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**Brief Announcement of Business Performance
for the Year Ended March 31, 2000
(Non-Consolidated)**

Corporate Name:	United Arrows Ltd.
Registered Name:	U-Arrows
Code Number:	7606
Location of Main Office:	Tokyo
Address:	3-25-5 Jingumae, Shibuya-ku, Tokyo
Contact Person:	Masami Koizumi, Financial Manager
Telephone :	03-3479-8192
Date of the Board of Directors Meeting for Closing of Accounts:	May 19, 2000
Date of the Annual Shareholders Meeting:	June 24, 2000
Mid-term Dividend Payment:	Yes.

*The "Brief Announcement of Business Performance for the Year Ended March 31, 2000" 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. Performance of March 2000 Term (from April 1, 1999 to March 31, 2000)

(1) Business Performance

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

	Sales		Operating profit		Ordinary profit	
	¥ million	% change on previous period	¥ million	% change on previous period	¥ million	% change on previous period
March 2000 Term	17,016	(18.7)	2,378	(-5.0)	2,246	(-8.5)
March 1999 Term	14,333	(48.3)	2,503	(138.2)	2,455	(135.9)

	Net profit		Net earnings per share	Net earnings per share including dilutive securities	Return on equity	Return on assets	Ordinary profit to sales
	¥ million	% change on previous period	¥	¥	%	%	%
March 2000 Term	1,174	(2.0)	153.43	-	17.9	21.8	13.2
March 1999 Term	1,150	(105.8)	179.65	-	57.9	41.2	17.1

- Notes:
- Investment gains and losses by equity method
 March 2000 Term ¥ - million
 March 1999 Term ¥ - million
 - Valuation profit or loss of marketable securities ¥ 6 million
 Valuation profit or loss of derivative transactions ¥ - 476 million
 - The average number of shares during the above terms
 March 2000 Term 7,654,918 shares
 March 1999 Term 6,406,767 shares
 - Change of accounting system
 Yes.

(2) Dividend

	Annual dividend per share			Total dividends (per annum)	Payout ratio	Valuation of dividend to equity
	Mid-term	Term-end				
	¥	¥	¥	¥ million	%	%
March 2000 Term	15.00	-	15.00	119	10.2	1.1
March 1999 Term	8.50	-	8.50	59	5.2	2.3

(3) Financial Situation

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	¥ million	¥ million	%	¥
March 2000 Term	13,930	10,568	75.9	1,329.38
March 1999 Term	6,683	2,571	38.5	364.70

(4) Cash Flows Situation

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
March 2000 Term	- 447	- 4,898	6,108	1,218
March 1999 Term	-	-	-	-

2. Prospect for the March 2001 Term (from April 1, 2000 to March 31, 2001)

	Sales	Ordinary profit	Net profit	Annual dividend per share		
				Mid-term	Term-end	
	¥ million	¥ million	¥ million	¥	¥	¥
Mid-term	9,254	530	221	5.00	-	-
Full-term	21,428	2,475	1,274	-	6.00	11.00

Reference data: Estimated net earnings per share (full-term): ¥ 106.84

1. Management Policy

(1) Basic management policy

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 our strong intention to continue to establish and pursue a proper sense of value that would serve as a model for Japanese life and culture through our business.

In order to realize this, we have adopted as our corporate philosophy “the creation of a progressive long-established store.” This means that we intend to draw a clear line between ourselves and other long-standing stores of the old order and to be always aware of creative self-denial and self-renovation in order to keep up with the times. This also means that we intend to give the “utmost priority to customers” by promoting products, customer services and store environment so that we can always contribute to the progress and development of Japanese life and culture. We are aiming for an independent, creative, and highly productive retail business.

Under the resolution and corporate philosophy, we as “a value-creating corporation” intend to make all-out efforts to create “customer value,” “shareholder value,” “corporate value,” “employee value,” and “trading partner value” and at the same time we as a public institution intend to contribute to improving Japanese life and culture.

(2) Basic policy concerning profit distribution

Recognizing that maximizing the shareholder value is a matter of the greatest importance for the management, we intend to return profits to our shareholders by such means as increased dividend payments and stock splits. We also intend to enhance our reputation on the stock market and increase our market capitalization to the greatest extent in order to increase the shareholder value.

With regard to dividend payments, our basic policy is to aim for a payout ratio of 10%. As to internal reserves, we intend to use the reserves for plant and equipment investment to expand our business.

(3) Mid- and long-term management strategy

Our basic business strategy consists of the following three factors:

Multi-business axis strategy with “United Arrows” at its core

Strategy of 24 stores per type of business in order to maintain the high store royalty by limiting the number of stores

Long-term strategy to expand the size of stores in order to boost per store sales as much as possible.

The above strategy is aimed at operating a multiple number of different types of business with high store royalty by limiting the number of stores, including “United Arrows,” currently the main line of our business, and at the same time to increase per-store sales as much as possible by increasing the floor space of each store.

We intend to grow as a “high value-added, multi-business axis innovative retailer” by promoting the above business strategy.

As of the business year ended in March 2000, we operated three different types of business. In the next several years, we plan to open the following stores:

- United Arrows 1~2 stores per year
- Chrome Hearts 1 store per year
- Green Label Relaxing 4~5 stores per year

(4) Problems that need to be dealt with

With personal consumption expected to remain sluggish due to the high unemployment rate and lower income, competition in the fashion industry is seen to intensify further.

Under the circumstances, in order for us to win the competition and become a “company that keeps winning in the 21st century,” we have to distinguish ourselves from our competitors. To that end, we intend to concentrate our management resources on strengthening products, store environment, and services, the three most important factors in the retail industry.

Strengthening of product development

We do not intend to stick with our past successful experiences. Rather, we intend to do away with or reject such experiences in a creative manner and strengthen the development of pioneering products full of originality and creativity in order to distinguish our products from those of rival stores.

Enhancement of store environment

We will strive to create stores that make their presence strongly felt in the industry by thoroughly enhancing the appearance of stores.

Improvement of customer services

We will provide expert knowledge and high-quality services to satisfy customers’ needs by strengthening and thoroughly implementing basic training on sales.

(5) Targeting indexes

We are striving to achieve the following targets:

- | | |
|--------------------------------|---------------|
| Return on equity (ROE) | more than 20% |
| Operating profit / sales ratio | 15% |

2. Business Results

(1) Overview of the term under review

Consumers' price awareness has become more evident during the term under review and the price range of fashion products in which we are engaged has declined further. As a result, only a handful of specialty shops that can offer "low prices plus" alone have made remarkable progress in recent years, making the survival of the fittest more visible.

Under these circumstances, we have established a business policy of promoting the "differentiation of products" and "enhancement of profit to sales ratio" by expanding the line of original products. We have also made efforts to enhance our name recognition as a fashion company by offering our stocks on the over-the-counter market.

As to new store openings, we established "Green Label Relaxing (GLR)," a new type of business, as the first step of our "multi-business axis" strategy in September 1999, and opened its stores in Harajuku, Shinjuku, and Machida all at once. And in December 1999, we opened the first store of "Chrome Hearts," another new type of business, in Minami-Aoyama.

Thanks to the openings of these new types of business and the contribution from the stores opened during the preceding term, our sales for the term under review amounted to 17,016 million yen (up 18.7% over the preceding term), registering higher sales for the 10th consecutive term since the establishment of the company. However, we were unable to achieve our original sales target due to a decline in sales at stores in existence for more than one year (down 3.2% from the preceding term) caused by severe competition with rival companies and abnormal weather (record high temperatures in late summer and winter), etc. Although the gross profit / sales ratio rose 1.2 percentage points from the preceding term to 55.5%, the ordinary profit decreased to 2,246 million yen (down 8.5%) due partly to a 4.7-point increase in selling, general and administrative expenses resulting from the failure to achieve the sales target and partly to one-time non-operating expenses for the public offering of stocks. The net profit for the term under review came to 1,174 million yen (up 2.0%) due to changes in the amounts of the income, local and business taxes resulting from tax revision.

As to the distribution of profits, we intend to maintain the payout ratio at 10% and pay 15 yen per share (total: 119 million yen) as we have stated earlier.

(2) Outlook for the next term

In the fashion industry in which we are engaged, the women's market has begun to show some signs of recovery, but the men's market remains stagnant. Therefore, we cannot expect any expansion of the fashion market as a whole. Under the circumstances, we intend to strive for the stable expansion of "Green Label Relaxing" and "Chrome Hearts," the two new types of business that we started during the term under review, and at the same time intend to further increase the earning capacity of existing stores.

For the next term, we project sales of 21,428 million yen, ordinary profit of 2,475 million yen, and net profit of 1,274 million yen. We plan to record an extraordinary loss in the interim book closing to amortize the shortfall in reserves for retirement allowances.

3. Financial Statements

(1) Balance Sheets

(In thousand of yen)

	The 11 th Term (As of March 31, 2000)		The 10 th Term (As of March 31, 1999)		Increase or decrease Amount
	Amount	%	Amount	%	
Assets:					
I Current assets					
1. Cash and deposits *2	775,657		465,506		310,150
2. Accounts receivable-trade	138,324		164,434		- 26,109
3. Marketable securities	901,378		-		901,378
4. Merchandise	3,238,220		1,945,777		1,292,442
5. Supplies	6,499		6,249		249
6. Advance payment	-		2,667		- 2,667
7. Prepaid expenses	66,698		34,007		32,690
8. Accounts receivable-other	1,189,558		970,300		219,257
9. Refunds receivable-consumption tax and other taxes	46,562		-		46,562
10. Deferred taxes	54,372		-		54,372
11. Other current assets	625		2,338		- 1,713
12. Allowance for doubtful accounts	- 7,819		- 8,242		423
Total current assets	6,410,076	46.0	3,583,040	53.6	2,827,035
II Fixed assets					
(1) Tangible fixed assets *3					
1. Buildings	2,863,895		1,329,574		1,534,321
2. Structures	4,840		4,787		52
3. Automotive equipment	23		1,334		- 1,310
4. Furniture and fixtures	308,649		126,945		181,703
5. Land	1,454,684		372,611		1,082,072
6. Construction in progress account	15,527		35,000		- 19,472
Total tangible fixed assets	4,647,620	33.4	1,870,253	28.0	2,777,367
(2) Intangible fixed assets					
1. Leasehold interest	138,165		-		138,165
2. Trade marks	10,869		9,931		937
3. Telephone subscribing rights	16,804		13,136		3,668
4. Software	349,659		-		349,659
5. Software suspense *4	45,885		-		45,885
Total intangible fixed assets	561,383	4.0	23,067	0.3	538,316
(3) Investments and other assets					
1. Long-term loans receivable to employees	799		459		340
2. Long-term prepaid expenses	107,309		66,347		40,961
3. Long-term deposits *5	2,042,427		994,695		1,047,731
4. Long-term accounts receivable	89,161		135,681		- 46,519
5. Deferred taxes	56,495		-		56,495
6. Other investments	15,330		11,497		3,832
7. Allowance for doubtful accounts	- 581		- 1,100		519
Total investments and other assets	2,310,942	16.6	1,207,581	18.1	1,103,360
Total fixed assets	7,519,947	54.0	3,100,903	46.4	4,419,044
Total assets	13,930,023	100.0	6,683,943	100.0	7,246,080

(In thousand of yen)

	The 11 th Term (As of March 31, 2000)		March 10 th Term (As of March 31, 1999)		Increase or decrease Amount
	Amount	%	Amount	%	
Liabilities:					
I Current liabilities					
1. Accounts payable-trade *6	1,554,193		1,369,708		184,485
2. Short-term loans	-		600,000		- 600,000
3. Accounts payable-other	1,028,288		643,759		384,528
4. Accrued corporate income taxes	288,544		1,009,299		- 720,754
5. Accrued consumption tax	-		105,810		- 105,810
6. Accrued expense	17,137		14,619		2,517
7. Deposit received	38,992		47,886		- 8,894
8. Deferred revenue	9,024		6,768		2,256
9. Allowance for employee bonuses	214,173		172,817		41,355
Total current liabilities	3,150,352	22.6	3,970,668	59.4	- 820,316
II Fixed liabilities					
1. Allowance for officer retirement	111,788		-		111,788
2. Long term accounts payable	75,541		114,954		- 39,412
3. Long-term deposit	10,760		7,400		3,360
4. Long-term deferred revenue	12,972		19,740		- 6,768
Total fixed liabilities	211,061	1.5	142,094	2.1	68,967
Total liabilities	3,361,413	24.1	4,112,762	61.5	- 751,348
Shareholders' equity:					
Capital *1	3,030,000	21.8	352,500	5.3	2,677,500
Capital reserve	4,095,600	29.4	5,100	0.1	4,090,500
Profit reserve	5,992	0.0	-	-	5,992
Other retained profits					
(1) Unappropriated retained profit for the term	3,437,016		2,213,581		1,223,435
Total other retained profits	3,437,016	24.7	2,213,581	33.1	1,223,435
Total shareholders' equity	10,568,609	75.9	2,571,181	38.5	7,997,428
Total liabilities and shareholders' equity	13,930,023	100.0	6,683,943	100.0	7,246,080

(2) Income Statements

(In thousand of yen)

	The 11 th Term (From Apr. 1, 1999 to Mar. 31, 2000)		The 10 th Term (From Apr. 1, 1998 to Mar. 31, 1999)		Increase or decrease
	Amount	%	Amount	%	Amount
Sales	17,016,842	100.0	14,333,012	100.0	2,683,829
Cost of sales					
1. Beginning inventory	1,945,777		1,392,059		553,717
2. Purchases	8,871,248		7,109,145		1,762,102
Total	10,817,025		8,501,204		2,315,820
3. Transfer to other accounts *1	5,186		6,247		- 1,060
4. Ending inventory	3,238,220	44.5	1,945,777	45.7	1,292,442
Gross profit on sales	9,443,223	55.5	7,783,833	54.3	1,659,390
Selling, general and administrative expenses					
1. Packing and transportation expense	328,400		247,277		81,123
2. Advertising expense	364,500		272,347		92,152
3. Promotional expense	46,680		26,471		20,209
4. Officers compensation	143,317		159,972		- 16,654
5. Salaries	1,710,303		1,127,791		582,512
6. Bonuses	217,746		192,469		25,276
7. Transfer to allowance for bonuses	214,173		172,817		41,355
8. Transfer to allowance for officer retirement	11,936		-		11,936
9. Welfare expense	260,585		176,686		83,898
10. Travelling expense	164,947		140,072		24,875
11. Outsourcing expense	406,968		283,042		123,926
12. Rent *2	1,647,292		1,321,356		325,935
13. Supplies	272,042		221,409		50,633
14. Maintenance and repair expense	242,579		189,225		53,353
15. Depreciation expense	218,901		160,037		58,863
16. Charges	235,344		176,069		59,275
17. Miscellaneous expense	579,454		413,162		166,291
Total of selling, general and administrative expenses	7,065,176	41.5	5,280,211	36.8	1,784,965
Operating profit	2,378,047	14.0	2,503,621	17.5	- 125,574
Non-operating income					
1. Interests	5,268		3,595		1,672
2. Dividends	3,323		-		3,323
3. Income from merchandise rental	3,682		2,919		763
4. Reparation received	15,688		-		15,688
5. Gain on reselling store improvement equipment	4,512		6,768		- 2,256
6. Store rental income	62,283		-		62,283
7. Miscellaneous income	8,645		7,334		1,311
Total non-operating income	103,403	0.6	20,617	0.1	82,786
V Non-operating expenses					
1. Interest expenses	3,108		15,250		- 12,142
2. Stock issue expenses	73,910		-		73,910
3. Disposal of stores	-		12,877		- 12,877
4. Exchange loss	100,479		37,109		63,369
5. Store rental expenses	51,754		-		51,754
6. Miscellaneous loss	5,623		3,456		2,166
Total non-operating expenses	234,875	1.4	68,694	0.5	166,181
Ordinary profit	2,246,575	13.2	2,455,544	17.1	- 208,968

Extraordinary income					
1. Gain on sales of fixed assets *3	595		-		595
2. Gain on reversal of allowances for doubtful accounts	942		100		842
Total extraordinary profit	1,537	0.0	100	0.0	1,437
Extraordinary losses					
1. Loss on retirement of fixed assets *4	71,958		31,757		40,201
2. Transfer to allowances for officer retirement	99,852		-		99,852
3. Lease contracts cancellation loss	-		2,774		- 2,774
Total extraordinary losses	171,810	1.0	34,532	0.2	137,278
Net profit before taxes	2,076,302	12.2	2,421,112	16.9	- 344,809
Income tax, local tax and business tax	897,816	5.3	1,270,115	8.9	- 372,299
Adjustments of income tax, local tax and business tax	3,937	0.0	-	-	3,937
Net profit for the term	1,174,548	6.9	1,150,996	8.0	23,551
Retained profits brought forward from the previous term	2,147,663		1,068,189		1,079,473
Adjustments of tax effect in prior years	114,805		-		114,805
Loss of pro-forma surviving company (merged company) brought forward from previous term	-		409		- 409
Cancellation of treasury stock	-		5,195		- 5,195
Unappropriated profit for the term	3,437,016		2,213,581		1,223,435

(3) Cash Flow Statements

(In thousand of yen)	
	The 11 th Term (From Apr. 1, 1999 to Mar. 31, 2000)
	Amount
I Cash flows from operating activities	
Net profit before taxes	2,076,302
Depreciation expenses	227,525
Amortization of intangible fixed assets	33,479
Amortization of long-term prepaid expenses	6,199
Increase in allowance for employee bonuses	41,355
Increase in allowance for officer retirement	111,788
Decrease in allowance for doubtful accounts	- 942
Interests and dividends	- 8,591
Interests expenses	3,108
Loss on retirement of fixed assets	71,958
Proceeds from sales of fixed assets	- 595
Increase in accounts receivables	- 155,061
Increase in inventories	- 1,292,692
Increase in other current assets	- 66,438
Increase in accounts payable	184,485
Decrease in other current liabilities	- 21,198
Decrease in other fixed liabilities	- 42,820
Sub-total	1,167,862
Interests and dividends received	8,591
Dividends paid	- 5,270
Taxes paid	- 1,618,570
Total cash flows from operating activities	- 447,387
II Cash flows from investing activities	
Transfer to time deposits	- 459,000
Transfer from time deposits	10,000
Increase in long-term loans receivable to employees	- 340
Increase in long-term deposits	- 1,047,731
Increase in other investments	- 621,672
Revenue from sales of tangible fixed assets	1,700
Aquisition of tangible fixed assets	- 2,781,113
Total cash flows from investing activities	- 4,898,158
III Cash flows from financing activities	
Decrease in short-term loans	- 600,000
Income from stock issue	6,768,000
Dividends paid	- 59,925
Total cash flows from financing activities	6,108,075
IV Translation gains or losses of cash and cash equivalents	-
V Increase in cash and cash equivalents	762,529
VI Cash and cash equivalents at beginning of year	455,506
VII Cash and cash equivalents at end of year	1,218,035

(4) Plan for Appropriation of Profit

(In thousand of yen)

	The 11 th Term (From Apr. 1, 1999 to Mar. 31, 2000)		The 10 th Term (From Apr. 1, 1998 to Mar. 31, 1999)	
	Amount		Amount	
Unappropriated profit at the end of the term		3,437.016		2,213.581
Appropriated as follows				
1. Profit reserves	11,925		5,992	
2. Dividends	119,250	131,175	59,925	65,917
Profit carried forward to the next term		3,305.841		2,147.663

4. Major Accounting Methods

1. The valuation standard and method for securities	Nonmarketable securities are stated at cost based on the moving average method.
2. The valuation standard and method for inventory assets	(1) Merchandises are stated at cost based on the periodic average method. (2) Supplies are stated at cost based on the latest purchase cost method.
3. Depreciation method for fixed assets	<p>(1) Tangible fixed assets Tangible fixed assets are based on the method of a fixed percentage on cost set forth in the Corporate Tax Law. Buildings (except facilities attached to buildings) are based on the straight-line method provided under the Corporate Tax Law.</p> <p>(2) Intangible fixed assets Software for in-house use are based on the straight-line method over an in-house available period (5 years). Other intangible fixed assets are based on the straight-line method using the same valuation standard set forth in the Corporate Tax Law. (Additional information) Software reported under "long-term prepaid expenses" up to the pervious term is stated by adopting the method hitherto, under to the "Practical Guideline on Accounting Treatment for R&D Costs and Software" (Accounting Committee Report No.12, Japan Institute of Certified Public Accountants, March 31, 1999). The following changes, however, are made according to the above-mentioned report: (1)account name has been changed from "long-term prepaid expenses" to "software" and classification for the account has also been changed from "Investments and other assets" to "Intangible fixed assets"; and (2) the straight-line method based on the our company's prescribed useful period(5years) is used for the depreciation. As for software obtained in this financial year, under the "Accounting Standard for R&D Costs, etc."(Business Accounting Council, March 31,1998), it has also been reported in the "software" column of the "Intangible fixed assets" and the above-mentioned depreciation method is also applied.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are based on the straight-line method set forth in the Corporate Tax Law.</p>
4. Amortization method of deferred assets	All new stock issuing expenses are settled as costs at the time of expenditure.
5. Standards for earmarking reserves	<p>(1) Allowance for doubtful accounts The amount provided for the reserve for bad debts is equivalent to the limited amount according to the legal provision rate set forth in the Corporate Tax Law to prepare for loss on bad debts, plus additional amount based on the consideration on the collectibility of receivables. Specific provisions have not been made for the term under review.</p> <p>(2) Allowance for employee bonuses The amount provided for the employees' bonus reserves is equivalent to the estimated amount required to pay for the payment period to prepare for bonus to be paid to employees.</p> <p>(3) Allowance for officer retirement The amount provided for the allowance for officer retirement is the estimated amount required to pay at the term's end, which is based on the Company rule for the payment of the retirement bonus allowance for officers. (Change in accounting method) Accounting method of the allowance for officer retirement changed from the previous method, which reported it as a cost for expenditures, to the method to provide the required amount for payment based on the Company rule, in order to prepare for the future expenditure. It is intended to reflect accrual profits and losses more appropriately by allocating the cost of allowance for officer retirement to each terms in office, considering the well-established accounting practice for the said reserve for retirement. With this change, accrued amount of 11,936 thousand yen for the term under review is included in selling, general and administrative expenditure, and the amount of 99,852 thousand yen for the prior year is included in extraordinary losses. As a result, for the term under review, operating profit and ordinary profit are both reported 11,936 thousand yen smaller, and net profit before taxes is reported 111,788 thousand yen smaller than the amount calculated with the previous standard.</p>

6. Method taken in accounting lease transaction	Finance leases of the Company, except those leases which the ownership of the leased assets are considered to be transferred to the lessee, are accounted for operating leases.
7. Limitation of funds in cash-flow statement.	Funds in the cash-flow statement (cash and cash equivalents) consists of cash in hand, accessible bank deposits, and easily converted short-term investment with small exposure to value fluctuation risks, maturing within 3 months from acquisition.
8. Other major items for preparing financial statements	<p>(1) Consumption tax accounting The tax-excluding method is used.</p> <p>(2) Adjusted pensions Contributes to the World Employees' Pension Fund since September 1992 and adopts the adjusted pension system for all the retirement allowances.</p> <p>a. Total amount of pension assets as of March 31, 1999 16,098 million yen (Liability reserve provided in the Welfare Pension Insurance Law, Clause 85, Paragraph 2 5,379 million yen)</p> <p>b. Total members of the pension fund 6,543 Members in the Company(as of March 31, 1999) 278</p> <p>c. Contribution period of prior service cost Prior service liability accrued from the 3rd Recalculation of Pension Financing (as of March 31, 1998). This contribution period of prior service cost is 3 years starting from March 2000.</p>

Changes in the accounting method

The Company sub-leases some of the leasehold facilities (buildings) for stores, and the rental income for this sub-lease had been deducted from the rental expense under the selling, general and administrative expenditure. However, in order to reflect the results of operation more appropriately, it is included in the non-operating income as a store rental income (62,283 thousand yen) from the term under review in consideration of the fact that the said income is not the result of the Company's main operating activities. In this new method, relevant store rental expenses (51,754 thousand yen) is also included in the non-operating expenses.

As a result, for the term under review, selling, general and administrative expenses is reported 10,529 thousand yen larger, and operating profit is reported the same amount smaller than the amount calculated with the previous standard, but there is no change in ordinary profit.

Additional information

(Tax effect accounting)
According to the amendment of regulations relating to the presentation of financial statements, tax effect accounting is adopted to prepare financial statements from the term under review. With this change, the additional deferred tax assets of 110,867 thousand yen (current assets 54,372 thousand yen, investments and other assets 56,495 thousand yen) is reported, with the net profit 3,937 thousand yen smaller and unappropriated retained profit 110,867 thousand yen larger, compared with the amount calculated without accounting the tax effect.

(New issues)

New issues publicly offered on July 30, 1999 (900 thousand shares) are based on the "new method" firm commitment underwriting agreement, in which the issues are underwritten by underwriting securities company in underwriting price, and sold to public investors in issue price which is different from the said underwriting price. Because in the "new method," the difference between the underwriting price and issue price will be the practical underwriting commission, there is no underwriting commission paid to the underwriting securities company.

According to the "previous method," in which the issues are underwritten by the underwriting securities company in issue price and sold to public investors in the same offering price, the total amount of difference between the underwriting price and issue price for the new issues on July 30, 1999 (which was 432,000 thousand yen) is treated as new shares issuing expense.

Therefore, in the "new method," both the new stock issuing expenses and the total of capital and capital reserve are reported smaller by amount for the underwriting commission (432,000 thousand yen) compared to the "previous method."

Furthermore, net profit before taxes is reported larger by the same amount compared to the calculation based on the "previous method."

5. Notes

(1) Matters Relevant to Balance Sheets

11 th Term (As of March 31, 2000)	10 th Term (As of March 31, 1999)
<p>1. Number of authorized shares and capital stock outstanding</p> <p style="padding-left: 20px;">Authorized shares 28,200,000 shares</p> <p style="padding-left: 20px;">Capital stock outstanding 7,950,000 shares</p> <p>(Increase in capital stock outstanding during the term under review)</p> <p>Type of issue Publicly offered</p> <p>Number of share issued 900,000 shares</p> <p>Issued price per share ¥7,520</p> <p>Capitalization per share ¥2,975</p>	<p>1. Number of Authorized shares and capital stock outstanding</p> <p style="padding-left: 20px;">Authorized shares 7,680,000shares</p> <p style="padding-left: 20px;">Capital stock outstanding 7,050,000shares</p>
<p>2. _____</p>	<p>2. Major foreign currency assets are as follows:</p> <p style="padding-left: 40px;">Cash and deposits US\$223 thousand (¥26.891 thousand)</p>
<p>3. Accumulated depreciation of tangible fixed assets</p> <p style="padding-left: 40px;">¥532,441 thousand</p>	<p>3. Accumulated depreciation of tangible fixed assets</p> <p style="padding-left: 40px;">¥405,484 thousand</p>
<p>4. Software suspense account is a part of advance payment of programs changing the product number planned to purchase in next term.</p>	<p>4. _____</p>
<p>5. _____</p>	<p>5. Figures for affiliated companies are included as follows:</p> <p style="padding-left: 40px;">Long-term deposits ¥57,112 thousand</p>
<p>6. Major foreign currency obligations are as follows:</p> <p style="padding-left: 40px;">Accounts payable-trade US\$333 thousand (¥35.385 thousand)</p>	<p>6. _____</p>

(2) Matters Relevant to Income Statements

11 th Term (From April 1, 1999 to March 31, 2000)	10 th Term (From April 1, 1998 to March 31, 1999)
<p>1. Amount of transferred account is the purchased merchandise transferred to promotional and miscellaneous expenses.</p>	<p>1. Amount of transferred account is the purchased merchandise transferred to promotional and miscellaneous expenses.</p>
<p>2. _____</p>	<p>2. The Company sub-leases some of the leasehold facilities (buildings) for stores, and the rental income of 44,571 thousand yen for this sub-lease is deducted from rental expense under the selling, general and administrative expenses.</p>
<p>3. Gain on sales of fixed assets is from the sales of car carriers.</p>	<p>3. _____</p>
<p>4. Breakdown of loss on retirement of fixed assets is as follows:</p> <p style="padding-left: 20px;">Buildings ¥67,317 thousand</p> <p style="padding-left: 20px;">Furniture and fixtures ¥ 4,641 thousand</p>	<p>4. Breakdown of loss on retirement of fixed assets is as follows:</p> <p style="padding-left: 20px;">The Company Buildings ¥24,778 thousand</p> <p style="padding-left: 40px;">Furniture and fixtures ¥ 2,618 thousand</p> <p style="padding-left: 20px;">Affiliates Buildings ¥ 4,359 thousand</p> <p>Figure for "Affiliates" is an amount charged to the Company for the retirements of some of the buildings owned by the World Co., Ltd., an affiliated company of the Company, and leaseheld by the Company.</p>

(3) Matters Relevant to Cash Flow Statement

11 th Term (From April 1, 1999 to March 31, 2000)	10 th Term (From April 1, 1998 to March 31, 1999)
Relation with amount of items stated in the balance sheet as "cash and deposits" and cash equivalents at term-end (As of March 31, 2000)	_____
Cash and deposits ¥775,657 thousand	
Marketable Securities account ¥901,378 thousand	
<u>Time deposits over 3 months</u> <u>¥-459,000 thousand</u>	
Cash and cash equivalents <u>¥1,218,035 thousand</u>	

(4) Matters Relevant to Lease Transaction

11 th Term (From April 1, 1999 to March 31, 2000)	10 th Term (From April 1, 1998 to March 31, 1999)																																								
1. Finance leases except those leases which the ownership of the leased assets is considered to be transferred to the lessee (1) The amount equivalent to the acquisition cost, the accumulated depreciation, and the balance at term-end	1. Finance leases except those leases which the ownership of the leased assets is considered to be transferred to the lessee (1) The amount equivalent to the acquisition cost, the accumulated depreciation, and the balance at term-end																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Equivalent to acquisition cost</th> <th style="text-align: center;">Equivalent to accumulated depreciation</th> <th style="text-align: center;">Equivalent to term-end balance</th> </tr> <tr> <th></th> <th style="text-align: center;">¥thousand</th> <th style="text-align: center;">¥thousand</th> <th style="text-align: center;">¥thousand</th> </tr> </thead> <tbody> <tr> <td>Furniture and fixtures</td> <td style="text-align: right;">477,086</td> <td style="text-align: right;">277,641</td> <td style="text-align: right;">199,445</td> </tr> <tr> <td>Software</td> <td style="text-align: right;">181,947</td> <td style="text-align: right;">114,766</td> <td style="text-align: right;">67,181</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">659,034</td> <td style="text-align: right;">392,408</td> <td style="text-align: right;">266,626</td> </tr> </tbody> </table>		Equivalent to acquisition cost	Equivalent to accumulated depreciation	Equivalent to term-end balance		¥thousand	¥thousand	¥thousand	Furniture and fixtures	477,086	277,641	199,445	Software	181,947	114,766	67,181	Total	659,034	392,408	266,626	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Equivalent to acquisition cost</th> <th style="text-align: center;">Equivalent to accumulated depreciation</th> <th style="text-align: center;">Equivalent to term-end balance</th> </tr> <tr> <th></th> <th style="text-align: center;">¥thousand</th> <th style="text-align: center;">¥thousand</th> <th style="text-align: center;">¥thousand</th> </tr> </thead> <tbody> <tr> <td>Furniture and fixtures</td> <td style="text-align: right;">379,373</td> <td style="text-align: right;">218,648</td> <td style="text-align: right;">160,724</td> </tr> <tr> <td>Longterm prepaid expenses</td> <td style="text-align: right;">181,947</td> <td style="text-align: right;">84,934</td> <td style="text-align: right;">97,012</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">561,320</td> <td style="text-align: right;">303,583</td> <td style="text-align: right;">257,737</td> </tr> </tbody> </table>		Equivalent to acquisition cost	Equivalent to accumulated depreciation	Equivalent to term-end balance		¥thousand	¥thousand	¥thousand	Furniture and fixtures	379,373	218,648	160,724	Longterm prepaid expenses	181,947	84,934	97,012	Total	561,320	303,583	257,737
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(2) The amount equivalent to the term-end balance of unfinished rental payment Less than one year ¥113,852 thousand <u>Over one year</u> <u>¥166,999 thousand</u> Total ¥280,851 thousand	(2) The amount equivalent to the term-end balance of unfinished rental payment Less than one year ¥105,609 thousand <u>Over one year</u> <u>¥168,191 thousand</u> Total ¥273,800 thousand																																								
(3) Rental payment, amount equivalent to accumulated depreciation and amount equivalent to interest expense Rental payment ¥123,267 thousand Amount equivalent to accumulated depreciation ¥113,116 thousand Amount equivalent to interest expenses ¥8,175 thousand	(3) Rental payment, amount equivalent to accumulated depreciation and amount equivalent to interest expense Rental payment ¥118,410 thousand Amount equivalent to accumulated depreciation ¥108,190 thousand Amount equivalent to interest expenses ¥8,826 thousand																																								
(4) Method of calculating the amount equivalent to accumulated depreciation Calculated by the straight-line method in which the lease term is used for the durable life and residual value is set at zero.	(4) Method of calculating the amount equivalent to accumulated depreciation Same as left																																								
(5) Method of calculating the amount equivalent to interest expenses Difference between total rental payment and amount equivalent to the acquisition cost of the rented properties is stated as the amount equivalent to interest expense, with interest method adopted for allocation to each terms.	(5) Method of calculating the amount equivalent to interest expenses Same as left																																								

(5) Matters Relevant to Tax Effect Accounting

11 th Term (From April 1, 1999 to March 31, 2000)	10 th Term (From April 1, 1998 to March 31, 1999)
1. Breakdown of deferred tax assets and liabilities according to the major reasons	—————
Deferred tax assets (unit: thousand yen)	
Allowance for officer retirement rejected 46,951	
Excess in amount allowable for bracket depreciable asset 23,743	
Unpaid business tax rejected 22,999	
Excess in amount allowable for allowance for employee bonuses 12,837	
Others 4,336	
Total <u>110,867</u>	

6. Producing, Orders and Sales

(1) Sales accomplishments by product

(In thousand of yen)

Item	Term	11 th Term From Apr. 1, 1999 to Mar. 31, 2000		10 th Term From Apr. 1, 1998 to Mar. 31, 1999		Increase or decrease
			%		%	%
Men's dress		2,961,507	17.4	2,775,900	19.4	106.7
Men's casual		4,276,102	25.1	3,655,107	25.5	117.0
Silver & leather		2,272,611	13.4	2,335,842	16.3	97.3
Total of men's clothes		9,510,221	55.9	8,766,850	61.2	108.5
Women's dress		2,619,220	15.4	1,862,847	13.0	140.6
Women's casual		3,588,219	21.1	2,577,453	18.0	139.2
Total of women's clothes		6,207,439	36.5	4,440,300	31.0	139.8
Others		1,299,180	7.6	1,125,861	7.9	115.4
Total		17,016,842	100.0	14,333,012	100.0	118.7

Note:

1. Dress refers to clothes and leather products used for formal and business wear. Casual refers to clothes and accessories used for casual and sports wear. Silver & Leather refers to silver and leather products under the brandname of "Chrome Hearts".
2. Detailed sales volumes are omitted as kinds and specifications within the same product line are many and versatile.
3. Others include wholesales, exhibition sales, and sales of daily necessities and miscellaneous goods.
4. The expression "ladies" in the previous term has been modified to "women's" from this term.

(2) Orders accomplishment by product

No matter is applicable.

7. Market Price of Marketable Securities

(In thousand of yen)

Type	Term	11 th Term (As of March 31, 2000)			10 th Term (As of March 31, 1999)		
		Book value	Market price	Valuation profit & loss	Book value	Market price	Valuation profit & loss
(1) Current assets							
Stocks		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Others		600,000	606,130	6,130	-	-	-
Sub total		600,000	606,130	6,130	-	-	-
(2) Fixed assets							
Stocks		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Others		-	-	-	-	-	-
Sub total		-	-	-	-	-	-
Total		600,000	606,130	6,130	-	-	-

Notes:

- Method of calculating the market price
Investment Trusts in unlisted securities are based on the standard prices.
- The following is the book value of the marketable securities excluded from the disclosure.
Current assets Money management fund : 301,378 thousand yen

8. Contract Amount, Market Price and Valuation Profit & Loss of Derivative Transaction

(1) Matters related to currency.

(In thousand of yen)

Classification	Type	11 th Term (As of March 31, 2000)				10 th Term (As of March 31, 1999)			
		Contract amount		Market	Valuation profit & loss	Contract amount		Market	Valuation profit & loss
			Over one-year price				Over one-year price		
Transactions other than market transaction	Forward exchange contract								
	Buying rate US\$	11,631	-	11,722	91	484,596	-	444,277	-40,318
Total		11,631	-	11,722	91	484,596	-	444,277	-40,318

Note: Method of calculating the market price

Forward exchange contract : Based on the exchange rate of future trading.

(2) Matters related to interest rate.

(In thousand of yen)

Classification	Type	11 th Term (As of March 31, 2000)				10 th Term (As of March 31, 1999)			
		Contract amount		Market	Valuation profit & loss	Contract amount		Market	Valuation profit & loss
			Over one-year price				Over one-year price		
Transactions other than market transaction	Interest swap trading								
	Floating payment/ Fixed receipt	-	-	-	-	200,000	-	-219	-219
	Coupon swap	1,761,750	1,291,950	-476,807	-476,807	2,231,550	1,761,750	-384,451	-384,451
	Payment by US dollar (notional value)	(\$60 million)				(\$60 million)			
	Receipt by Yen (notional value)	(¥8,743 million)				(¥8,743 million)			
Total			-	-476,807	-476,807	-	-	-384,671	-384,671

Note

- Method of calculating market price: Based on the price announced by financial institutions.
- Coupon swap transaction is based on the commitment concerning the mutual payment.
The payment for the notional value does not include the beginning day and the final day of the transaction. The amount for the coupon will be mutually paid in accordance with the commitment.
Term: From December 1, 1998 to December 1, 2003.
Day of mutual payment : The first day for the payment shall be January 4, 1999, and subsequently, the first trading day of every month until the final day.
Amount : 39,150 thousand yen or 300 thousand dollars (in divided payment of sixty times)
- The contract amount of interest swap trading and the contract amount indicated in (brackets) of coupon swap are the calculated notion value. This amount shall not indicate the market risk and credit risk of the derivative transaction.

9. Group Companies

No group companies.

10. Parties to a Transaction

11th term (From April 1, 1999 to March 31, 2000)

(1) Parent company and main corporate shareholder

Type	Name of the company	Address	Capital and investments	Business	Equity holdings	Concerned matters		Transaction	Amount	Items	Term- end balance
						Interlocking directors	Fact relevance				
Main corporate shareholder	World Co. Ltd.	Chuo-ku, Kobe	14,942,102	Planning and sales of women's, men's and children's fancy clothes	Holdings of 26.6%	One officer	-	Purchase of land	1,082,072	-	-
								Purchase of buildings	920,740	-	-

Note 1. The above amount excludes Consumption taxes.

2. Condition for transaction and settlement

The purchase price of the land and buildings is based on the actual values in the neighborhood.

11. Change of Officers

No matter is applicable.