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**Summary of Financial Results for  
the First Quarter Ended June 30, 2003  
( Non-Consolidated )**

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Corporate Name: UNITED ARROWS LTD.  
Registered Name: U-Arrows  
Stock Code Number: 7606, The Tokyo Stock Exchange, First Section  
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\*The “Summary of Financial Results for the First Quarter Ended June 30, 2003 ( Non-Consolidated )” is an English translation of the original Japanese. If any doubts arise as to the interpretation of this English version, the Japanese version shall take precedence.

1. Preparation Basis for Non-Consolidated Financial Results for the First Quarter Ended June 30, 2003

Change in accounting principles : None

2. Financial Results for the First Quarter Ended June 30, 2003 ( from April 1, 2003 to June 30, 2003 )

(1) Financial Results

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

First quarter ended June 30	Sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2003	9,497	( - )	1,154	( - )	1,158	( - )	622	( - )
2002	-	( - )	-	( - )	-	( - )	-	( - )
Ref.) FY ended March 31, 2003	35,271	( - )	4,824	( - )	4,786	( - )	2,561	( - )

First quarter ended June 30	Net income per share	Net income per share after adjusting dilutive shares
	yen	yen
2003	56.94	56.75
2002	-	-
Ref.) FY ended March 31, 2003	215.01	214.07

Notes: Because of the Company started quarterly financial settlement from the first quarter of the FY2004, previous FY's of the first quarter results are not described.

**Overview of the Financial Results for the First Quarter Ended June 30, 2003**

Although the impact of unseasonable weather was concerned for the results of the first quarter ended June 30, 2003, sales reached 9,497 million yen, with a year-on year increase of 25.5% thanks to a favorable sales of the men's clothing.

Since Gross profit and operating expenses also hovered around an initial forecast, operating income was 1,154 million yen and ordinary income was 1,158 million yen.

(2) Financial Positions

First quarter ended June 30	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥ million	¥ million	%	yen
2003	20,125	13,319	66.2	1,219.17
2002	-	-	-	-
Ref.) FY ended March 31, 2003	20,836	12,924	<b>62.0</b>	1,178.30

Notes: Because of the Company started quarterly financial settlement from the first quarter of the FY2004, previous FY's of the first quarter results are not described.

**Overview of the Financial Positions for the First Quarter Ended June 30, 2003**

Total assets decreased 711 million yen and shareholders' equity increased 395 million yen at the end of first quarter ended June 30, 2003 comparing to the end of previous fiscal year; therefore, shareholders' equity ratio increased 4.2 points to 66.2%. Short-term borrowings increased 1,100 million yen comparing to the end of previous FY to 2,500 million yen; however, main factor was payment of corporate income taxes.

3. Forecast of the Results for the Fiscal year ending March 31, 2004 (From April 1, 2003 to March 31, 2004)  
Given the favorable first quarter results, the Company does not revise the initial forecast for the fiscal year ending March 31, 2004.

Attachment:

- Summary of Balance Sheets
- Summary of Statements of Income
- Summary of Sales Performance for the first quarter ended June 30, 2003

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**Forward-Looking Statements**

This first quarter results contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of original release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

#### 4. Financial Statements

##### (1) Balance Sheets

(In thousand of yen)

	1Q/The15 <sup>th</sup> Term		The 14 <sup>th</sup> Term	
	(As of June 30,2003)		(As of March 31, 2003)	
	Amount	%	Amount	%
<b>Assets:</b>				
<b>I Current assets</b>				
1. Cash and deposits	1,497,836		1,478,263	
2. Notes and accounts receivable-trade	16,889		78,443	
3. Inventories	7,130,821		7,679,760	
4. Notes and accounts receivable-other	2,298,127		2,729,211	
5. Others	452,854		516,671	
<b>Total current assets</b>	11,396,528	56.6	12,482,351	59.9
<b>II Fixed assets</b>				
<b>1. Tangible fixed assets</b>				
(1) Buildings	2,884,703		2,797,806	
(2) Lands	1,082,072		1,082,072	
(3) Others	424,769		352,672	
<b>Total tangible fixed assets</b>	4,391,545	21.8	4,232,551	20.3
<b>2. Intangible fixed assets</b>	556,773	2.8	535,328	2.6
<b>3. Investments and other assets</b>				
(1) Long-term lease deposits	3,282,961		3,089,830	
(2) Others	585,029		584,232	
(3) Allowance for doubtful accounts	(87,400)		(87,400)	
<b>Total investments and other assets</b>	3,780,590	18.8	3,586,663	17.2
<b>Total fixed assets</b>	8,728,908	43.4	8,354,543	40.1
<b>Total assets</b>	20,125,437	100.0	20,836,894	100.0
<b>Liabilities:</b>				
<b>I Current liabilities</b>				
1. Note and accounts payable-trade	2,153,008		3,081,744	
2. Short-term borrowings	2,000,000		900,000	
3. Current portion of long-term debt	500,000		500,000	
4. Notes and accounts payable-other	1,027,022		1,455,400	
5. Income taxes payable	366,435		1,118,562	
6. Accrued bonuses	257,755		421,781	
7. Other	339,130		275,646	
<b>Total current liabilities</b>	6,643,352	33.0	7,753,135	37.2
<b>Long-term liabilities</b>				
1. Accrued retirement benefits for directors	106,715		103,651	
2. Long-term guarantee deposits received	55,916		55,916	
<b>Total long-term liabilities</b>	162,631	0.8	159,567	0.8
<b>Total liabilities</b>	6,805,983	33.8	7,912,703	38.0

**Shareholders' equity:**

<b>Common stock, no par value</b>	3,030,000	15.1	<b>3,030,000</b>	<b>14.5</b>
<b>Capital surplus</b>				
1. Additional paid-in capital	<u>4,095,600</u>		<u>4,095,600</u>	
<b>Total Capital surplus</b>	4,095,600	20.4	<b>4,095,600</b>	<b>19.7</b>
<b>Retained earnings</b>				
1. Legal reserve	31,035		<b>31,035</b>	
2. Unappropriated retained earnings for the term	<u>8,954,614</u>		<u>8,558,556</u>	
<b>Total retained earnings</b>	8,985,649	44.6	<b>8,589,591</b>	<b>41.2</b>
<b>Net unrealized gain on securities</b>	(796)	(0.0)	-	-
<b>Treasury stock</b>	<u>(2,791,000)</u>	(13.9)	<u>(2,791,000)</u>	<u>(13.4)</u>
<b>Total shareholders' equity</b>	<u>13,319,453</u>	66.2	<u>12,924,191</u>	<u>62.0</u>
<b>Total liabilities and shareholders' equity</b>	<u>20,125,437</u>	100.0	<u>20,836,894</u>	<u>100.0</u>

## (2) Statements of Income

(In thousand of yen)

	1Q/The15 <sup>th</sup> Term (From April 1, 2003 to June 30, 2003 )		The 14 <sup>th</sup> Term (From April 1, 2002 to March 31, 2003)	
	Amount	%	Amount	%
<b>Sales</b>	<b>9,497,239</b>	<b>100.0</b>	<b>35,271,577</b>	<b>100.0</b>
<b>Cost of sales</b>	<b>4,233,868</b>	<b>44.6</b>	<b>16,416,934</b>	<b>46.5</b>
<b>Gross profit</b>	<b>5,263,370</b>	<b>55.4</b>	<b>18,854,642</b>	<b>53.5</b>
<b>Operating expenses</b>	<b>4,109,342</b>	<b>43.3</b>	<b>14,030,602</b>	<b>39.8</b>
<b>Operating income</b>	<b>1,154,028</b>	<b>12.1</b>	<b>4,824,040</b>	<b>13.7</b>
<b>Other income</b>	<b>23,857</b>	<b>0.3</b>	<b>113,591</b>	<b>0.3</b>
<b>Other expenses</b>	<b>19,437</b>	<b>0.2</b>	<b>150,771</b>	<b>0.4</b>
<b>Ordinary income</b>	<b>1,158,448</b>	<b>12.2</b>	<b>4,786,860</b>	<b>13.6</b>
<b>Extraordinary income</b>	<b>-</b>	<b>-</b>	<b>4,286</b>	<b>0.0</b>
<b>Extraordinary losses</b>	<b>68,583</b>	<b>0.7</b>	<b>290,773</b>	<b>0.8</b>
Net income before taxes	1,089,865	11.5	4,500,373	12.8
Income taxes – Current *	363,071		2,067,636	
Income taxes – Deferred	104,706	4.9	(128,876)	5.5
Net income	622,087	6.6	2,561,614	7.3
Retained earnings-beginning balance	8,332,527		6,080,417	
Interim dividend paid	-		83,475	
<b>Unappropriated retained earnings for the year</b>	<b>8,954,614</b>		<b>8,558,556</b>	

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

### (3) Sales for the First Quarter

The Previous First Quarter : 1Q/FY2003 (April-June 2002)

This First Quarter : 1Q/FY2004 (April-June 2003)

Total Sales (In million of yen, %)

	1Q/FY2004 (A)	1Q/FY2003 (B)	Increase or Decrease(A)-(B)	Growth
Total Sales	9,497	7,567	1,929	25.5

Sales by Chain (In million of yen, %)

	1Q/FY2004 (A)	1Q/FY2003 (B)	Increase or Decrease(A)-(B)	Growth
UA	5,914	5,270	644	12.2
GLR	1,681	902	778	86.3
CH	497	532	(34)	(6.6)
S.B.U. & UA Labs	554	267	287	107.3
Retail	8,647	6,972	1,675	24.0
Others	849	594	254	42.8

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

2 . "Others" includes the sales of wholesale, outlets, mail-order and cafe.

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

	Sales RC	Number of Customer RC	Ave. Spending per Customer RC
UA	10.8	4.4	6.2
GLR	10.3	2.3	7.8
CH	(6.6)	1.7	(8.1)
S.B.U. & UA Labs	33.7	31.3	1.8
Retail	10.3	4.5	5.5

Sales by Category of Merchandise (Retail) (In million of yen, %)

	1Q/FY2004 (A)	1Q/FY2003 (B)	Increase or Decrease(A)-(B)	Growth
Men's	4,422	3,291	1,130	34.4
Women's	3,205	2,721	484	17.8
Silver & Leather	705	753	(47)	(6.4)
Miscellaneous	314	206	107	52.3

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