

# Right-on Report

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For Lasting Growth

# Right-on®

**The 26th Business Report**  
(August 21, 2004 – August 20, 2005)

Stock Code : 7445



### Management Philosophy

## EMPATHY COMES FIRST

#### The 5 types of admiration we strive for:

1. A company admired by its employees
2. A company admired by its customers
3. A company admired by its shareholders
4. A company admired by its suppliers
5. A company admired by its local community

## To Our Shareholders

I am pleased to report to our shareholders the financial results and business activities of RIGHT ON Co., Ltd. for the 26th fiscal term ended August 20, 2005.

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#### *Outcomes of Scheme for Large Sales and New Store Types*

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For the fiscal term under review, results reached an all time high with net sales of 83,841 million yen, ordinary income of 9,390 million yen and net income of 5,330 million yen. We have also achieved our target of a 10% ratio of ordinary income to net sales, as we did in the first half of this fiscal term and in the previous fiscal term. I would like to extend my sincere gratitude to all shareholders for your continuing support.

The major factor for these robust results was the steady progress in the *Scheme for Large Sales*, our major focus. Although the scheme is not yet in full operation, we have already achieved real results in our operations, such as lower opportunity losses, an improved gross margin, and a higher turnover ratio. We will continue to push forward with the *Scheme for Large Sales* to achieve further growth.

During the term under review, we also launched the new store types of FLASH REPORT and SPICE ISLAND, which have been gradually gaining support from our customers. We will aim to raise the store quality even higher, while reinforcing merchandising power and name recognition.

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**We look forward to your continued support and encouragement**

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We continue to maintain the *primacy of the business front line*, and strive to achieve a strong business foundation and lasting growth by pursuing the *Scheme for Large Sales*, which supports the *primacy of the business front line*.

As we pursue these initiatives, we look forward to your continued support and encouragement.

November 2005



**Masahiro Fujiwara**  
President and Representative Director

**Net Sales** ▶ **83,841** million yen  
(up 20.9%)

Net sales increased 20.9% on a year-on-year basis, as a result of buoyant sales at new stores and the existing stores (up 4.1% from the previous fiscal term).

**Gross Profit on Sales** ▶ **39,305** million yen  
(up 24.9%)

Our gross margin improved, reflecting a decline in sales opportunity losses and losses from price cuts, in addition to the higher turnover ratio (from 45.4% for the previous fiscal term to 46.9% for this fiscal term).

**Operating Income** ▶ **9,312** million yen  
(up 23.8%)

Operating income rose 23.8% from the previous fiscal term, attributable to an increase in net sales and gross profit as well as effective cost control.

**Ordinary Income** ▶ **9,390** million yen  
(up 26.1%)

Thanks to a steady progress in the *Scheme for Large Sales*, we achieved our target of 10% for the ratio of ordinary income to net sales, as we did in the previous fiscal term (11.2% for this fiscal term and 10.7% for the previous fiscal term).

**Net Income** ▶ **5,330** million yen  
(up 32.1%)

Net income increased 32.1% from the previous fiscal term, reflecting an increase in sales and an improved profit margin, although we registered a 182 million yen loss on store closures under extraordinary losses.

**Capital Investment** ▶ **7,533** million yen  
(up 74.3%)

Total capital investment reached 7,533 million, as a result of aggressive investment in new store openings and systems.

## Business Overview

During the fiscal term under review, the Japanese economy generally maintained a moderate upward momentum, thanks to an improvement in employment conditions and the recovery in consumer spending. Still, the economic outlook remained uncertain in the face of concerns such as rising oil and material prices and the revaluation of the yuan.

The casual wear industry, in which we operate, faced a difficult operating environment given negative factors such as a record number of typhoons, a long rainy season in autumn and an unseasonably warm winter.

Despite these circumstances, we not only significantly increased total sales and sales at existing stores, we also posted record profits, reflecting an improvement in the turnover ratio and the gross margin. We believe that these results are the outcome of our efforts to pursue the *Scheme for Large Sales* (a backup system supporting our store-opening strategies, product strategies, sales strategies and product supply), which focuses on achieving the five pillars of success, namely “the right time, the right product, the right quantity, the right place, and the right price” to meet customer expectations. This scheme enables us to design more sophisticated plans and revise and change them quickly, whenever any sign of a difference between the plan and the forecast for actual results arises. This has

positive effects, such as a decline in opportunity losses and losses on price cuts and an improvement in the percentage of merchandise sold at tag prices.

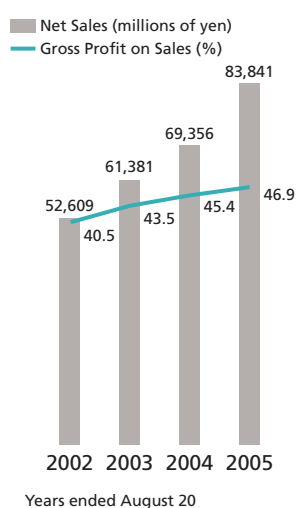
The *Scheme for Large Sales* is making steady progress.

Next, we report our policies, and outlines and results of our strategies in this term.

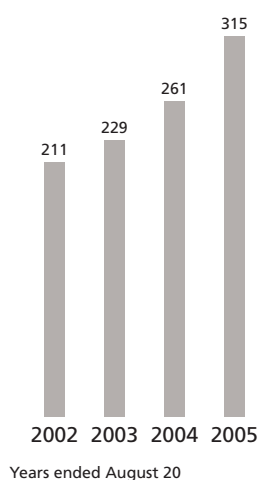
In our product strategies, we added cutting-edge items and bolstered our line-up of popular products by securing strong sellers and leveraging the competitive advantage we enjoy with our economies of scale. We also successfully satisfied customer needs through the sale of collaborative models with national brands in each fashion category and through differentiation from competitors with our original products.

For our system of product supply, we offered an appropriate volume of products in a timely manner, supported by better use of the Pooling Distribution Center, which led to a reduction in opportunity losses and losses associated with price cuts as well as greater inventory efficiency. The approach also contributed to a decline in store work, such as inspections and product sorting, thereby enabling a sales environment in which store staff concentrated on sales activities.

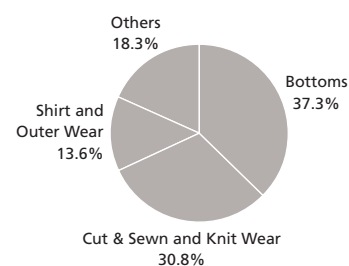
On the sales front, we established a fashion adviser system, which employs a sales force of part-time workers, and a personnel evaluation system focusing on sales performance. Both initiatives helped bolster our sales capabilities. Also, as the opinions of the store are reflected



Net Sales and Gross Profit on Sales



Number of Stores



Proportion of Sales by Product Division

in the selection of products, store staff developed a greater sense of responsibility with respect to product sales.

With respect to the sales promotion, we introduced a number of sales initiatives, including direct mail to customers to provide timely information on products for each season, the preparation of product catalogs, advertisements in magazines, and TV commercials, taking into account the characteristics of products and stores, in addition to our traditional advertisements using leaflets.

Looking at store openings and closings, we opened 61 stores, including the Umeda Store (Chuo-ku, Osaka), and closed seven stores to improve efficiency. As a result, the number of stores at the end of this fiscal term was 315.

To expand our operations, we launched two new store types in the fiscal term under review: FLASH REPORT and SPICE ISLAND. FLASH REPORT is a lifestyle-theme shop providing carefully washed products with a vintage taste using quality materials. SPICE ISLAND offers daily casual products in a more sophisticated way at reasonable prices. Although both store types do confront certain challenges, we are overcoming each of these challenges to enable a more comprehensive lineup.

As a result of these initiatives, we successfully posted new record results for the fiscal term under review, with net sales of 83,841 million yen (up 20.9% on a year-on-year basis), ordinary income of 9,390 million yen (up 26.1%), and net income of 5,330 million yen (up 32.1%). We believe that these excellent results reflect the synergy of all

our strategies and initiatives, including the *Scheme for Large Sales*, as they were promoted in an integrated manner based on our focus on the business front lines.

Looking at sales by division, sales increased in all divisions. The Bottoms Division posted sales of 31,232 million yen (up 16.7%), the Cut & Sewn and Knit Division recorded sales of 25,853 million yen (up 24.1%), and the Outer Wear Division had sales of 11,374 million yen (up 19.3%).

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### Outlook for the Next Fiscal Term

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Looking at our business going forward, we expect that competition in the industry will continue to intensify because of the acceleration of store openings by competitors.

In this environment, we will endeavor to stabilize the business foundation by further promoting the *Scheme for Large Sales*, aiming to reinforce the dynamics of stores, products and sales for further earnings growth. With regard to store openings, we plan to open approximately 60 stores.

For the full-term business results, we forecast net sales of 96,000 million yen, ordinary income of 10,500 million yen, and net income of 5,917 million yen.



### Scheme for Large Sales

The *Scheme for Large Sales* is our own system to strengthen and integrate the dynamics of stores, products and sales, which are the source of our business strength. This scheme is designed to deliver our products to customers in the most effective way, with the five pillars of success, namely “the right time, the right product, the right quantity, the right place, and the right price,” based on the concept of the *primacy of the business front line* (which emphasizes the perspective of store, the business front line).

Based on this scheme, we will seek to maximize profit with the aim of achieving the five pillars of success by preparing a more sophisticated product sales plan and implementing it more smoothly. We will also accurately analyze the difference between the plan and actual sales to

enable fast and appropriate responses.

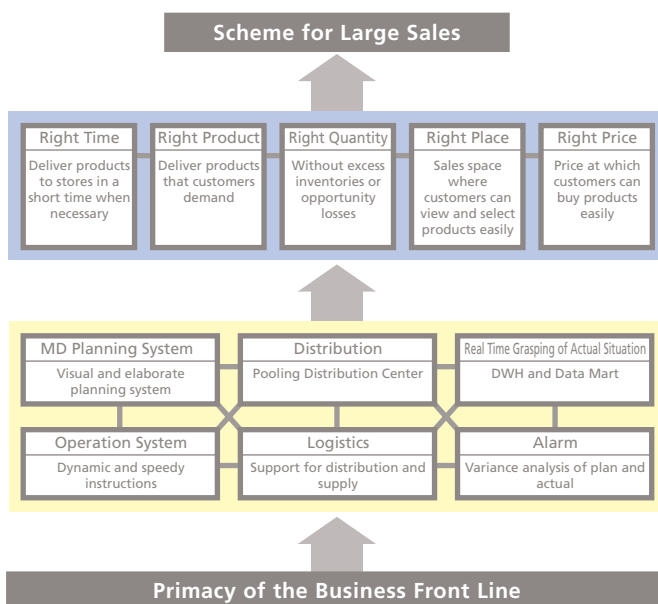
In product supply, we are building a system that will enable a sophisticated supply of products of the right quantity at the right time based on the product sales plan. The plan uses four distribution centers, which were established with specific purposes in mind.

On the sales front, the *Scheme for Large Sales* enables us to reduce the work burden and improve the service and sales systems by bolstering operational efficiency.

For transactions with suppliers, we maintain a win-win relationship by sharing store information such as sales planning data and actual sales data in real time to create a situation that is advantageous for both parties.

### Progress and Outcomes

As a medium-term strategy, we embarked on the construction of the *Scheme for Large Sales* in the fiscal term ended August 2003. We have been gradually moving ahead with the Scheme since then. To date, the planning system (Plan) and the information system (Check) have been put into operation, gradually producing specific



### Progress in Scheme for Large Sales



Legend:  
■ Operated by the end of this fiscal term  
■ To be operated starting from the next fiscal term

outcomes, such as the improvement in inventory efficiency and gross margin. From the next term, we will take the system a step further, getting the operation system (Do) underway so that the overall system will be able to systematically carry out a series of functions of “Plan, Do, Check and Action,” realizing the five pillars of success.

We will continue to strive for further growth by stabilizing our business foundation and strengthening store, product and sales dynamics based on the *Scheme for Large Sales*.

### With an aim to strengthen store dynamics

#### — store-opening strategy

As we have a strong expertise in the flexible store opening in accordance with the location, size and form in addition to a high capability to attract customers in each store, we are able to open stores in a more favorable location in the better condition. We plan to open 60 stores in the next fiscal term.

### Aiming to strengthen product dynamics

#### — product strategy

We will enhance the differentiation of our products from those of competitors by providing a wide array of original products, including collaborative models with national brands and private brand products.

**BACK NUMBER.**

**RAPUA.**



Our Original Products

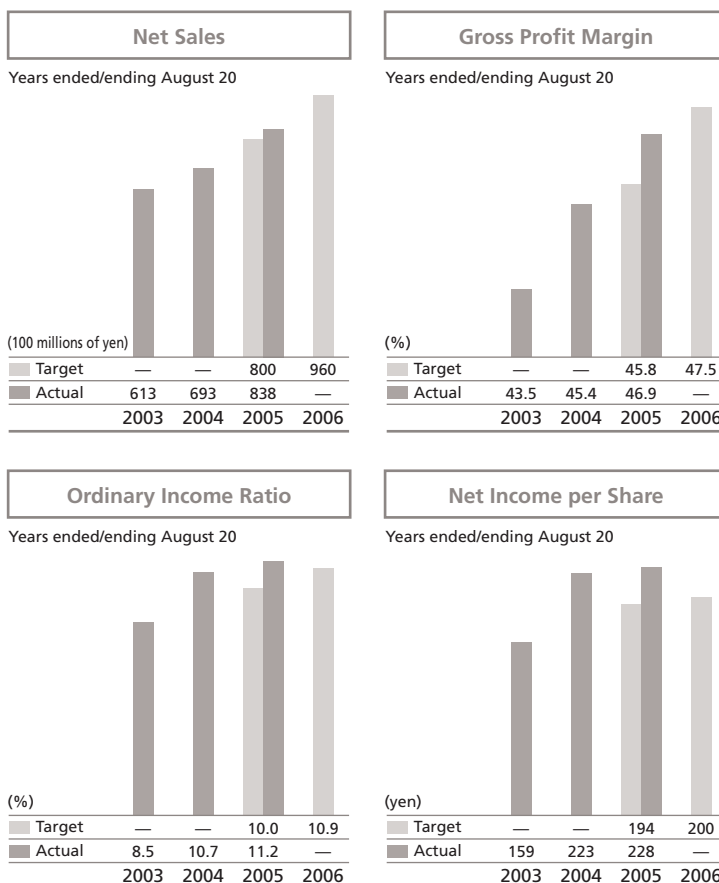
For product procurement, we will seek product line-ups that meet customer expectations by involving store staff at the planning stage, to reflect their opinions in our products. We will also execute sales promotion activities to bring out the features of each product to the maximum extent, in cooperation with products and sales sites in a timely manner.

### Aiming to strengthen sales dynamics

#### — sales strategy

We will maintain systems to shift part-time workers to our sales force by various means, including a sales contest and the fashion advisor system. We will also keep the emphasis in our personnel evaluation system on sales performance. Moreover, we will adopt systems to solidify the presentation of products in the sales yard and achieve a uniform level across the Company.

### Medium-Term Target Figures (For FY2006)



# Non-consolidated Balance Sheets (Summary)

(Unit: thousands of yen)

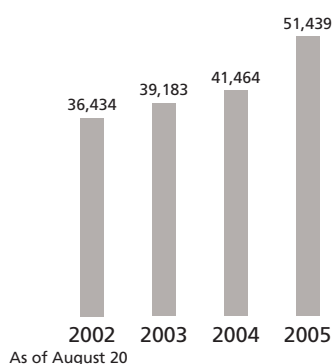
| Item                                    | Current term<br>(as of August 20, 2005) |               | Previous term<br>(as of August 20, 2004) |               |
|---|---|---------------|--|---------------|
|   |   |               |  |               |
| <b>Assets</b>                           |   |               |  |               |
| <b>Current assets</b>                   | <b>25,035,753</b>                       | <b>48.7%</b>  | <b>20,114,423</b>                        | <b>48.5%</b>  |
| Cash and time deposits                  | 7,040,424                               |               | 6,616,681                                |               |
| Accounts receivable-trade               | 907,727                                 |               | 609,272                                  |               |
| <b>Point. 1</b> — Marketable securities | 4,407,938                               |               | 2,878,421                                |               |
| Merchandise                             | 9,181,324                               |               | 7,685,690                                |               |
| Other                                   | 3,498,337                               |               | 2,348,465                                |               |
| Allowance for doubtful accounts         | —                                       |               | (24,107)                                 |               |
| <b>Fixed assets</b>                     | <b>26,403,561</b>                       | <b>51.3%</b>  | <b>21,350,264</b>                        | <b>51.5%</b>  |
| <b>Tangible assets</b>                  | <b>12,076,304</b>                       | <b>23.5%</b>  | <b>9,585,338</b>                         | <b>23.1%</b>  |
| Buildings                               | 6,467,413                               |               | 5,633,924                                |               |
| Other                                   | 5,608,890                               |               | 3,951,413                                |               |
| <b>Point. 2</b> — Intangible assets     | <b>2,068,656</b>                        | <b>4.0%</b>   | <b>950,108</b>                           | <b>2.3%</b>   |
| <b>Investments and other assets</b>     | <b>12,258,600</b>                       | <b>23.8%</b>  | <b>10,814,818</b>                        | <b>26.1%</b>  |
| Guarantee and rental deposits           | 11,738,402                              |               | 10,394,436                               |               |
| Other                                   | 1,271,527                               |               | 1,293,682                                |               |
| Allowance for accounts                  | (751,329)                               |               | (873,300)                                |               |
| <b>Total assets</b>                     | <b>51,439,314</b>                       | <b>100.0%</b> | <b>41,464,688</b>                        | <b>100.0%</b> |

## Point. 1

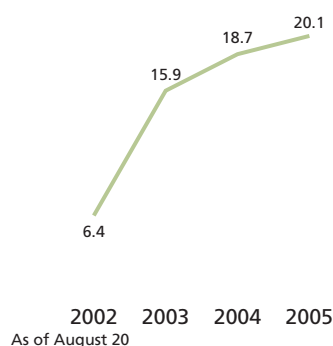
Marketable securities increased with the purchase of a beneficial interest in trust by lump-sum payment.

## Point. 2

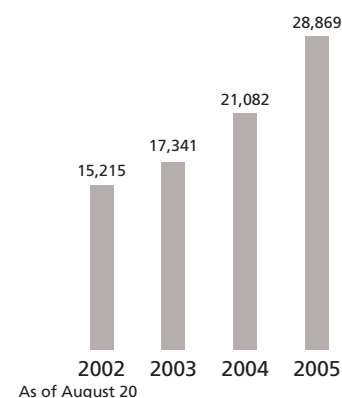
Intangible assets increased with investment in several systems for establishment of the *Scheme for Large Sales*.



Total Assets (millions of yen)



Return on Assets (%)



Shareholders' Equity (millions of yen)



(Unit: thousands of yen)

| Item   | Current term<br>(as of August 20, 2005) |               | Previous term<br>(as of August 20, 2004) |               |
|--|---|---------------|--|---------------|
|  |   |               |  |               |
| <b>Liabilities</b>                                       |   |               |  |               |
| <b>Current liabilities</b>                               | <b>21,426,759</b>                       | <b>41.7%</b>  | <b>17,103,952</b>                        | <b>41.3%</b>  |
| Notes payable-trade                                      | 89,344                                  |               | 284,258                                  |               |
| Trust payable  | 11,182,869                              |               | 9,030,641                                |               |
| Accounts payable-trade                                   | 2,519,159                               |               | 1,408,489                                |               |
| Short-term borrowings                                    | 1,834,840                               |               | 2,122,140                                |               |
| Accounts payable-other                                   | 1,111,145                               |               | 1,257,471                                |               |
| Income taxes payable                                     | 2,512,293                               |               | 1,499,098                                |               |
| Reserve for bonuses                                      | 356,000                                 |               | 298,000                                  |               |
| Other  | 1,821,108                               |               | 1,203,853                                |               |
| <b>Long-term liabilities</b>                             | <b>1,142,805</b>                        | <b>2.2%</b>   | <b>3,278,418</b>                         | <b>7.9%</b>   |
| Bonds  | —                                       |               | 300,000                                  |               |
| Long-term debt   | 907,345                                 |               | 2,742,185                                |               |
| Long-term other accounts payable                         | 12,280                                  |               | 27,253                                   |               |
| Reserve for directors' retirement allowances             | 149,130                                 |               | 134,930                                  |               |
| Other  | 74,050                                  |               | 74,050                                   |               |
| <b>Total liabilities</b>                                 | <b>22,569,564</b>                       | <b>43.9%</b>  | <b>20,382,370</b>                        | <b>49.2%</b>  |
| <b>Shareholders' equity</b>                              |   |               |  |               |
| <b>Capital stock</b>                                     | <b>6,176,118</b>                        | <b>12.0%</b>  | <b>4,752,227</b>                         | <b>11.5%</b>  |
| <b>Capital surplus</b>                                   | <b>6,462,357</b>                        | <b>12.5%</b>  | <b>5,038,865</b>                         | <b>12.1%</b>  |
| Capital reserve  | 6,462,357                               |               | 5,038,865                                |               |
| <b>Retained earnings</b>                                 | <b>16,242,837</b>                       | <b>31.6%</b>  | <b>11,328,553</b>                        | <b>27.3%</b>  |
| Legal reserve  | 78,219                                  |               | 78,219                                   |               |
| Voluntary reserve  | 4,000,000                               |               | 4,000,000                                |               |
| Special reserve  | 4,000,000                               |               | 4,000,000                                |               |
| Unappropriated retained earnings at the end of the term  | 12,164,617                              |               | 7,250,333                                |               |
| <b>Unrealized gains on available-for-sale securities</b> | <b>92,985</b>                           | <b>0.2%</b>   | <b>40,234</b>                            | <b>0.1%</b>   |
| <b>Treasury stock</b>                                    | <b>(104,548)</b>                        | <b>(0.2)%</b> | <b>(77,563)</b>                          | <b>(0.2)%</b> |
| <b>Total shareholders' equity</b>                        | <b>28,869,749</b>                       | <b>56.1%</b>  | <b>21,082,317</b>                        | <b>50.8%</b>  |
| <b>Total liabilities and shareholders' equity</b>        | <b>51,439,314</b>                       | <b>100.0%</b> | <b>41,464,688</b>                        | <b>100.0%</b> |

Point. 3

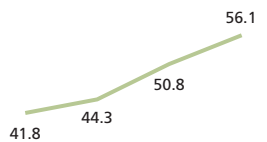
Point. 4

## Point. 3

Interest-bearing debt decreased due to the repayment of debt.

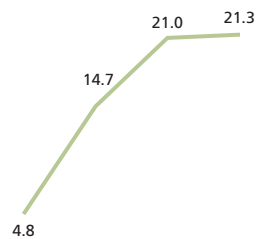
## Point. 4

Shareholders' equity ratio improved because of an increase in capital from the issue of one million new shares and net income of 5,330 million yen.



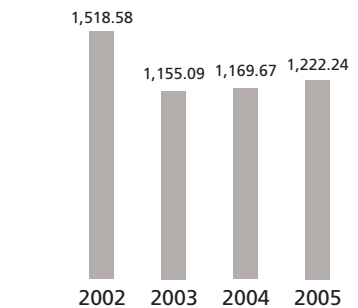
2002 2003 2004 2005  
As of August 20

Shareholders' Equity Ratio (%)



2002 2003 2004 2005  
As of August 20

Return on Equity (%)



2002 2003 2004 2005  
As of August 20

Shareholders' Equity per Share (yen)

# Non-consolidated Statements of Income (Summary)

(Unit: thousands of yen)

| Item   | Current term<br>(year ended August 20, 2005) |               | Previous term<br>(year ended August 20, 2004) |               |
|--|--|---------------|---|---------------|
|  |  |               |   |               |
| <b>Net sales</b>   | <b>83,841,574</b>                            | <b>100.0%</b> | <b>69,356,419</b>                             | <b>100.0%</b> |
| Cost of sales  | 44,535,948                                   |               | 37,880,340                                    |               |
| <b>Gross profit on sales</b>                                   | <b>39,305,625</b>                            | <b>46.9%</b>  | <b>31,476,079</b>                             | <b>45.4%</b>  |
| Selling, general and administrative expenses                   | 29,992,775                                   |               | 23,953,866                                    |               |
| <b>Operating income</b>  | <b>9,312,850</b>                             | <b>11.1%</b>  | <b>7,522,212</b>                              | <b>10.8%</b>  |
| Non-operating income   | 264,884                                      |               | 215,802                                       |               |
| Non-operating expenses   | 186,740                                      |               | 292,396                                       |               |
| <b>Ordinary income</b>   | <b>9,390,995</b>                             | <b>11.2%</b>  | <b>7,445,617</b>                              | <b>10.7%</b>  |
| Extraordinary income   | 121,379                                      |               | 39,456  |               |
| Extraordinary losses   | 238,170                                      |               | 420,757                                       |               |
| <b>Income before income taxes</b>                              | <b>9,274,204</b>                             | <b>11.1%</b>  | <b>7,064,317</b>                              | <b>10.2%</b>  |
| Income taxes   |  |               |   |               |
| Current:   | 3,885,759                                    |               | 3,017,827                                     |               |
| Deferred:  | 58,121                                       |               | 11,170  |               |
| <b>Net income</b>  | <b>5,330,323</b>                             | <b>6.4%</b>   | <b>4,035,319</b>                              | <b>5.8%</b>   |
| Retained earnings brought forward from previous term           | 7,070,092                                    |               | 3,365,290                                     |               |
| Interim dividends  | 235,798                                      |               | 150,276                                       |               |
| <b>Unappropriated retained earnings at the end of the term</b> | <b>12,164,617</b>                            |               | <b>7,250,333</b>                              |               |

## Point

Net sales increased, reflecting the favorable results of both new and the existing stores.

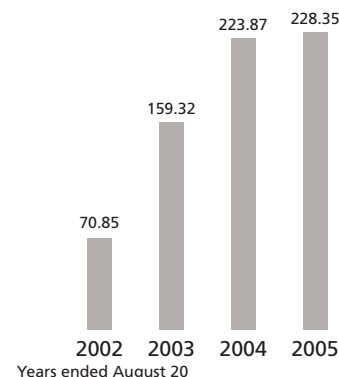
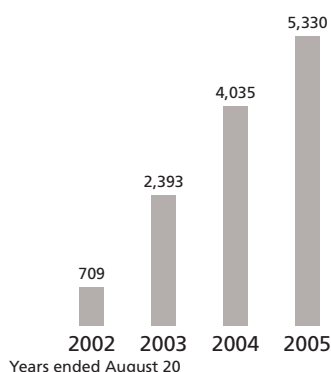
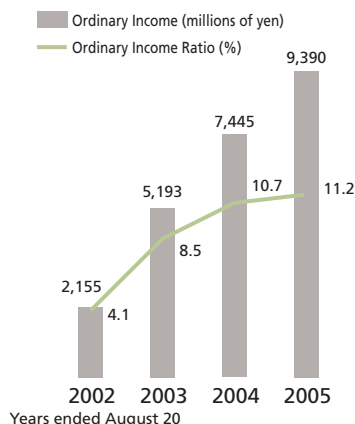
The ratio of gross profit to sales and the ratio of ordinary income to sales improved, driven by the decline in sales opportunity losses and losses from price cuts, in addition to the higher turnover ratio associated with the progress in the *Scheme for Large Sales*.

## Statement of Retained Earnings

(Unit: yen)

| Item   | Amount                |
|--|-----------------------|
| <b>Unappropriated retained earnings at the end of the term</b> | <b>12,164,617,463</b> |
| <b>To be appropriated as follows:</b>                          |                       |
| <b>Cash dividends</b><br>(¥20 per share)                       | <b>472,406,500</b>    |
| <b>Unappropriated retained earnings carried forward</b>        | <b>11,692,210,963</b> |

Note: We distributed an interim dividend of 235,798,120 yen (10 yen per share) to our shareholders on May 10, 2005.



Ordinary Income and Ordinary Income Ratio

Net Income (millions of yen)

Net Income per Share (yen)

# Statements of Cash Flows (Summary)

(Unit: thousands of yen)

| Item   | Current term<br>(year ended August 20, 2005) | Previous term<br>(year ended August 20, 2004) |
|--|--|---|
| Cash flows from operating activities               | 8,862,440                                    | 6,048,650                                     |
| Cash flows from investing activities               | (8,720,914)                                  | (5,468,705)                                   |
| Cash flows from financing activities               | 282,217                                      | (2,535,589)                                   |
| Net decrease in cash and cash equivalents          | 423,743                                      | (1,955,643)                                   |
| Cash and cash equivalents at beginning of the term | 6,616,681                                    | 8,572,325                                     |
| Cash and cash equivalents at end of the term       | 7,040,424                                    | 6,616,681                                     |

## Cash Flows from Operating Activities

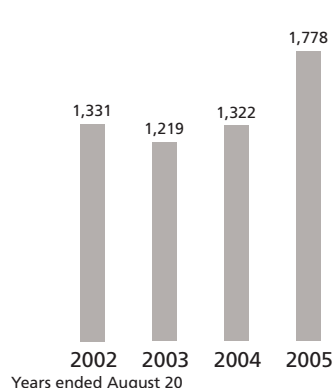
Cash provided by operating activities was 8,862 million yen (up 2,813 million yen from the previous fiscal term). Major factors for the increase were income before income taxes of 9,274 million yen (up 2,209 million yen), an increase in accounts payable by 2,870 million yen (up 1,895 million yen), and the payment of income taxes, which amounted to 3,022 million yen (down 1,008 million yen).

## Cash Flows from Investing Activities

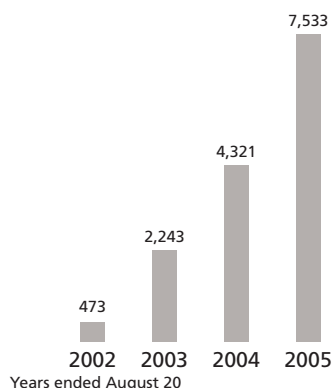
Cash used in investing activities was 8,720 million yen (up 3,252 million yen). This was mainly due to the payment of 3,996 million yen (up 1,441 million yen) for the purchase of tangible assets associated with store openings, the payment of 1,975 million yen (up 600 million yen) for the guarantee deposit, and the payment of 1,561 million yen (up 1,169 million yen) for the purchase of intangible assets due to the investment in systems.

## Cash Flows from Financing Activities

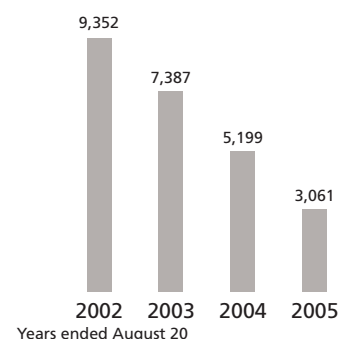
Cash provided by financing activities was 282 million yen (compared with the net payment of 2,535 million yen for the previous fiscal term). This was primarily driven by the proceeds of 2,847 million yen (up 2,835 million yen) from the issuance of shares and the payment of 2,122 million yen (down 378 million yen) for the repayment of long-term debt.



Depreciation (millions of yen)



Capital Expenditures (millions of yen)



Interest-bearing Debt (millions of yen)

# Network

## Shopping Centers

Our mainstay store type, and one that attracts large numbers of customers. The sales space is constantly evolving, reflecting prevailing trends.



## Suburban Roadside Stores

A store type with a parking lot, located alongside trunk roads. A broad array of items is displayed by category in a spacious sales yard.



## Urban Street Stores

A store type that responds to diverse customer needs, while introducing the latest fashion trends. The product line-up consists of our own merchandise.

## New Store Types



### FLASH REPORT (FLASH REPORT)

- FLASH REPORT provides all round American casual wear. This is a new basic style outlet with lifestyle themes.
- FLASH REPORT provides a rich line-up of products using carefully washed, high-quality materials filled with a vintage taste.



### SPICE ISLAND (SPICE ISLAND)

- SPICE ISLAND is a new daily casual store based on the concept of “providing daily wear in a more sophisticated way at a reasonable price.”
- SPICE ISLAND provides a broad array of daily casual items including jeans, tops and fashion goods.

## Voice of Staff

### Role of Store Manager



Koichi Abe  
Store Manager at Kawaguchi  
Diamond City carat Store

**The role of a store manager has become increasingly important, to communicate responses from the front lines to head office to bolster the dynamics of products and sales.**

In product development, the opinions of our store staff are highly valued from the planning stage. I have been participating in product development meetings of the Men’s Cut & Sewn Division to report the responses of customers to our products in the store. Through these initiatives, I have no doubt that the *primacy of the business front line* advocated by the Company is the reality, because I know that the Company is manufacturing products which reflect our opinions, so we can recommend them to customers with complete confidence.

In sales, I have been strongly focusing on how we display and communicate our high-quality products in a way that is attractive to customers. This focus has brought excellent results, in both sales and the sales contest. My efforts have been recognized, and I have been given the opportunity to make presentations as an instructor at internal seminars and time to convey know-how in the daily operations to other store managers. I believe that what I communicated will quickly be implemented at other stores.

The opinions from people on the sales front lines are immediately reflected in our products, and the examples of success are shared on a company-wide basis. I believe that the speed of these processes is the key driver behind the lasting growth of our Company.

## List of New Stores in the Second Half of the 26th Fiscal Term

- **Tomakomai AEON Store**  
AEON Tomakomai Shopping Center 1F  
3-1-20 Yanagi-machi, Tomakomai-shi,  
Hokkaido
- **Mikasa AEON Store**  
AEON Mikasa Shopping Center  
1059-1 Okayama, Mikasa-shi, Hokkaido
- **Nakashibetsu South Hills Store**  
Tobu South Hills  
6-11 Nakashibetsu, Nakashibetsu-cho,  
Shibetsu-gun, Hokkaido
- **Bando York Town Store**  
York Town Bando  
1104-1 Heta, Bando-shi, Ibaraki
- **Sano Shintoshu Store**  
1067 Takahagi-cho, Sano-shi, Tochigi
- **SPICE ISLAND Tatebayashi Azalea Mall Store**  
Azalea Mall 2F  
Tatebayashi Tsutsujinosato  
Shopping Center  
3648-1 Kusunoki-cho, Tatebayashi-shi,  
Gunma
- **Soga Ario Store**  
Ario Soga 2F  
7-20 Kawasaki-cho, Chuo-ku,  
Chiba-shi, Chiba
- **Yachiyo Midorigaoka AEON Store**  
AEON Yachiyo Midorigaoka  
Shopping Center 3F  
2-1-3 Midorigaoka, Yachiyo-shi, Chiba
- **Fuchu KURURU Store**  
KURURU 2F  
1-50 Miya-machi, Fuchu-shi, Tokyo
- **Viale Yokohama Store**  
Viale Yokohama New Building 1F  
2-13-2 Namiki, Kanazawa-ku,  
Yokohama-shi, Kanagawa
- **SPICE ISLAND Ayase Town Hills Store**  
Ayase Town Hills Shopping Center 1F  
3734-1 Fukaya, Ayase-shi, Kanagawa
- **Shibata AEON Store**  
AEON Shibata Shopping Center 1F  
5-11-5 Sumiyoshi-cho, Shibata-shi,  
Niigata
- **Toyama Yamamuro Store**  
315-5 Uradawari, Yamamuro,  
Toyama-shi, Toyama
- **Life Garden Okaya Store**  
Life Garden Okaya  
2-1-20 Tsukama-cho, Okaya-shi, Nagano
- **SPICE ISLAND LOC City Ogaki Store**  
Rock City Ogaki 2F  
463-1 Tanze, Mitsuzuka-cho,  
Ogaki-shi, Gifu
- **Shizuoka Haibara Store**  
2068-1 Hosoe, Makinohara-shi, Shizuoka
- **Chikusa AEON Store**  
AEON Chikusa Shopping Center 2F  
2-16-13 Chikusa, Chikusa-ku,  
Nagoya-shi, Aichi
- **SPICE ISLAND Arimatsu AEON Store**  
AEON Arimatsu SC 2F  
200 Arimatsu-ura, Narumi-cho,  
Midori-ku, Nagoya-shi, Aichi
- **VIA MALL Konan Store**  
VIA MALL 2F  
205 Ueno, Matsutake-cho,  
Konan-shi, Aichi
- **Kuwana Mycal Store**  
Mycal Kuwana ANQ Specialty  
Shop Town 1F  
1-22 Shinnishikata, Kuwana-shi, Mie
- **Rakunan Jusco Store**  
Jusco Rakunan Shopping Center 2F  
31 Oike-cho, Kissshoin, Minami-ku,  
Kyoto-shi, Kyoto
- **Umeda Store**  
Yodobashi Umeda COMME ÇA  
STORE 5F  
1-1-1 Ofuka-cho, Kita-ku, Osaka-shi,  
Osaka
- **KUZUHA MALL Store**  
KUZUHA MALL, Main Building 3F  
15-1 Kuzuhahanazono-cho,  
Hirakata-shi, Osaka
- **Yao Aurora Mall Store**  
Aurora City 4F  
2-60 Hikari-cho, Yao-shi, Osaka
- **Nanki OKUWA Store**  
Super Center OKUWA Nanki Store  
3-11-19 Sano, Shingu-shi, Wakayama
- **Fuji Gran Kannabe Store**  
Fuji Gran Kannabe 2F  
75 Michinoue, Kannabe-cho, Fukuyasu-  
gun, Hiroshima
- **Palty Fuji Shido Store**  
Palty Fuji Shido  
2431-1 Shido, Sanuki-shi, Kagawa
- **Palty Fuji Toyo Store**  
Palty Fuji Toyo  
715-1 Shu, Saijo-shi, Ehime
- **SunLive City Kokura Store**  
SunLive City Kokura 2F  
2-14-1 Kamikuzuhara, Kokura  
Minami-ku, Kitakyushu-shi, Fukuoka
- **Noogata AEON Store**  
AEON Noogata Shopping Center 2F  
1715-1 Yunoura, Ganda, Noogata-shi,  
Fukuoka
- **SPICE ISLAND Yatsushiro Youme Town Store**  
Youme Town Yatsushiro 2F  
3-1 Tateuma-machi, Yatsushiro-shi,  
Kumamoto
- **Miyazaki AEON Store**  
AEON Miyazaki Shopping Center 2F  
862-1 Eguchi, Shinbeppu-cho,  
Miyazaki-shi, Miyazaki
- **Nobeoka Store**  
230-1 Okado-machi, Nobeoka-shi,  
Miyazaki



# Stock Information (as of August 20, 2005)

|   |            |
|---|------------|
| Total number of shares authorized             | 36,279,000 |
| Total number of shares issued and outstanding | 23,670,640 |
| Number of shareholders                        | 3,823      |

## Major shareholders

| Name   | Number of shares held (thousands of shares) | Ratio of shares held (%) |
|--|---|--------------------------|
| Masahiro Fujiwara                                    | 4,167                                       | 17.60                    |
| Fujiwara Kosan Inc.                                  | 3,898                                       | 16.47                    |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 2,141                                       | 9.05                     |
| Goldman Sachs International                          | 1,686                                       | 7.13                     |
| Yusuke Fujiwara                                      | 1,378                                       | 5.82                     |
| Japan Trustee Services Bank, Ltd. (Trust account)    | 1,054                                       | 4.45                     |
| UFJ Bank Ltd.  | 549   | 2.32                     |
| Eiko Fujiwara  | 539   | 2.28                     |
| Nippon Life Insurance Co.                            | 508   | 2.15                     |
| The Joyo Bank, Ltd.                                  | 423   | 1.79                     |

## Special Benefit Plan for Shareholders

We present discount coupons available at all of our stores as a gift to shareholders recorded or registered on the final list of shareholders and those recorded or registered on the beneficial shareholders' register on August 20.

The gift is as follows.

| Number of Shares Held | Value of Discount Coupon         |
|-----------------------|----------------------------------|
| 100 – 499             | 3,000 yen (1,000 yen coupon × 3) |
| 500 – 999             | 5,000 yen (1,000 yen coupon × 5) |
| 1,000 –               | 7,000 yen (1,000 yen coupon × 7) |

The expiration date is November 20 of the year after the coupon is presented.

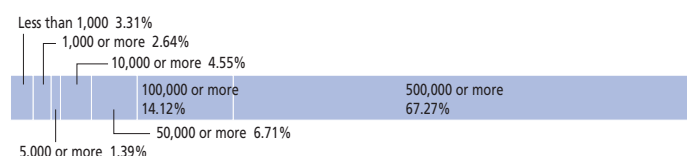


## Status of Stock by Shareholder

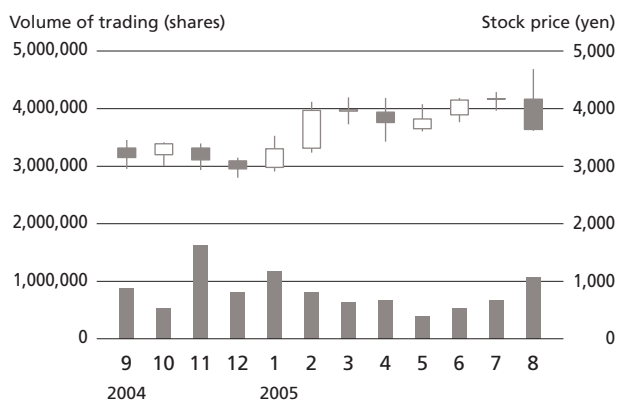
|                                  |                           |                             |                                  |
|----------------------------------|---------------------------|-----------------------------|----------------------------------|
| Financial institutions<br>27.51% | Other companies<br>20.52% | Foreign companies<br>15.12% | Individuals and others<br>36.58% |
|----------------------------------|---------------------------|-----------------------------|----------------------------------|

Securities companies 0.27%

## Status of Stock by Number of Shares Held



## Stock Price



## Notice of Stock Split

To enhance the market liquidity of our shares, we executed a 1.25-for-1 stock split for shareholders of record on August 20, 2005 (effectively August 19, 2005, as August 20 was a holiday for the transfer agent), to reflect our profit growth.

- Split Rate: 1.25 value per common share
- Base Date for Calculation: August 20, 2005
- Effective Date: October 11, 2005
- Increase in Number of Shares Resulting from Split: 5,917,660 shares

# Corporate Data (as of August 20, 2005)

**Company name:** RIGHT ON Co., Ltd.  
**Headquarters:** 37-1, Higashi-arai, Tsukuba-shi,  
Ibaraki 305-0033, Japan  
Phone +81-29-858-0321 (pilot number)  
Fax +81-29-858-0331  
URL: <http://www.right-on.co.jp/>

**Establishment:** April 1, 1980

**Capital stock:** 6,176,118,600 yen

**Representative:** Masahiro Fujiwara,  
Representative Director

**Number of employees:** 668

## Business Contents:

- A specialty store that sells jeans as the core item and other casual wear to male and female customers of all ages.
- A nationwide chain store operation with different types of stores for different locations, such as shops located in shopping centers, power centers and station buildings, urban street stores and suburban roadside stores.

## Directors and Corporate Auditors

(as of November 18, 2005)

|                     |                                       |
|---------------------|---------------------------------------|
| Masahiro Fujiwara   | President and Representative Director |
| Hideaki Wakabayashi | Senior Managing Director              |
| Tatsuharu Yokouchi  | Managing Director                     |
| Hiroshi Nakagawa    | Managing Director                     |
| Hiroataka Minamiya  | Managing Director                     |
| Yasuhiro Umeda      | Director                              |
| Kazushi Orita       | Director                              |
| Yusuke Fujiwara     | Director                              |
| Makoto Kokubun      | Standing Corporate Auditor            |
| Toshihiro Nagai     | Corporate Auditor                     |
| Tadakazu Yoshikawa  | Corporate Auditor                     |
| Shinichi Hiraide    | Corporate Auditor                     |

### Notes

1. Corporate auditors, Toshihiro Nagai and Shinichi Hiraide, are outside corporate auditors as stipulated in Clause 1, Article 18 of the Law for Special Exceptions to the Commercial Code concerning Audit, etc. of Kabushiki Kaisha.
2. Makoto Kokubun was appointed as Standing Corporate Auditor by mutual vote of the corporate auditors and assumed the post after the 26th general meeting of shareholders held on November 18, 2005, was closed.

## IR Information

**End of Fiscal Term:** August 20

**Date of General Meeting of Shareholders:**  
November

**Base Date for the Above:**  
August 20

We will fix the base date for the occasion as the need arises and announce it in advance.

### Dividend Settlement Date for Shareholders

**Yearly Dividend:** August 20

**Interim Dividend:** February 20

### Publication of Financial Statements:

<http://www.right-on.co.jp/hp/kessan>

**Transfer Agent:** Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1-chome, Chuo-ku, Tokyo

**Transfer Office:** Stock Transfer Agency Department,  
Head Office,  
Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1-chome, Chuo-ku, Tokyo

**For Mails & Contact:** Stock Transfer Agency Department,  
Mizuho Trust & Banking Co., Ltd.  
17-7, Saga 1-chome, Koto-ku,  
Tokyo 135-8722  
Phone: 0120-288-324 (toll free number)

**Intermediary Offices:** Domestic Branches of Mizuho Trust  
& Banking Co., Ltd.  
Head Office and Domestic Branches of  
Mizuho Investors Securities Co., Ltd.

**Unit of Trading:** 100 shares

**Right-on®**

**RIGHT ON Co., Ltd.**

37-1, Higashi-arai, Tsukuba-shi, Ibaraki 305-0033, Japan  
Phone +81-29-858-0321 (pilot number) Fax +81-29-858-0331  
URL: <http://www.right-on.co.jp/>