

## Brief Summary of Consolidated Financial Results (September 28, 2000)

(For the 6 months ended August 31, 2000)

Company Name Ryohin Keikaku Co., Ltd.  
Code Number 7453  
Securities Traded The Tokyo Stock Exchange, First Section  
Address Headquarters in Tokyo  
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Board of Directors' Meeting for Settlement of Accounts September 28, 2000

### 1. Results for Semi-Annual (March 1, 2000 to August 31, 2000) (Millions of yen)

#### (1) Operating results

	Operating Revenue (% increase)	Operating Profit (% increase)	Ordinary Profit (% increase)
Semi-annual 2000	57,925 ( 8.3 )	7,523 ( 11.5 )	7,445 ( 9.3 )
Semi-annual 1999	53,498 ( - )	6,749 ( - )	6,812 ( - )
Fiscal 1999	106,959	13,437	13,360

	Net Income (% increase)	Net Income per Share (Yen)	Net Income per Share after Dilution (Yen)
Semi-annual 2000	3,546 ( 31.1 )	126.31	-
Semi-annual 1999	2,704 ( - )	192.62	-
Fiscal 1999	5,879	306.57	-

Note : 1. Equity in earnings of unconsolidated subsidiaries and affiliates accounted for by the equity method - N/A  
2. Valuation gain on derivatives is 101 million.  
3. There are no accounting changes in this period.  
4. Percentage increase is based on comparison with those of previous semi-annual.

#### (2) Financial position

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share
Semi-annual 2000	52,027	37,604	72.3	1,339.33
Semi-annual 1999	46,407	31,902	68.7	2,272.40
Fiscal 1999	51,840	34,648	66.8	1,234.02

#### (3) Condition of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of ear
Semi-annual 2000	1,339	(3,821)	(587)	3,669
Semi-annual 1999	5,358	(1,857)	(2,753)	4,785
Fiscal 1999	9,914	(3,950)	(3,159)	6,780

#### (4) Scope of consolidation and application of the equity method

Consolidated subsidiaries 7 companies  
Non-consolidated subsidiaries none  
Non-consolidated Affiliates none

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

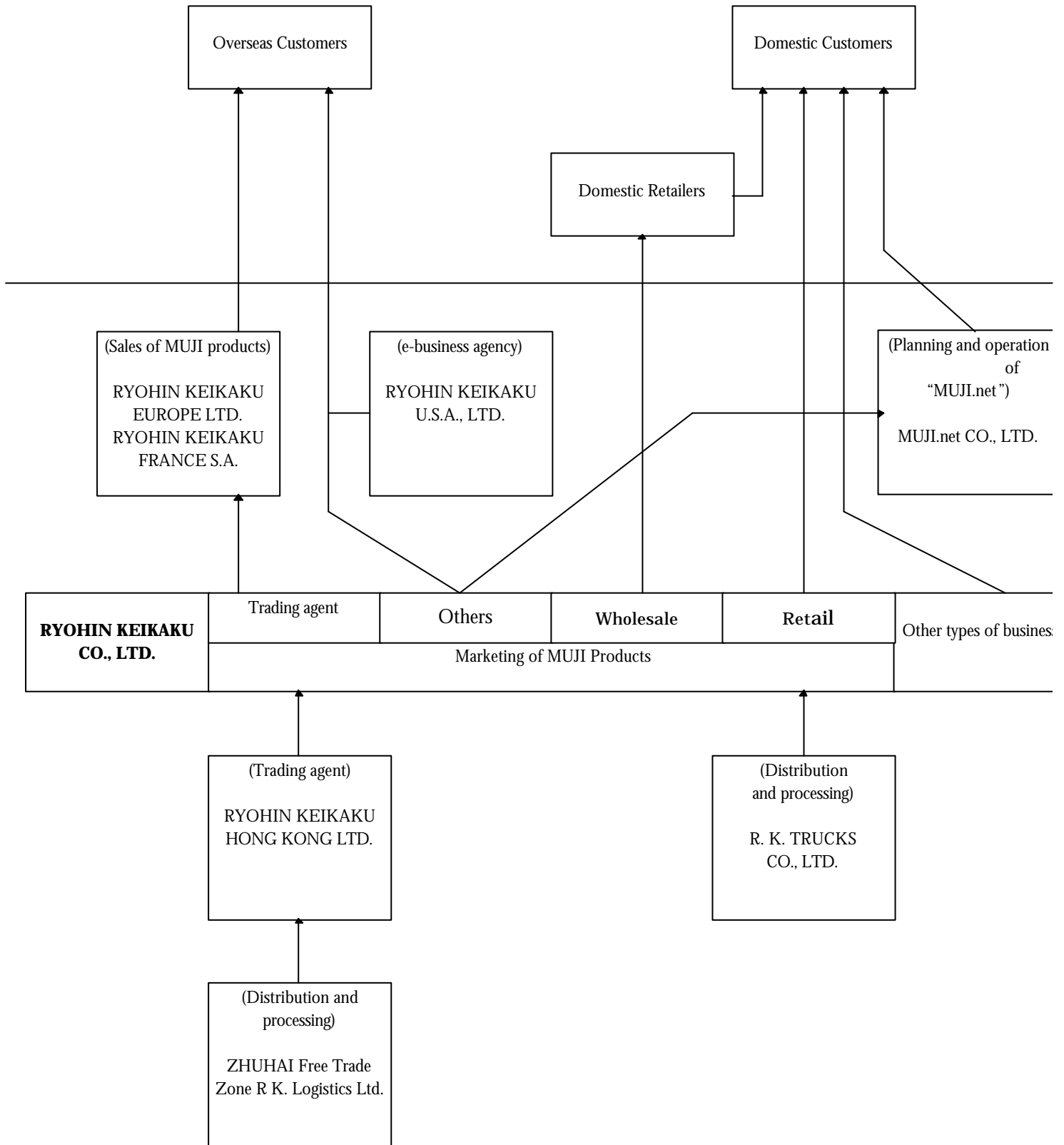
Consolidated (new) 1 company  
(eliminated) none  
Equity method (new) none  
(eliminated) none

### 2. Forecast for Fiscal 2000 ( March 1, 2000 to February 28, 2001) (Millions of yen)

	Operating Revenue	Ordinary Profit	Net Income
Full year	122,200	16,206	8,055

Reference : Estimated earnings per share for the full year is ¥286.88

## Group Companies



Note: MUJI.net Co., Ltd. was established in May 31, 2000.

## **Management Policies**

### **1. Basic Management Policies**

Since Ryohin Keikaku Co., Ltd. (the "Company") began operations, its guiding principle has been to "offer high quality merchandise with reasonable prices." By cutting out the wasteful aspects of many of today's products, the Company develops apparel and accessories, household goods, and food products that match the current trend toward "value for money" among Japanese consumers. In addition, we are developing a network of specialty stores that only carry merchandise planned and developed by ourselves. By using a unified concept in all our stores, including store atmosphere, we have continued to offer our customers a distinctive lifestyle.

We will further strengthen our operating bases as a manufacturer and retailer to enhance global competitiveness. We give a high priority to continuously increasing corporate value, in other words, shareholders' value through such efforts.

### **2. Dividend Policy**

Returning profit to shareholders is one of our most important management issues. Management of the Company recognizes achieving growth in earnings per share as one of its obligations to shareholders. Fundamentally, we believe that cash dividends should be determined based on the level of profits.

We actively reinvest internal funds in our highly profitable business, for the purpose of increasing earnings on shareholder's equity.

### **3. The mid-term Management Policies**

Despite the unfavorable business environments in Japan, such as limping recovery of personal consumption, the Company will continuously pursue to expand its retail business and to launch innovative initiatives in line with the following business strategies:

#### **(1) Large-scale and Standardized Store Strategy**

We plan to focus on the opening of large-scale stores with floor space of 1,000 square meters, 1,650 square meters, and 3,300 square meters under the "scrap and build" strategy, aiming to promote our presentation of distinctive and unique lifestyle we propose to our customers through those stores.

#### **(2) "Mujirushi Ryohin com KIOSK"**

We aim to gain people's recognition toward our brand and expand our client base by opening our stores inside train stations where many people have daily access.

#### **(3) e-business**

In order to respond to the needs of our customers who have no physical access to our stores, and also to exploit the region uncovered by our existing sales network, we will aggressively pursue our business activities focussing on development of online sales via internet and fax.

#### **(4) Overseas Operations**

We intend to continue to expand our store network in Europe for further establishment of our brand image and chain operation.

### **4. Major Challenges**

We will continue to offer reliable products at reasonable prices, furthering our efforts to respond to the trust our customers hold in us. We will efficiently allocate our business resources according to priorities based on our growth strategies.

### **5. Target Business Index**

The Company centers on shareholders' interests, for the sake of which, the corporate value should be maximized through increasing growth and profitability. To this end, as far as the domestic operation is concerned, the Company plans to achieve ROE 21%, ROA 15.5% and ESP ¥410 by the period ending February 2003.

## **Operating Review**

### **Business Environment**

During the first half of fiscal 2000, although the Japanese economy showed a moderate recovery, personal consumption remained sluggish. On the other hand, European economies were improving and revitalized and the United States economy continued to achieve growth, although the recovery process of Asian

economies is not yet sufficient.

During the period under review, the Company worked to increase store business, pressing ahead with efforts continued from previous periods to expand and standardize the size of its stores. We opened 11 stores, including a mega-store in “Platz Kintetsu” (in Kyoto), the first store opened in Japan as a part of our large-scale store strategy, expanded the sales floor space of 9 stores, and closed 9 stores. Consequently, as of August 31, 2000, we operate 253 stores, 87 of which are directly managed, and 152,093 square meters of the total sales floor space, with 65,729 square meters being directly managed. Average sales floor space per store grew to 601 square meters while the average sales floor space per directly managed store expanded to 755 square meters.

We also pursued the development of “Mujirushi Ryohin com KIOSK”, a new type store achieved through a business tie-up with East-Japan Kiosk Co., Ltd. and opened 6 “Mujirushi Ryohin com KIOSK” stores. Having 14 stores inside the train stations, the new type stores successfully gained more people’s recognition.

Overseas, we opened 3 stores and closed 2 stores in the United Kingdom to increase operating revenue. Now we have 14 stores in total in UK. In France, the total number of stores remains the same, 4 stores, in the first half of the year. However, we will aggressively pursue new openings in the rest of the year.

In response to the growth in the size of stores and in the customer base, we added new merchandise and expanded the range of sizes and items. We also carried out our twelfth price cuts in our ongoing Price Reduction Campaign.

The consolidated operating revenue and ordinary profit were ¥57,925 million and ¥7,445 million respectively, a gain of 8.3% and 9.3% from the same period of the previous year, but these did not reach two digits growth, reflecting the prolonged severe business conditions surrounding our retail industry. Also, the consolidated net income of the Company and its subsidiaries was ¥3,546 million, increasing by 31.1% compared with that of previous period.

### **Financial Position**

The Cash flow in operating activities for the period rose to ¥1,339 million with ¥6,519 million of net income. To further improve its financial position, the Company and its subsidiaries financed a total of ¥905 million by retaining part of investment in computer software and related equipment in the previous year. The financed amount was mainly used to raise inventory by ¥831million.

The Company and its subsidiaries invested ¥3,821 million in the period primarily to open new stores and on systems investment aiming at upgrading the business network.

Surplus cash flow totaling ¥2,538 million was used for the above investment, resulting in balance of cash and cash equivalents of ¥3,669 million at the end of the period.

### **Business Forecast**

The Company anticipates fiercer competition in the retail industry with prolonged sluggish consumption and continuous downward trend in retail prices.

Despite such a business environment, we will continue to pursue our business expansion strategy by presenting distinctive and unique lifestyle created by our “MUJI” products and appeal to more customers.

We are committed to pursue retail expansion during the second half of the fiscal year, by adding new stores and expanding sales floor, in order to make our sales outlets larger and more standardized. Our initiatives to enhance our retail business also include the launch of online sales via “Mujirushi Ryohin Net Store”, which is a new type of sales channel, and introduction of our proprietary credit card, “MUJI Card”.

In Europe, we are committed to achieve better profitability by strengthening sales capabilities of each store, enhancing the efficiency of the distribution system, and establishing stronger brand awareness of “MUJI”.

The Company anticipates that its operating revenue this year will not meet its previous estimate under the current business circumstances, and result in ¥122,200 million, ¥10,468 million down from the previous announcement, which is 14.2 % growth compared with that of the previous year.

However, the consolidated ordinary profit and net income are forecasted to achieve the previous estimate thanks to its ongoing reform process of cost structure, ¥16,206 million and ¥8,055 million, respectively. These are 21.3 % and 37.0 % increase compared with those of the previous year, respectively.

## Consolidated Financial Statements

### Consolidated Balance Sheets

Ryohin Keikaku Co., Ltd. and subsidiaries  
As of August 31, 1999 and 2000, and February 29, 2000

(Millions of yen)			
<b>Assets</b>	<b>As of Aug. 31 2000</b>	As of Aug. 31 1999	As of Feb. 29 2000
<b>Current Assets:</b>			
Cash on hand and in banks	<b>3,669</b>	2,971	4,242
Notes and accounts receivable	<b>3,841</b>	3,631	3,662
Marketable securities	-	1,813	2,538
Inventories	<b>11,645</b>	8,496	10,862
Deferred tax assets - current	<b>461</b>	409	557
Other current assets	<b>4,120</b>	2,838	3,195
Less: Allowance for doubtful accounts	<b>(33)</b>	(34)	(36)
Total current assets	<b>23,704</b>	20,125	25,022
<b>Fixed Assets:</b>			
<b>Tangible fixed assets:</b>			
Buildings and fixtures	<b>6,612</b>	5,913	6,077
Machinery and equipment	<b>761</b>	866	840
Tools and furniture	<b>3,471</b>	2,450	2,870
Land	<b>381</b>	676	381
Construction in progress	<b>358</b>	133	122
Total tangible fixed assets	<b>11,585</b>	10,039	10,291
<b>Intangible fixed assets:</b>			
Leasehold	<b>1,759</b>	1,766	1,707
Software	<b>981</b>	-	-
Other intangible fixed assets	<b>71</b>	81	77
Total intangible fixed assets	<b>2,813</b>	1,848	1,785
<b>Investments and advances:</b>			
Investments in securities	<b>320</b>	346	338
Deferred tax assets - non-current	<b>1,052</b>	796	969
Guarantee deposits	<b>5,742</b>	5,669	5,673
Fixed leasehold deposits	<b>5,380</b>	5,194	5,012
Other investments and advances	<b>1,259</b>	2,346	2,595
Total investments and advances	<b>13,755</b>	14,354	14,589
Total fixed assets	<b>28,153</b>	26,242	26,666
<b>Adjusted on foreign currency statement translation</b>	<b>169</b>	40	150
<b>Total Assets</b>	<b>52,027</b>	46,407	51,840

(Millions of yen)			
<b>Liabilities</b>	<b>As of Aug. 31 2000</b>	As of Aug. 31 1999	As of Feb.29 2000
<b>Current Liabilities:</b>			
Notes and accounts payable	<b>5,675</b>	4,597	6,232
Short-term loans	<b>348</b>	362	399
Income tax payable	<b>3,083</b>	3,363	4,062
Accrued expenses	<b>1,643</b>	2,372	2,613
Accrued bonuses	<b>218</b>	217	215
Other current liabilities	<b>1,533</b>	1,780	1,796
Total current liabilities	<b>12,504</b>	12,691	15,319
<b>Long-term Liabilities:</b>			
Accrued retirement benefits for employees	<b>1,492</b>	1,450	1,458
Accrued retirement benefits for directors and statutory auditors	<b>228</b>	186	224
Other long-term Liabilities	<b>189</b>	175	189
Total long-term Liabilities	<b>1,909</b>	1,812	1,872
Total Liabilities	<b>14,413</b>	14,504	17,191
<b>Minority Interest</b>	<b>9</b>	0	1
<b>Stockholders' Equity:</b>			
Common stock	<b>6,766</b>	6,766	6,766
Additional paid-in capital	<b>10,075</b>	10,075	10,075
Retained earnings	<b>20,771</b>	15,063	17,816
	<b>37,613</b>	31,905	34,658
Treasury stock	<b>(9)</b>	(3)	(10)
Total stockholders' equity	<b>37,604</b>	31,902	34,648
<b>Total Liabilities, Minority Interest and Stockholders' Equity</b>	<b>52,027</b>	46,407	51,840

## Consolidated Statements of Income

Ryohin Keikaku Co., Ltd. and subsidiaries

For the 6 months period ended August 31, 1999 and 2000, and for the year ended February 29, 2000

(Millions of yen)							
	Six-Month Period Ended August 31				Changes from Previous Period	Year Ended February 29	
	2000	%	1999	%	%	2000	%
<b>Operating Revenue</b>							
Net sales	57,777		53,325			106,688	
Other Operating Revenue	147		173			270	
Total operating revenue	<b>57,925</b>	<b>100.0</b>	53,498	100.0	108.3	106,959	100.0
Operating Expenses:							
Cost of Sales	<b>33,102</b>	<b>57.1</b>	30,999	58.0	106.8	61,376	57.4
Selling, General and Administrative Expenses	<b>17,299</b>	<b>29.9</b>	15,749	29.4	109.8	32,145	30.0
Total operating expenses	<b>50,401</b>	<b>87.0</b>	46,749	87.4	107.8	93,521	87.4
<b>Operating Profit</b>	<b>7,523</b>	<b>13.0</b>	6,749	12.6	111.5	13,437	12.6
Non-operating Income	<b>28</b>	<b>0.0</b>	100	0.2	27.9	92	0.1
Non-operating Expenses	<b>105</b>	<b>0.1</b>	37	0.1	283.6	169	0.2
<b>Ordinary Profit</b>	<b>7,445</b>	<b>12.9</b>	6,812	12.7	109.3	13,360	12.5
Extraordinary Gains	<b>14</b>	<b>0.0</b>	28	0.1	51.2	25	0.0
Extraordinary Losses	<b>941</b>	<b>1.6</b>	1,524	2.8	61.8	2,020	1.9
<b>Income before income taxes</b>	<b>6,519</b>	<b>11.3</b>	5,317	10.0	122.6	11,365	10.6
Income taxes - Current	<b>3,031</b>	<b>5.2</b>	3,221	6.0		6,415	6.0
Income taxes - Deferred	<b>(58)</b>		(607)			(929)	
Minority interests in net income of consolidated subsidiaries	<b>0</b>		0			-	
<b>Net Income</b>	<b>3,546</b>	<b>6.1</b>	2,704	5.1	131.1	5,879	5.5

## Consolidated Statements of Retained Earnings

Ryohin Keikaku Co., Ltd. and subsidiaries

For the 6 months period ended August 31, 1999 and 2000, and for the year ended February 29, 2000

	(Millions of yen)		
	Six-month period ended August 31		Year ended February 29
	2000	1999	1999
Balance of Retained Earnings at Beginning	<b>17,816</b>	12,765	12,765
Retained Earnings	<b>17,816</b>	12,168	12,168
Cumulative effect of adopting deferred tax accounting	-	597	597
Decrease in consolidated retained earnings	<b>591</b>	407	829
Cash dividends	<b>561</b>	350	772
Directors' and statutory auditors' bonuses	<b>29</b>	57	57
Net income	<b>3,546</b>	2,704	5,879
Balance of Retained Earnings	<b>20,771</b>	15,063	17,816



## Consolidated Statements of Cash Flows

Ryohin Keikaku Co., Ltd. and subsidiaries

For the 6 months period ended August 31, 1999 and 2000, and for the year ended February 29, 2000

( Millions of Yen)  
Year Ended  
February 29,

	Six-Month Period Ended August 31,		2000
	2000	1999	
<b>Cash flows from operating activities:</b>			
Income before income taxes	6,519	5,317	11,365
Depreciation	1,039	932	2,003
Amortization of computer software	138	234	464
Increase in allowance for doubtful accounts	(2)	(29)	(27)
Increase in accrued retirement benefits	37	1,472	1,517
Interest and dividend income	(19)	(36)	(38)
Interest expenses	4	26	23
Foreign exchange loss(gain)	41	19	(71)
Loss on disposal of fixed assets	905	89	248
Loss on disposal of long-term prepaid expenses	-	-	107
Valuation loss on marketable securities and investment in securities	23	-	18
Valuation loss on land	-	-	295
Decrease(increase) in notes and accounts receivable	(199)	2,000	1,731
Increase in inventories	(831)	(1,110)	(3,460)
Increase(Decrease) in notes and accounts payable	(496)	(1,354)	298
Decrease in other assets	(834)	351	223
Increase(Decrease) in other liabilities	(962)	562	822
Payment of directors' and statutory auditors' bonuses	(29)	(50)	(50)
Sub-total	5,335	8,423	15,471
Interest and dividend income received	19	36	38
Interest expense paid	(4)	(27)	(24)
Income taxes paid	(4,010)	(3,075)	(5,570)
Net cash provided from operating activities	1,339	5,357	9,914
<b>Cash flows from investing activities:</b>			
Payments for acquisition of tangible fixed assets	(2,908)	(1,136)	(2,728)
Proceeds from sale of tangible fixed assets	220	-	0
Payment of fixed leasehold deposits	(766)	(863)	(1,264)
Collection of fixed leasehold deposits	-	409	950
Payments for acquisition of computer software	(366)	(291)	(958)
Collection of guaranty deposits	-	24	49
Net cash used in investing activities	(3,821)	(1,857)	(3,950)
<b>Cash flows from financing activities:</b>			
Proceeds from short-term bank loans	-	1,600	1,761
Repayment for short-term bank loans	(30)	(4,000)	(4,137)
Proceeds from issuance of common stock	10	-	-
Acquisition of treasury stock	(5)	(3)	(10)
Dividends paid	(561)	(350)	(772)
Net cash used in financing activities	(587)	(2,753)	(3,159)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(41)</b>	<b>(22)</b>	<b>(84)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>(3,111)</b>	<b>725</b>	<b>2,720</b>
<b>Cash and cash equivalents at beginnings of year</b>	<b>6,780</b>	<b>4,060</b>	<b>4,060</b>
<b>Cash and cash equivalents at end of year(period)</b>	<b>3,669</b>	<b>4,785</b>	<b>6,780</b>

## **Basis of Presentation of Consolidated Financial Statements**

### **1. Scope of Consolidation**

The consolidated financial statements include the accounts of all of the Company's subsidiaries.

R.K. Trucks Co., Ltd	Ryohin Keikaku Europe Ltd.
Ryohin Keikaku France S.A.	Ryohin Keikaku Hong Kong Ltd.
Zhuhai Free Trade Zone R.K. Logistics Ltd.	Ryohin Keikaku U.S.A. Ltd.
MUJI.net Co., Ltd.	

Note : MUJI.net Co., Ltd. is included in consolidation for the first time, having been established during the fiscal year under review.

### **2. Application of the equity method**

There are no subsidiaries and/or affiliates to be applied for the equity method.

**3.** The following consolidated subsidiaries have interim book-closing dates, which differ from that of the Company. In preparing the consolidated statements, the financial statements for the most recent interim book-closing of each subsidiary have been used. Important transactions that occurred between their interim book-closing dates and the consolidation date have been included in the consolidation figures as necessary.

6 months ended for June 30, 2000	Ryohin Keikaku Hong Kong Ltd. Zhuhai Free Trade Zone R.K. Logistics Ltd.
6 months ended for July 31, 2000	Ryohin Keikaku Europe Ltd. Ryohin Keikaku France S.A. Ryohin Keikaku U.S.A. Ltd.

### **4. Summary of Significant Accounting Policies**

#### (a) Main Asset evaluation

##### (1) Marketable securities and investments in securities

Marketable securities listed on stock exchanges are valued at the lower of cost or market, cost being determined by the moving average method. All other securities are valued at cost determined by the moving average method.

##### (2) Inventories

Merchandise is stated at cost, determined by the specific identification method, and supplies are valued by the last purchase method.

#### (b) Depreciation methods for assets

##### (1) Tangible fixed assets

The Company and domestic subsidiaries compute depreciation of tangible fixed assets by the declining balance method prescribed by Japanese Corporation Tax Law. Foreign consolidated subsidiaries compute depreciation on a straight-line basis according to regulations set by the accounting standards of the countries they are located in. In Japan, however, depreciation on buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 also is computed on the straight-line basis.

##### (2) Intangible fixed assets

Amortization of intangible fixed assets except for computer software (internal use) is computed by the straight-line method as prescribed by Japanese Corporation Tax Law. Amortization of computer software for internal use is computed by the straight-line method and related useful life is determined by the estimated period of internal use (5 years).

#### Additional information

Relating to computer software for internal use, which was presented as "Investments and advances - Other investments and advances" in the previous years, its accounting principle is consistently applied under the traditional measure prescribed in "Guideline of accounting for research and development cost and computer software" (published by JICPA, dated March 31, 1999), but the presentation of computer

software ( the balance at August 31, 2000 is ¥ 981 million ) has been changed from “ Investments and advances – Other investments and advances“ to “ Intangible fixed assets – Software”.

(c) Recording basis of main allowances and accrual

(1) Allowance for doubtful accounts

The balance of allowance for doubtful accounts represents the amount of the limit established by Japanese Corporation Tax Law for allowing deduction ( a certain prescribed percentage ) is applied to the balance of receivables plus an amount deemed necessary to cover possible losses estimated on an individual account basis.

(2) Accrued bonuses

Accrued bonuses for employees is provided according to the expected amount of the payment.

(3) Accrued retirement benefits for employees

Accrued retirement benefits for employees is provided in an amount equivalent to the amount determined by the present value method less a fair valuation of the Company's pension assets related to the the corporate pension plan system.

(4) Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors is provided in an amount required to pay at the end of each term, based upon internal regulations.

(d) Method of Accounting for lease Transactions

Finance lease transactions, other than those, which are deemed to transfer ownership of the leased assets to the lessee, are accounted for as operating lease transactions.

(e) Method of Accounting for Consumption Taxes

Consumption tax is excluded from the amounts of items in the Statements on Income.

**5. The Scope of Assets Represented in the Consolidated Statement of Cash Flows**

Cash and cash equivalents in the Consolidated Statement of Cash Flows are included petty cash, deposits which are readily convertible to known amount of cash, and short-term financial instruments with original maturities of three months or less.

## Additional Notes to the Consolidated Financial Statements

### 1. Consolidated Balance Sheets

	(Millions of yen)		
	Semi-Annual 2000	Semi-Annual 1999	Fiscal 1999
Accumulated depreciation	<b>5,625</b>	4,126	4,948
Guarantees of loans	<b>510</b>	472	521

### 2. Consolidated Statement of Cash Flows

Relationship of cash and cash equivalents to balance sheet items.

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
Cash on hand and in banks	<b>3,669</b>	2,971	4,242
Cash equivalents	-	1,813	2,538
Cash and cash equivalents	<b>3,669</b>	4,785	6,780

### 3. Leases

(a) Financial leases, other than those which are deemed to transfer ownership of the leased assets to the lessee

(1) Amount equivalent to purchase price and amount equivalent to accumulated depreciation

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
Amount equivalent to purchase price	<b>41</b>	31	39
Amount equivalent to accumulated depreciation	<b>18</b>	12	17
Semi-annual (Fiscal year) ending balance	<b>23</b>	18	21

Note: Since the balance of remaining lease payments accounts for only a small proportion of the semi-annual (fiscal year) ending balance of tangible fixed assets, the amount equivalent to purchase price has been calculated using the expected interest payment method.

(2) Amount equivalent to balance of remaining lease payments

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
One year or less	<b>10</b>	8	9
Over a year	<b>12</b>	10	12
Total	<b>23</b>	18	21

Note: Since the balance of remaining lease payments accounts for only a small proportion of the semi-annual (fiscal year) ending balance of tangible fixed assets, the amount equivalent to purchase price has been calculated using the expected interest payment method.

(3) Lease payments during the fiscal year under review and amount equivalent to depreciation expenses

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
Lease payments (amount equivalent to depreciation expenses)	<b>5</b>	3	8

(4) Method of calculating amount equivalent to depreciation expenses

Depreciation is calculated using the straight-line method (zero remainder) over the estimated useful life of the asset.

(b) Remaining Payments on Operating Leases

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
One year or less	<b>2</b>	3	3
Over a year	<b>2</b>	1	1
Total	<b>5</b>	5	4

## Segment Information

### 1. By Business (Millions of yen)

Semi-annual 2000					
	Muji brand sales	Other business	Total	Unallocated & eliminations	Consolidated
Outside customers	57,689	235	57,925	-	57,925
Intersegment	-	-	-	-	-
Operating revenue	57,689	235	57,925	-	57,925
Operating expenses	50,053	348	50,401	-	50,401
Operating profit (loss)	7,636	(113)	7,523	-	7,523

Semi-annual 1999					
	Muji brand sales	Other business	Total	Unallocated & eliminations	Consolidated
Outside customers	53,233	265	53,498	-	53,498
Intersegment	-	-	-	-	-
Operating revenue	53,233	265	53,498	-	53,498
Operating expenses	46,394	355	46,749	-	46,749
Operating profit (loss)	6,839	( 89 )	6,749	-	6,749

Fiscal 1999					
	Muji brand sales	Other business	Total	Unallocated & eliminations	Consolidated
Outside customers	106,508	450	106,959	-	106,959
Intersegment	-	-	-	-	-
Operating revenue	106,508	450	106,959	-	106,959
Operating expenses	92,908	613	93,521	-	93,521
Operating profit (loss)	13,600	(162)	13,437	-	13,437

Notes : 1. Business divisions are determined according to business development considerations within the Group  
 2. Muji brand sales consist of retail sales of Mujirusi Ryohin merchandise while other business consists of operation of campsites and retail sales of flowers.

## 2. By Region (Millions of yen)

Semi-annual 2000						
	Japan	Europe	Other regions	Total	Unallocated & eliminations	Consolidated
Outside customers	56,068	1,856	-	57,925	-	57,925
Intersegment	197	-	110	307	(307)	-
Operating revenue	56,266	1,856	110	58,233	(307)	57,925
Operating expenses	48,558	2,117	71	50,747	(346)	50,401
Operating profit (loss)	7,707	(261)	39	7,485	38	7,523

Semi-annual 1999						
	Japan	Europe	Other regions	Total	Unallocated & eliminations	Consolidated
Outside customers	52,001	1,497	-	53,498	-	53,498
Intersegment	868	1	84	954	(954)	-
Operating revenue	52,869	1,498	84	54,452	(954)	53,498
Operating expenses	46,003	1,588	100	47,692	(943)	46,749
Operating profit (loss)	6,866	(90)	(16)	6,760	(10)	6,749

Fiscal 1999						
	Japan	Europe	Other regions	Total	Unallocated & eliminations	Consolidated
Outside customers	103,569	3,390	-	106,959	-	106,959
Intersegment	2,047	2	2,314	4,364	(4,364)	-
Operating revenue	105,616	3,393	2,314	111,324	(4,364)	106,959
Operating expenses	92,059	3,456	2,234	97,750	(4,229)	93,521
Operating profit (loss)	13,556	(62)	79	13,573	(135)	13,437

Notes : 1. Regional separations are determined by proximity.  
 2. Main countries and areas in regions other than Japan are the United Kingdom and France in Europe and Hong Kong, China, and the United States in Other regions.

## 3. Overseas Operating Revenues

Overseas operating revenues for semi-annual 2000, semi-annual 1999 and fiscal 2000 under review have been eliminated from the segment information as intersegment transfers.

## Breakdown by Major Categories

### ( a ) Net sales by products

(Millions of yen)

Product	Semi-annual 2000		Semi-annual 1999		Fiscal 1999	
	Net sales	Percentage of total(%)	Net sales	Percentage of total(%)	Net sales	Percentage of total(%)
Apparel	19,935	34.5	N/A	N/A	40,228	37.7
Household goods	32,221	55.8	-ditto-	-ditto-	55,604	52.1
Food	5,241	9.1	-ditto-	-ditto-	10,324	9.7
Other	378	0.6	-ditto-	-ditto-	530	0.5
Total	57,777	100.0	-ditto-	-ditto-	106,688	100.0

### ( b ) Net sales by Type of sale

(Millions of yen)

Type of sale	Semi-annual 2000		Semi-annual 1999		Fiscal 1999	
	Net sales	Percentage of total(%)	Net sales	Percentage of total(%)	Net sales	Percentage of total(%)
Japan	31,849	55.1	N/A	N/A	54,605	51.2
U.K.	1,399	2.4	-ditto-	-ditto-	2,634	2.5
France	377	0.7	-ditto-	-ditto-	612	0.6
Total of directly managed store	33,627	58.2	-ditto-	-ditto-	57,852	54.3
Seiyu	6,368	11.0	-ditto-	-ditto-	12,345	11.6
Seibu Dept. Stores group	3,312	5.7	-ditto-	-ditto-	7,155	6.7
Other than Saison group stores	14,424	25.0	-ditto-	-ditto-	29,302	27.4
Total of other stores	24,106	41.7	-ditto-	-ditto-	48,804	45.7
Others	43	0.1	-ditto-	-ditto-	32	0.0
Total	57,777	100.0	-ditto-	-ditto-	106,688	100.0

### ( c ) Net sales of directly managed stores by Region

(Millions of yen)

Region	Semi-annual 2000			Semi-annual 1999			Fiscal 1999		
	Number of stores	Net sales	Percentage of total(%)	Number of stores	Net sales	Percentage of total(%)	Number of stores	Net sales	Percentage of total(%)
Hokkaido	1	429	1.3	N/A	N/A	N/A	1	928	1.6
Tohoku	3	930	2.8	-ditto-	-ditto-	-ditto-	3	1,300	2.2
Kanto	48	17,909	53.2	-ditto-	-ditto-	-ditto-	52	32,954	57.0
Kohshin-etsu	4	768	2.3	-ditto-	-ditto-	-ditto-	5	1,620	2.8
Tohkai	13	2,893	8.6	-ditto-	-ditto-	-ditto-	11	5,554	9.6
Kinki	18	5,574	16.6	-ditto-	-ditto-	-ditto-	14	6,737	11.6
Chugoku /Kyushu	8	3,343	9.9	-ditto-	-ditto-	-ditto-	6	5,508	9.5
Total of Japan	95	31,849	94.7	-ditto-	-ditto-	-ditto-	92	54,605	94.3
U.K.	15	1,399	4.2	-ditto-	-ditto-	-ditto-	13	2,634	4.6
France	4	377	1.1	-ditto-	-ditto-	-ditto-	4	612	1.1
Total of overseas	19	1,777	5.3	-ditto-	-ditto-	-ditto-	17	3,246	5.7
Total	114	33,627	100.0	-ditto-	-ditto-	-ditto-	109	57,852	100.0



## Market Value of Securities

(Millions of yen)									
	Semi-Annual 2000			Semi-Annual 1999			Fiscal 1999		
	Book Value	Market Value	Valuation gain(loss)	Book Value	Market Value	Valuation gain(loss)	Book Value	Market Value	Valuation gain(loss)
Items classified as current assets									
Stocks	-	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-
Items classified as fixed assets									
Stocks	186	192	5	212	279	66	204	247	42
Bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub total	186	192	5	212	279	66	204	247	42
Total	186	192	5	212	279	66	204	247	42

Notes: 1. Method of calculating market value

Listed securities are based mainly on closing prices on the Tokyo Stock Exchange.

2. Book value of securities, which are not disclosed in the above statements

(Millions of yen)	Semi-Annual 2000	Semi-Annual 1999	Fiscal 1999
Items classified as current assets			
Money management fund	-	1,713	2,215
Money market fund (US\$)	-	-	222
Mid-term government bond fund	-	100	100
Items classified as fixed assets			
Unlisted equity	123	123	123
Certificates of closed-end Investment trust	9	9	9

## Contracted Amounts, Market Value and Valuation Gain (Loss) on Derivative Contracts

### Currency Transactions

		August 31, 2000		(Millions of yen)
Classification	Type	Contracted amount (More than 1 year)	Market Value	Valuation gain(loss)
Transactions outside of market	Forward exchange contracts Buying US dollars	3,697 (1,172)	3,798	101
<b>Total</b>		<b>3,697 (1,172)</b>	<b>3,798</b>	<b>101</b>

		August 31, 1999		(Millions of yen)
Classification	Type	Contracted amount (More than 1 year)	Market Value	Valuation gain(loss)
Transactions outside of market	Forward exchange contracts Buying US dollars	3,618 ( 297 )	3,550	( 68)
<b>Total</b>		<b>3,618 ( 297)</b>	<b>3,550</b>	<b>( 68)</b>

		February 29, 2000		(Millions of yen)
Classification	Type	Contracted amount (More than 1 year)	Market Value	Valuation gain(loss)
Transactions outside of market	Forward exchange contracts Buying US dollars	3,552 (2,368)	3,642	90
<b>Total</b>		<b>3,552 (2,368)</b>	<b>3,642</b>	<b>90</b>

- Notes:
1. Market value is estimated on ruling quotations in the foreign exchange market in Tokyo.
  2. Foreign currency denominated obligations and debt that have been hedged with forward exchange contracts and are included on the consolidated balance sheets at yen-equivalent values are not disclosed in the above table.

**Brief Summary of Non-Consolidated Financial Results** (September 28, 2000)

(For the 6 months ended August 31, 2000)

Company Name Ryohin Keikaku Co., Ltd.  
 Code Number 7453  
 Securities Traded The Tokyo Stock Exchange, First Section  
 Address Headquarters in Tokyo  
 Contact Masao Aoki, General Manager, Accounting and Finance Division  
 Telephone 03-3989-4405  
 Board of Directors' Meeting for Settlement of Accounts September 28, 2000

**1. Results for Semi-Annual (March 1, 2000 to August 31, 2000)** (Millions of yens)**(1) Operating results**

	Operating Revenue (% increase)	Operating Profit (% increase)	Ordinary Profit (% increase)
Semi-annual 2000	56,274 ( 6.5 )	7,801 ( 14.6 )	7,781 ( 12.7 )
Semi-annual 1999	52,858 (16.1)	6,809 ( 60.8 )	6,902 ( 56.2 )
Fiscal 1999	105,410	13,636	13,627

	Net Income (% increase)	Net Income per Share (Yen)
Semi-annual 2000	3,867 ( 37.4 )	137.74
Semi-annual 1999	2,813 ( 31.9 )	200.44
Fiscal 1999	6,161	321.27

Note : 1. The average number of shares outstanding was 28,078,000 shares in semi-annual 2000, 14,039,000 shares in semi-annual 1999 and 19,178,962 shares in fiscal 1999.  
 2. There are no accounting changes in this period.  
 3. Percentage increase is based on comparison with those of previous semi-annual.

**(2) Dividends** (Yen)

	Dividends per Share for the period	
	Interim-Dividends	Fiscal Year
Semi-annual 2000	22.00	-
Semi-annual 1999	30.00	-
Fiscal 1999	-	50.00

**(3) Financial position**

	Total assets	Total Shareholders' Equity	Shareholders' Equity Ratio ( % )	Shareholders' Equity per Share(Yen)
Semi-annual 2000	51,371	38,332	74.6	1,365.23
Semi-annual 1999	45,643	32,130	70.4	2,288.63
Fiscal 1999	51,508	35,056	68.1	1,248.54

Note : The number of shares outstanding was 28,078,000 shares in semi-annual 2000, 14,039,000 shares in semi-annual 1999 and 28,078,000 shares in fiscal 1999.

**2. Forecast for Fiscal 2000 ( March 1, 2000 to February 28, 2001)** (Millions of yen)

	Operating Revenue	Ordinary Profit	Net Income	Dividends per share ( Yen )	
				For Year end	For the Fiscal Year
Full year	118,400	16,400	8,200	22.00	44.00

Reference : Estimated earnings per share for the full year is ¥292.04

## Non-Consolidated Financial Statements

### Non-Consolidated Balance Sheets

Ryohin Keikaku Co., Ltd.

As of August 31, 1999 and 2000, and February 29, 2000

(Millions of yen)			
<b>Assets</b>	<b>As of Aug. 31 2000</b>	As of Aug. 31 1999	As of Feb.29 2000
<b>Current Assets:</b>			
Cash on hand and in banks	<b>2,822</b>	2,226	3,853
Notes receivable	-	-	2
Accounts receivable	<b>3,764</b>	3,881	3,865
Marketable securities	<b>9</b>	1,817	2,548
Inventories	<b>10,438</b>	7,701	10,154
Deferred tax assets - current	<b>443</b>	371	495
Other current assets	<b>4,829</b>	3,282	3,472
Less : Allowance for doubtful accounts	<b>(37)</b>	(40)	(40)
Total current assets	<b>22,271</b>	19,241	24,351
<b>Fixed Assets:</b>			
<b>Tangible fixed assets:</b>			
Buildings	<b>6,243</b>	5,558	5,697
Tools and furniture	<b>2,654</b>	2,059	2,171
Land	<b>381</b>	676	381
Construction in progress	<b>311</b>	133	122
Other tangible fixed assets	<b>827</b>	964	903
Total tangible fixed assets	<b>10,417</b>	9,391	9,275
<b>Intangible fixed assets:</b>			
Leasehold	<b>1,478</b>	1,478	1,478
Software	<b>981</b>	-	-
Other intangible fixed assets	<b>68</b>	79	73
Total intangible fixed assets	<b>2,528</b>	1,557	1,552
<b>Investments and advances:</b>			
Investments in securities	<b>320</b>	346	338
Deferred tax assets - non-current	<b>1,052</b>	796	969
Guarantee deposits	<b>5,699</b>	5,645	5,647
Fixed leasehold deposits	<b>5,380</b>	5,194	5,012
Other investments and advances	<b>3,706</b>	3,475	4,366
Less : Allowance for doubtful accounts	<b>(7)</b>	(5)	(6)
Total investments and advances	<b>16,152</b>	15,453	16,328
Total fixed assets	<b>29,099</b>	26,401	27,156
<b>Total Assets</b>	<b>51,371</b>	45,643	51,508

(Millions of yen)			
<b>Liabilities</b>	<b>As of Aug. 31 2000</b>	As of Aug.31 1999	As of Feb. 29 2000
<b>Current Liabilities:</b>			
Notes payable	<b>486</b>	501	481
Accounts payable	<b>4,400</b>	3,814	5,567
Income tax payable	<b>3,069</b>	3,339	4,047
Accrued expenses	<b>1,522</b>	2,236	2,503
Accrued bonuses	<b>209</b>	209	207
Other current liabilities	<b>1,439</b>	1,610	1,772
Total current liabilities	<b>11,128</b>	11,710	14,579
<b>Long-term Liabilities:</b>			
Accrued retirement benefits for employees	<b>1,492</b>	1,450	1,458
Accrued retirement benefits for directors and statutory auditors	<b>228</b>	186	224
Other long-term Liabilities	<b>189</b>	164	189
Total long-term Liabilities	<b>1,909</b>	1,802	1,872
<b>Total Liabilities</b>	<b>13,038</b>	13,513	16,451
<b>Stockholders' Equity:</b>			
Common stock	<b>6,766</b>	6,766	6,766
Additional paid-in capital	<b>10,075</b>	10,075	10,075
Legal reserve	<b>307</b>	205	247
Retained earnings:			
General reserve	<b>16,000</b>	11,000	11,000
Unappropriated retained earnings	<b>5,183</b>	4,082	6,967
Total retained earnings	<b>21,183</b>	15,082	17,967
<b>Total stockholders' equity</b>	<b>38,332</b>	32,130	35,056
<b>Total Liabilities and Stockholders' Equity</b>	<b>51,371</b>	45,643	51,508

## Non-Consolidated Statements of Income

Ryohin Keikaku Co., Ltd.

For the 6 months period ended August 31, 1999 and 2000, and for the year ended February 29, 2000

	(Millions of yen)							
	Six-Month Period Ended August 31				Changes from Previous Period		Year Ended February 29	
	2000	%	1999	%	%	2000	%	
Operating Revenue:								
Net Sales	<b>56,091</b>		52,629		106.6	105,001		
Other Operating Revenue	<b>183</b>		228		80.3	408		
Total operating revenue	<b>56,274</b>	<b>100.0</b>	52,858	100.0	106.5	105,410	100.0	
Operating Expenses:								
Cost of Sales	<b>32,455</b>		31,162		104.1	61,484		
Selling, General and Administrative Expenses	<b>16,017</b>		14,886		107.6	30,289		
<b>Total operating expenses</b>	<b>48,472</b>	<b>86.1</b>	46,049	87.1	105.3	91,773	87.1	
<b>Operating Profit</b>	<b>7,801</b>	<b>13.9</b>	6,809	12.9	114.6	13,636	12.9	
Non-operating Income	<b>61</b>	<b>0.0</b>	102	0.2	60.0	118	0.1	
Non-operating Expenses	<b>82</b>	<b>0.1</b>	8	0.0	914.2	127	0.1	
<b>Ordinary Profit</b>	<b>7,781</b>	<b>13.8</b>	6,902	13.1	112.7	13,627	12.9	
Extraordinary Gains	<b>16</b>	<b>0.0</b>	26	0.0	64.2	25	0.0	
Extraordinary Losses	<b>941</b>	<b>1.6</b>	1,524	2.9	61.8	1,986	1.9	
<b>Income before income taxes</b>	<b>6,856</b>	<b>12.2</b>	5,404	10.2	126.9	11,665	11.1	
Income taxes - Current	<b>3,020</b>		3,190		94.7	6,400		
Income taxes - Deferred	<b>(30)</b>		(599)		5.2	(895)		
<b>Net Income</b>	<b>3,867</b>	<b>6.9</b>	2,813	5.3	137.4	6,161	5.8	
Retained earnings brought forward	<b>1,315</b>		699			699		
Cumulative effect of adopting deferred tax accounting	-		568			568		
Cash dividend	-		-			421		
Transfer to legal reserve	-		-			42		
<b>Unappropriated retained earnings   at the end of the period</b>	<b>5,183</b>		4,082			6,967		

## **Basis of Presentation of Non-Consolidated Financial Statements**

### **1. Main Assets evaluation**

#### (1) Marketable securities and investments in securities

Marketable securities listed on stock exchanges are valued at the lower of cost or market, cost being determined by the moving average method. All other securities are valued at cost determined by the moving average method.

#### (2) Inventories

Merchandise is stated at cost, determined by the specific identification method, and supplies are valued by the last purchase method.

### **2. Depreciation methods for assets**

#### (1) Tangible fixed assets

The Company compute depreciation of tangible fixed assets by the declining balance method prescribed by Japanese Corporation Tax Law. However, depreciation on buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 also is computed on the straight-line basis.

#### (2) Intangible fixed assets

Amortization of intangible fixed assets except for computer software (internal use) is computed by the straight-line method as prescribed by Japanese Corporation Tax Law. Amortization of computer software for internal use is computed by the straight-line method and related useful life is determined by the estimated period of internal use (5 years).

#### Additional information

Relating to computer software for internal use, which was presented as “ Investments and advances - Other investments and advances“ in the previous years, its accounting principle is consistently applied under the traditional measure prescribed in “Guideline of accounting for research and development cost and computer software”(published by JICPA, dated March 31, 1999), but the presentation of computer software ( the balance at August 31, 2000 is ¥981 million ) has been changed from “ Investments and advances – Other investments and advances “ to “ Intangible fixed assets – Software”.

### **3. Recording basis of main allowances and accrual**

#### (1) Allowance for doubtful accounts

The balance of allowance for doubtful accounts represents the amount of the limit established by Japanese Corporation Tax Law for allowing deduction ( a certain prescribed percentage ) is applied to the balance of receivables plus an amount deemed necessary to cover possible losses estimated on an individual account basis.

#### (2) Accrued bonuses

Accrued bonuses for employees is provided according to the expected amount of the payment.

#### (3) Accrued retirement benefits for employees

Accrued retirement benefits for employees is provided in an amount equivalent to the amount determined by the present value method less a fair valuation of the Company's pension assets related to the corporate pension plan system.

#### (4) Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors is provided in an amount required to pay at the end of each term, based upon internal regulations.

### **4. Method of Accounting for lease Transactions**

Finance lease transactions, other than those which are deemed to transfer ownership of the leased assets to the lessee, are accounted for as operating lease transactions.

## 5. Method of Accounting for Consumption Taxes

Consumption tax is excluded from the amounts of items in the Statements of Income.

## Additional Notes to the Non-Consolidated Financial Statements

### 1. Non-Consolidated Balance Sheets

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
Accumulated depreciation	<b>5,284</b>	3,909	4,729
Guarantees of loans	<b>510</b>	472	521

### 2. Leases

(a) Financial leases, other than those which are deemed to transfer ownership of the leased assets to the lessee

(1) Amount equivalent to purchase price and amount equivalent to accumulated depreciation

	(Millions of yen)		
	Semi-Annual 2000	Semi-Annual 1999	Fiscal 1999
Amount equivalent to purchase price	<b>24</b>	15	25
Amount equivalent to accumulated depreciation	<b>12</b>	10	13
Semi-annual (Fiscal year) ending balance	<b>12</b>	4	11

Note: Since the balance of remaining lease payments accounts for only a small proportion of the semi-annual (fiscal year) ending balance of tangible fixed assets, the amount equivalent to purchase price has been calculated using the expected interest payment method.

(2) Amount equivalent to balance of remaining lease payments

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
One year or less	<b>4</b>	2	4
Over a year	<b>7</b>	1	7
Total	<b>12</b>	4	11

Note: Since the balance of remaining lease payments accounts for only a small proportion of the semi-annual (fiscal year) ending balance of tangible fixed assets, the amount equivalent to purchase price has been calculated using the expected interest payment method.

(3) Lease payments during the fiscal year under review and amount equivalent to depreciation expenses

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
Lease payments (amount equivalent to depreciation expenses)	<b>2</b>	1	4



(4) Method of calculating amount equivalent to depreciation expenses

Depreciation is calculated using the straight-line method (zero remainder) over the estimated useful life of the asset.

(b) Remaining Payments on Operating Leases

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
One year or less	<b>2</b>	3	3
Over a year	<b>2</b>	1	1
Total	<b>5</b>	5	4

**3. Tax Effect Accounting**

	(Millions of yen)		
	<b>Semi-Annual 2000</b>	Semi-Annual 1999	Fiscal 1999
Deferred tax assets			
Provision for accrued retirement benefits for employees in excess of tax limit	<b>624</b>	687	688
Provision for accrued retirement benefits for directors and statutory auditors	<b>95</b>	89	107
Disallowed depreciation losses on petty-sum depreciable property	<b>47</b>	-	39
Disallowed interest paid on land acquisition	<b>7</b>	-	11
Disallowed losses on valuation of lands	<b>124</b>	-	140
Accrued business enterprise tax	<b>282</b>	322	398
Amortization of computer software in excess of tax limit	<b>295</b>	-	-
Other	<b>18</b>	68	78
Total deferred tax assets	<b>1,495</b>	1,168	1,464