17th Term (As of September 30, 2005)			The 18th Term (As of September 30, 2006)			B/S Summary of Previous Fiscal Year as of March 31, 2006		
	Amount		%	Amount		%	Amount		%
Ⅰ Sales		23,641	100.0		25,689	100.0		52,610	100.0
Ⅱ Cost of sales		10,900	46.1		11,490	44.7		24,311	46.2
Gross profit		12,740	53.9		14,198	55.3		28,298	53.8
Ⅲ Operating expenses		9,827	41.6		11,557	45.0		20,811	39.6
Operating income		2,913	12.3		2,640	10.3		7,487	14.2
Ⅳ Other income		102	0.4		91	0.4		198	0.4
Ⅴ Other expenses		92	0.3		92	0.4		243	0.5
Ordinary income		2,922	12.4		2,640	10.3		7,442	14.1
Ⅵ Extraordinary income		-	-		4	0.0		2	0.0
Ⅶ Extraordinary losses		373	1.6		455	1.8		573	1.1
Net income before taxes		2,549	10.8		2,189	8.5		6,870	13.0
Income taxes – Current *	985			885			2,913		
Income taxes – Deferred	70	1,055	4.5	34	919	3.6	(75)	2,838	5.4
Net income		1,494	6.3		1,270	4.9		4,032	7.6
Retained earnings beginning balance		13,891			-			13,891	
Losses on treasury stock transactions		14			-			111	
Interim dividend		-			-			110	
Unappropriated retained earnings for the term		15,370			-			17,701	

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

(3) (Summary) Consolidated Statements of Shareholders' Equity for the Interim ended September 30, 2006

(In millions of yen)

	The 18th Term 1Q (From April 1, 2006 to June 30, 2006)							
	Shareholders' Equity							
		Capital surplus	Retained earnings					
	Capital stock	Capital reserve	Retained surplus	Other retained earnings	Treasury stocks	Total Shareholders' Equity	Valuation and translation differences, etc.	Total net assets
Balances at March 31, 2006	3,030	4,095	31	17,701	(10,337)	14,520	-	14,520
Change in current quarter								
Dividend of accumulated profit				(309)		(309)		(309)
Directors' Bonus				(80)		(80)		(80)
Net profit in current quarter				1,270		1,270		1,270
Purchase of Treasury stocks					(0)	(0)		(0)
Disposal of Treasury stocks				(119)	194	74		74
Change other than shareholders' equity (net amount) in current quarter							(1)	(1)
Total amount of change in current quarter				760	193	954	(1)	953
Balance at September 30, 2006	3,030	4,095	31	18,461	(10,143)	15,475	(1)	15,473

(4) Non-consolidated Statements of Cash Flows

As a consolidated financial statement is used from previous business year, cashflow statement of previous year and this interim has not been prepared.

(In millions of yen)

	The 17th Term (From Apr. 1, 2005 to September 30, 2005) Amount
Ⅰ Cash flows from operating activities	
Income before income taxes	2,549
Depreciation	269
Amortization of intangible fixed assets	57
Amortization of long-term prepaid expenses	32
Increase in accrued bonuses	(28)
Increase in accrued retirement benefits for directors	6
Interest and dividend income	(0)
Interest expenses	2
Gain on sale of tangible fixed assets	137
Long-term prepaid expenses written off	23
Increase in accounts receivable	(222)
Increase in inventories	(1,662)
Decrease in other current assets	(133)
Increase in accounts payable	2,446
Decrease in other current liabilities	(236)
Bonuses to directors	(69)
Subtotal	3,171
Interest and dividend income	0
Payment of interest	(2)
Payment of income taxes	(1,367)
Net cash from operating activities	1,801
Ⅱ Cash flows from investing activities	
Proceeds from loans receivable in affiliates	75
Purchase of tangible fixed assets	(465)
Purchase of intangible fixed assets	(61)
Purchase of long-term prepaid expense	(137)
Guarantee deposits paid	(84)
Decrease in other investment	0
Net cash from (used in) investing activities	(673)

	The 17 th Term (From Apr. 1, 2005 to September 30, 2005)
	Amount
Ⅲ Cash flows from financing activities	
Payments for repayment of long-term debt	(328)
Purchase of treasury stocks	(0)
Proceeds from sales of treasury stock	79
Dividends paid	(241)
Net cash used in financing activities	(489)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	-
Ⅴ Net increase / (decrease) in cash and cash equivalents	637
Ⅵ Cash and cash equivalents at beginning of the year	3,827
Ⅶ Cash and cash equivalents at end of the year	4,465

(For reference) Sales for the Interim of fiscal year March 2007 (Non-consolidated)

The previous interim：interim ended September 30, 2005 (from April 1, 2005 to September 30, 2005 for 6 months)
This interim：interim ended September 30, 2006 (from April 1, 2006 to September 30, 2006 for 6 months)

① Total sales

(In millions of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
Total sales	23,641	25,689	2,048	8.7

② Sales by business

(In millions of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
UA	13,667	13,995	327	2.4
GLR	4,435	5,059	623	14.1
CH	1,522	1,490	(32)	(2.1)
*S.B.U.&UA Labs	1,995	2,907	912	45.7
Business units total	21,620	23,452	1,831	8.5
*Others	2,020	2,237	216	10.7

*1. S.B.U. =Small Business Unit
*2. "Total business units sales" includes sales of retail, wholesale, mail-order and formal wear rental.
"Other sales" includes sales of outlet and outside shops.
*3. "Changes UNITED ARROWS" that was included in S.B.U. and UA Labs until the previous term has changed position to a UA Label Store from this term, and its sales are included into UA business.

③ Sales by item (Business units total)

(In millions of yen, %)

	The previous accounting period (A)	This accounting period (B)	Increase or decrease (B)-(A)	Growth ratio
Men's	9,816	10,289	473	4.8
Women's	8,976	10,143	1,167	13.0
*Silver & Leather	1,975	2,008	32	1.7
Miscellaneous	852	1,009	157	18.5

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

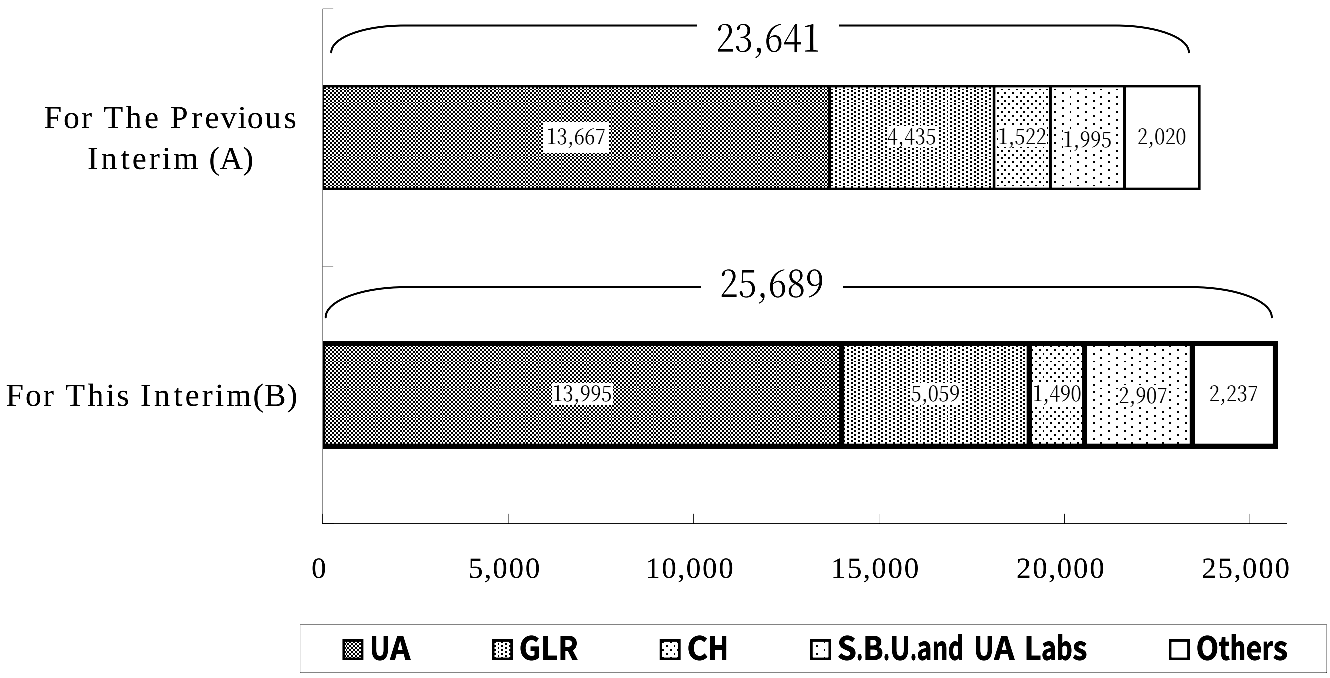
④ Sales of existing stores (retail division, YoY)

(%)

	Sales growth ratio	Number of customer growth ratio	Ave. spending per customer growth ratio
UA	(1.8)	(6.6)	5.1
GLR	(1.9)	(12.3)	11.8
CH	(2.1)	(16.4)	17.0
S.B.U.&UA Labs	9.9	1.4	8.4
Retail	(0.8)	(7.9)	7.7

For Reference: Sales by Business (YoY, Non-consolidated)

(In millions of yen)



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

(In millions of yen)