FAST RETAILING

ANNUAL REPORT 2011

Year ended August 31, 2011

Changing the World with Truly Great

Contents

Clothing

Training People to Succeed in the Global Arena

Success in the global market demands outstanding expertise. We nurture and empower each individual to compete internationally, and exceptionally talented staff from all over the world can secure great opportunities and responsibility in our company. Store and business managers who excel on a global stage are the true driving force behind our business success.

A New Global Company from Japan

Originating in Japan, Fast Retailing initially grew rapidly by capitalizing on Japan's advanced manufacturing technology. Japan's automobile and high-tech manufacturing industries transformed the way the nation was perceived. Likewise, our aim as a new global company from Japan is to change the world of clothes.

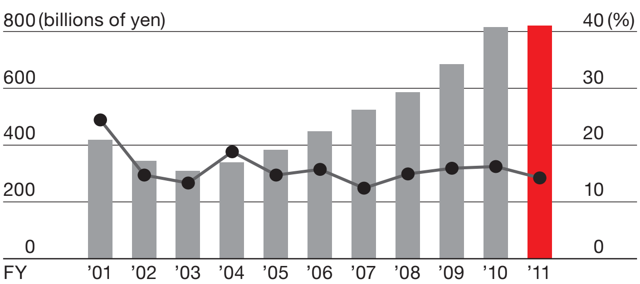
Financial Summary

FAST RETAILING CO., LTD. and consolidated subsidiaries
Fiscal years ended August 31

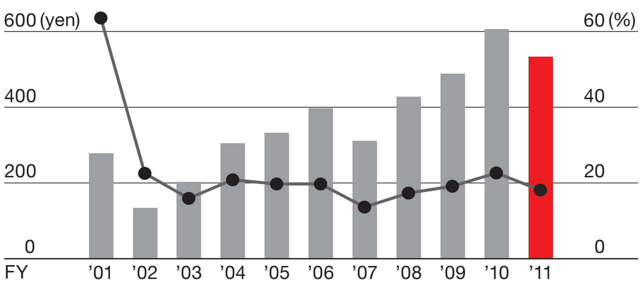
	2001	2002	2003	2004	2005
For the year:					
Net sales	¥ 418,561	¥ 344,170	¥ 309,789	¥ 339,999	¥ 383,973
Operating income	102,081	50,418	41,308	63,954	56,692
EBITDA[1]	104,240	52,792	37,447	58,458	60,794
Net income	59,192	27,850	20,933	31,365	33,884
At year-end:					
Total assets	¥ 253,413	¥ 210,921	¥ 219,855	¥ 240,897	¥ 272,846
Total net assets[2]	120,123	123,631	140,504	161,434	182,349
Interest-bearing debt	7,000	5,809	0	52	6,185
Free cash flow[3]	67,382	−29,288	25,651	23,390	−1,425
Cash and equivalents[4]	157,378	107,262	123,733	136,461	121,061
Depreciation and amortization	1,571	1,941	2,364	2,737	3,681
Capital expenditures	13,474	11,020	11,633	11,220	11,649
Reference indices:					
Operating profit margin (%)	24.4%	14.7%	13.3%	18.8%	14.7%
ROE (%)	63.5	22.5	15.9	20.8	19.7
Equity ratio (%)	47.4	58.6	63.9	67.0	66.8
Debt-equity ratio (%)	5.8	4.7	0.0	0.0	3.4
Dividend payout ratio (%)	10.7	17.7	27.1	37.7	39.2
Per share data:[5]					
Net income (EPS) (yen)	¥ 279.02	¥ 134.77	¥ 203.05	¥ 304.92	¥ 331.99
Net assets (yen)[2]	1,132.46	1,215.43	1,378.58	1,583.67	1,791.61
Cash dividends (yen)	30.00	45.00	55.00	115.00	130.00
Other data (at fiscal year-end):					
Market value[6]	¥ 7,956	¥ 3,638	¥ 5,145	¥ 8,380	¥ 8,942
Total number of stores[7]	519	585	622	655	1,232
Directly-operated stores in Japan	[507]	[558]	[582]	[635]	[775]
Directly-operated stores overseas	[0]	[15]	[26]	[9]	[157]
Total sales floor space (m^2)[8]	263,713m^2	305,504m^2	335,849m^2	363,901m^2	437,196m^2
Number of full-time employees[9]	1,598	1,853	1,776	1,782	2,668

Notes: 1. EBITDA = Income before income taxes + Interest expenses + Depreciation and amortization + Amortization of goodwill.
2. Beginning with the fiscal year ended August 31, 2006, minority interest has been included in net assets.
3. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities.
4. Cash and equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
5. Per share data is adjusted for stock splits.

Net Sales and Operating Profit Margin



EPS[5] and ROE

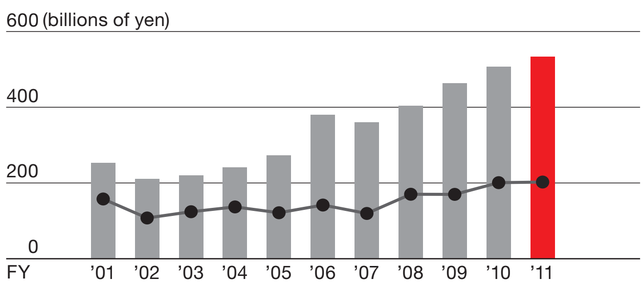


	Millions of yen (except per share data and other data)10						Thousands of U.S. dollars6
2006	2007	2008	2009	2010	2011	YoY	2011
¥ 448,819	¥ 525,203	¥ 586,451	¥ 685,043	¥ 814,811	**¥ 820,349**	0.7%	**$10,691,374**
70,355	64,963	87,493	108,639	132,378	**116,365**	−12.1	**1,516,563**
80,166	75,310	97,467	112,621	137,132	**115,714**	−15.6	**1,508,074**
40,437	31,775	43,529	49,797	61,681	**54,354**	−11.9	**708,384**
¥ 379,655	¥ 359,770	¥ 404,720	¥ 463,285	¥ 507,287	**¥ 533,777**	5.2%	**$ 6,956,574**
240,479	243,283	264,014	261,413	287,987	**319,911**	11.1	**4,169,315**
22,774	24,429	20,016	35,400	28,834	**28,263**	−2.0	**368,353**
15,570	−9,936	71,915	24,941	65,234	**30,514**	−53.2	**397,689**
141,404	119,216	169,888	169,574	200,462	**202,104**	0.8	**2,633,968**
5,364	6,567	8,523	9,765	12,229	**18,755**	53.4	**244,433**
16,261	26,441	21,017	22,601	28,018	**33,993**	21.3	**443,026**
15.7%	12.4%	14.9%	15.9%	16.2%	**14.2%**	−2.0 pts.	**14.2%**
19.7	13.6	17.3	19.1	22.6	**18.1**	−4.5	**18.1**
60.1	66.7	64.7	56.0	56.3	**59.0**	2.7	**59.0**
9.5	10.0	7.6	13.5	10.0	**8.8**	−1.2	**8.8**
32.7	41.7	30.4	32.7	38.0	**33.7**	−4.3	**33.7**
¥ 397.38	¥ 311.98	¥ 427.38	¥ 488.96	¥ 605.99	**¥ 533.93**	−11.9%	**$ 6.95**
2,240.77	2,357.79	2,572.09	2,550.86	2,804.34	**3,091.17**	10.2	**40.28**
130.00	130.00	130.00	160.00	230.00	**180.00**	−21.7	**2.34**
¥ 11,615	¥ 7,202	¥ 11,806	¥ 11,827	¥ 12,283	**¥ 14,742**	20.0%	**$ 192,128**
1,632	1,828	1,958	2,258	2,203	**2,088**	−115	**2,088**
[1,093]	[1,233]	[1,310]	[1,454]	[1,370]	**[1,213]**	[−157]	**[1,213]**
[196]	[247]	[294]	[397]	[474]	**[491]**	[17]	**[491]**
536,473m²	626,998m²	685,942m²	740,489m²	847,523m²	**938,896m²**	91,373m²	**938,896m²**
3,990	6,514	8,054	11,037	11,596	**14,612**	3,016	**14,612**

6. Calculations are based on the closing share price of ¥14,480 on August 31, 2011 and an exchange rate of ¥76.73 to U.S.$1.
7. Including franchise stores.
8. Total sales floor space includes only directly-operated stores.
9. Beginning with the fiscal year ended August 31, 2007, the number of entrusted operating officers has not been included in the number of full-time employees.
10. Preparation of consolidated financial statements began in fiscal 2002.

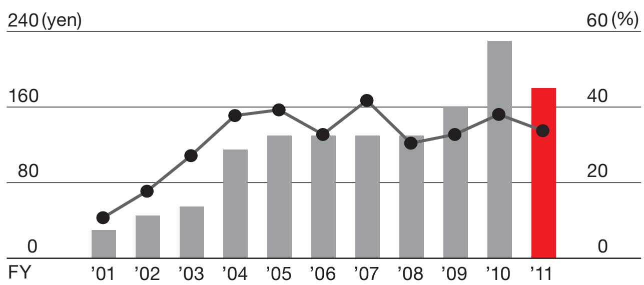
Total Assets and Cash and Equivalents

Total assets ● Cash and equivalents



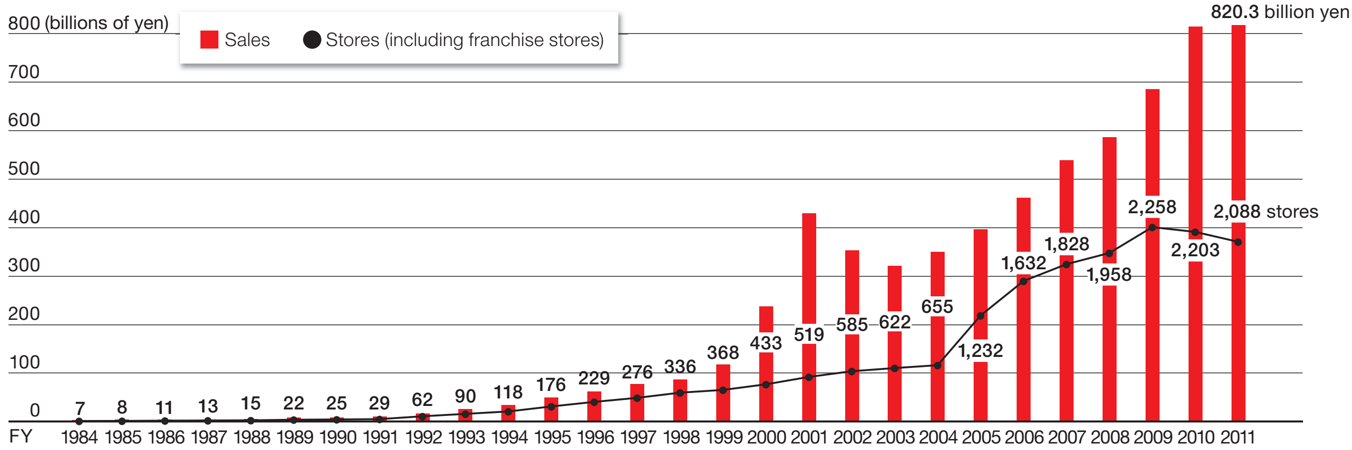
Cash Dividends per Share5 and Dividend Payout Ratio

Cash dividends per share (left) ● Dividend payout ratio (right)



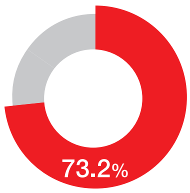
Group Highlights in Fiscal 2011 (Year Ended August 31, 2011)

Sales and Stores of Fast Retailing Group



UNIQLO Japan

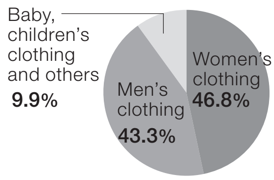
Breakdown of Net Sales



FY2011	Billions of yen	YoY
Net sales	600.1	–2.4%
Operating profit	106.2	–16.8%
Store number*	843 (stores)	+35 (stores)

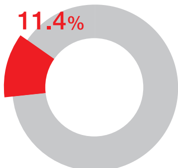
* Including franchise stores

Sales by Product Category



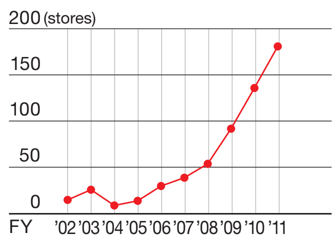
UNIQLO International

Breakdown of Net Sales



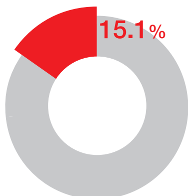
FY2011	Billions of yen	YoY
Net sales	93.7	+28.7%
Operating profit	8.9	+40.6%
Store number	181 (stores)	+45 (stores)

Number of Stores



Global Brands

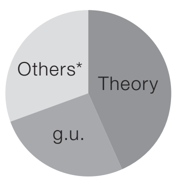
Breakdown of Net Sales



FY2011	Billions of yen	YoY
Net sales	124.0	–0.9%
Operating profit	8.7	+12.0%
Store number*	1,064 (stores)	–105 (stores)

* Including franchise stores

Sales by Brands



*Comptoir des Cotonniers, Princesse tam.tam, etc.

- Fast Retailing Co., Ltd. is a holding company. The specialty retailer UNIQLO is the Group's mainstay operation, and it has enjoyed strong growth by offering high-quality casualwear at reasonable prices based on its SPA (Specialty store retailer of Private label Apparel) business model, which spans product design, manufacture, distribution and retail.
- The first UNIQLO store opened in 1984. In 1998, our fleece campaign sparked a UNIQLO boom across Japan. Subsequently, we weathered a period of falling sales and operating profit but quickly boosted performance by expanding our women's wear. First venturing into international markets in 2001, UNIQLO now has worldwide operations, including in the U.K., China, Hong Kong, South Korea, the United States, France, Singapore, Russia, Taiwan and Malaysia. In 2011, we opened global flagship stores in Taipei and Seoul, and on New York's prestigious Fifth Avenue, as part of plans to grow business worldwide. At the end of fiscal 2011, we had 843 stores in Japan and 181 stores in other markets.
- Since 2005, we have diversified the operational base of the Group through acquisitions. We have purchased the operations of France-based women's fashion developer Comptoir des Cotonniers, the French corsetry, lounge wear and swimwear brand Princesse tam.tam and the U.S. fashion label Theory.

UNIQLO Japan is the nation's largest apparel retailer, with a 5.5% share of the 10.7 trillion yen Japanese apparel market, and 843 stores nationwide at the end of fiscal 2011.

Several factors brought sales and profit down in fiscal 2011, including the delayed launch of fall/winter items, warm weather during the peak months of November and December, insufficient stock of popular core items and the March 2011 earthquake in northeast Japan.

Encouraged by the success of our first Japanese global flagship store, the UNIQLO Shinsaibashi Store that opened in October 2010 in Osaka, we accelerated the opening of large-scale stores within established department stores. By the end of August 2011, we had 129 large-scale stores constituting approximately 20% of total sales. We plan to open two new global flagship stores in Tokyo: one in Ginza in March 2012 and one in Shinjuku in fall 2012.

In fiscal 2011, sales increased 28.7% year on year to 93.7 billion yen and operating profit grew 40.6% to 8.9 billion yen. While this is still only a small amount compared to UNIQLO Japan's sales of 600.1 billion yen, UNIQLO International's operations in Asia are proving highly profitable. The total number of UNIQLO International stores stood at 181 at the end of August 2011. We expect to add another 107 to boost the total to 288 stores by the end of August 2012.

In 2011, we opened global flagship stores—Taipei (September), New York Fifth Avenue (October), and Seoul (November)—in a vigorous drive to establish the UNIQLO brand in global markets.

We estimate sales will increase 70.7% to 160 billion yen and operating profit will rise 89.9% to 17 billion yen in fiscal 2012.

Theory

theory

The Theory label is valued for its quality materials and simple, basic design. A particularly strong performance in the United States generated significant gains in both sales and profit for the brand in fiscal 2011. The operation now boasts 371 stores and sales of approximately 50 billion yen.

G.U.

g.u.

The opening of two flagship stores in fiscal 2011 has stimulated dramatic growth for our g.u. brand, which offers fashion at low prices. In fiscal 2012, we plan to open a flagship store in Ginza and are aiming for sales of over 50 billion yen.

Comptoir des Cotonniers

COMPTOIR DES COTONNIERS

This casual, chic French label has now expanded its store network to encompass Europe, Japan and the United States. Although unfavorable economic conditions in Europe undermined profits in fiscal 2011, results will likely stabilize in fiscal 2012.

Princesse tam.tam

PRINCESSE tam•tam PARIS

This unique brand, known for its creative original prints and bright colors, specializes in corsetry, lounge wear and swimwear. Princesse tam.tam is sold in 1,000 stores, including department stores, in 40 countries worldwide.

UNIQLO: Changing the World with Clothes of the Future

When UNIQLO opened its biggest global flagship store on New York's prestigious Fifth Avenue, I saw this as proof that we had become the most talked about fashion retailer in the world, showcasing the UNIQLO concept to people around the globe.

UNIQLO aims to create apparel MADE FOR ALL—offering the elements of style in clothes that suit your values. This UNIQLO concept is a clear departure from apparel companies that chase fashion trends. We can't win a dominant position in global markets simply by imitating other companies. We have to create clothes of the future with the potential to change the world.

With this ultimate aim in mind, we are accelerating the pace of new store openings in Asia, where UNIQLO operations enjoy continued success. Our target is for sales at UNIQLO International to overtake UNIQLO Japan in fiscal 2015. We are currently establishing the operational framework to enable effective opening of new stores and training of personnel in China, Hong Kong, South Korea and Taiwan, and within a few years we should be able to support mass store openings of between 200 and 300 new stores per year.

Naturally, I want us to become the number one retailer in the Japanese market as well. We plan to open global flagship stores in Tokyo: Ginza in March 2012 and Shinjuku in fall 2012. I intend to use global flagship stores in Japan to transform UNIQLO's brand image: UNIQLO started out as a low-price retailer and is transforming itself into a modern, urban fashion label.

In addition to UNIQLO, I also have great expectations for our g.u. brand in Japan. The opening of a new g.u. flagship store in Ginza in March 2012 should further boost performance by propelling g.u. into the spotlight as a brand offering fashion at low prices.

As we continue to develop our global operations, it is very important that people around the world understand our corporate stance. We firmly believe that corporate social responsibility (CSR) activities are a vital part of the apparel business, and Fast Retailing strives to advertise and achieve its goal of being a truly good corporate player in society. Through our social business in Bangladesh and our All-Product Recycling campaigns, we seek to contribute to society through clothes and fulfill our corporate mission: "Changing clothes. Changing conventional wisdom. Change the world."

January 2012

Tadashi Yanai

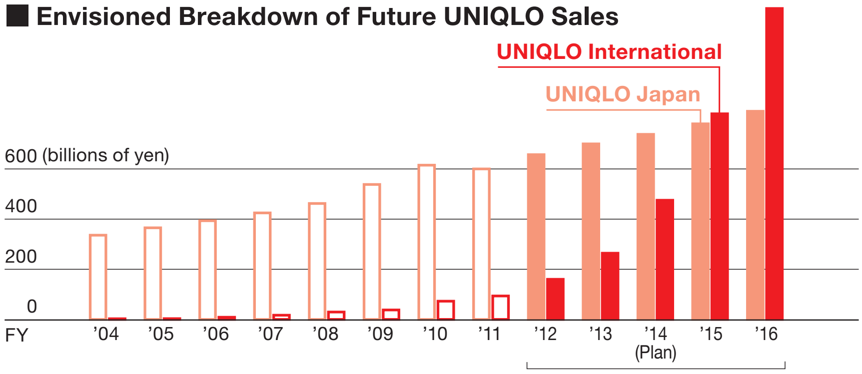
Tadashi Yanai
Chairman, President & CEO

Towards a Focus on Global UNIQLO Growth

UNIQLO International Sales to Overtake UNIQLO Japan in Fiscal 2015

In the booming Asian markets, I believe that our operations in China and South Korea are approaching a dramatic breakthrough. With the fundamental corporate base now in place, we plan to accelerate new store openings in both countries aggressively from fiscal 2012 and then speed up store openings and expand operations in Taiwan and Southeast Asia over the next few years. We project that sales at UNIQLO International will overtake sales at UNIQLO Japan in fiscal 2015.

■ **Envisioned Breakdown of Future UNIQLO Sales**



Fresh Approach to Staff Training Facilitates Aggressive New Store Openings in Asia

We train university graduates in each location in the same way as in Japan. In China, we hired roughly 150 graduates in fall 2010 and 300 in fall 2011. I want to double that number again in fall 2012. Our CEO for Greater China, PAN Ning, attended university in Japan and is currently avidly recruiting and training management personnel in China. His enthusiasm has contributed to soaring brand visibility, and UNIQLO now rates highly in graduate jobseekers' popularity rankings in China. More people now understand our corporate philosophy and staff training, and we can attract a higher grade of applicant.

We also began dispatching management personnel from Japan a few years ago to conduct meetings in Chinese with Chinese employees. We are committed to developing UNIQLO China as a Chinese company.

(Left) PAN Ning, CEO, Fast Retailing China, addresses new employees.
(Right) Daily briefing at Taipei global flagship store.

Global Brand Status Proves an Advantage in Asia

In this modern internet age there are no national borders for customers; they enjoy instant access to information about the world's best-known stores and popular brands. This means it is vital to become a global brand, and I point to how UNIQLO is opening stores in Paris, London and New York as well as Japan, and drawing attention all over the world.

As UNIQLO is talked about worldwide, more and more people in Asia are beginning to recognize the brand. The strong desire among people in booming China to buy good clothing reminds me of Japan in former years. When I was young, there was a time when people spent nearly all of their salary on new clothes and shoes. I believe demand for clothing in the Chinese market has the potential to grow even further across all income levels.

In fact, over the next 10 years demand in China and across the entire Asian region could grow more than anyone has envisioned, and this presents UNIQLO with a wonderful opportunity to become the number one clothing retailer in Asia.

New York Fifth Avenue Store a Showcase to the World

Ribbon cutting at opening of New York Fifth Avenue Store (From left: Store manager Masanobu Kusaka, New York City Mayor Michael Bloomberg and Fast Retailing Chairman Tadashi Yanai)

Our global flagship store on New York's Fifth Avenue and megastore on New York's 34th Street opened in fall 2011 to an extremely enthusiastic reception.

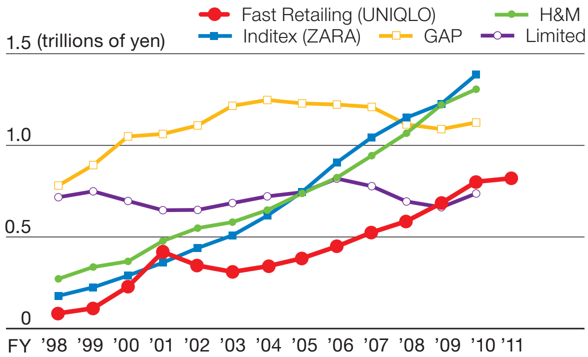
At the opening ceremony of the Fifth Avenue Store on October 14, New York City Mayor Michael Bloomberg thanked UNIQLO for bringing jobs to the city. The same day marked the coordinated global release of the Apple iPhone 4S* created by the late Steve Jobs, and Mayor Bloomberg would have been conscious that both events were generating long lines of excited shoppers. It felt great to be personally welcomed as a lively addition to the famous shopping street.

This new global flagship store on Fifth Avenue is hugely valuable for UNIQLO as a showcase to the United States and beyond. Our great success there is delivering outstanding promotion for the UNIQLO brand all over the world.

I was delighted to fulfill our dream of many years to open the best store in the world's best retail location, and I believe this will contribute greatly to UNIQLO's quest to become a true global brand.

* iPhone is a trademark of Apple Inc.

■ **Sales of Major Apparel Retailers**



Note: Calculated at August 31, 2011 exchange rates using data from each firm's annual report.

Renewing Our Strategy for UNIQLO Japan

Redefining UNIQLO Clothes to Optimize Our Strengths

Too many product lines in fiscal 2010 led to shortages of some core basic items. This affected both the appeal and benefits of core items for which the UNIQLO brand is renowned. In fiscal 2011, by reducing the number of lines and reviewing our core products, we redefined the UNIQLO identity and expressed it as MADE FOR ALL.

Along with the Fast Retailing Way corporate philosophy, MADE FOR ALL permeates everything we do. MADE FOR ALL offers the elements of style in clothes that suit your values. Employees share an understanding of MADE FOR ALL and apply it in all activities, from product development and marketing to store layout and operations.

In the apparel industry, supply outstrips demand and therefore only the best products sell. The way to win globally is to further invigorate UNIQLO's inherent strengths, differentiate our products and achieve a superior standard of product, store and service. I believe UNIQLO will achieve unprecedented success by perfecting next-generation clothing that wins the hearts and minds of people worldwide.

Ultra Light Down Jacket

UNIQLO—the Creator of New Kinds of Clothes

Western clothes have a relatively short tradition in Japan, and you may wonder if a Japanese apparel company can really compete in the global arena. But I would argue that our Japanese heritage gives us a unique advantage. Not being bound by Western tradition, we are free to create new value in clothes and new categories of clothing.

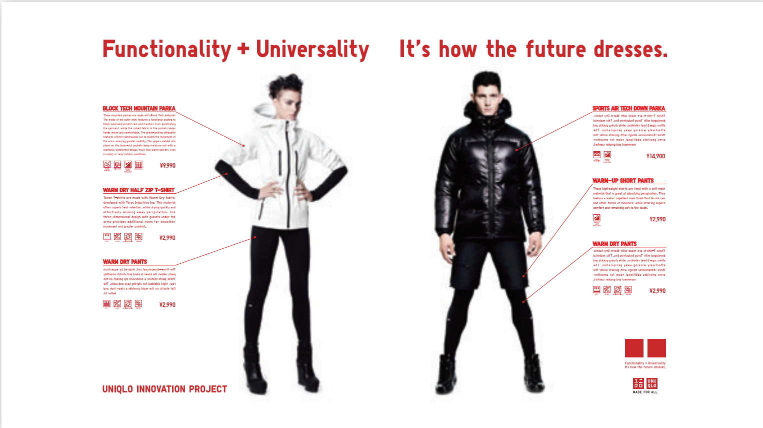
Our Ultra Light Down jackets, hit products for the 2011 fall/winter season, offer a perfect example. Light, comfortable and stylish down garments have transformed the material's image. Down is no longer used only for skiwear or for those working in cold conditions. Today, we use down to create fashionable winter casualwear that is amazingly light but still keeps the warmth in. The outer material of our Ultra Light Down line-up is made from a special functional fabric developed by our partner Toray Industries. Even if other companies tried to design and sell a similar product, they certainly wouldn't be able to achieve the same superior standard overnight.

The Launch of the UNIQLO Innovation Project

We began the UNIQLO Innovation Project (UIP) as a way of expressing MADE FOR ALL principles in a tangible form. The MADE FOR ALL philosophy demands garments that can succeed in global markets and appeal to everyone.

With the help of creative talent in Japan and other locations, we are designing innovative clothing that offers functionality and universality. It's how the future dresses. These clothes will become the new standard, just right in every detail. One example is casual clothing with the functionality of sportswear. My aim for UIP is to create a completely new category of superior functional clothing that is neither sportswear nor fashion.

UIP does face challenges, but I am confident we can overcome them by harnessing our global selling power, large production volumes and the strong product development system nurtured by UNIQLO and fabric manufacturers.



Creating New York Fifth Avenue-style Stores in Japan


UNIQLO New York Fifth Avenue Store

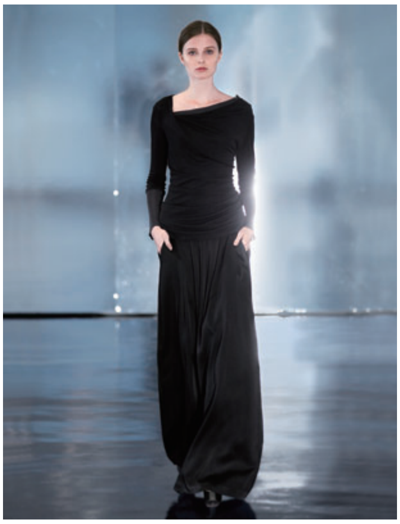
The global flagship store on New York's Fifth Avenue helped UNIQLO carve out an identity as a high-quality brand offering new clothing with a smart and casual look. Nowadays, the UNIQLO brand is often appreciated more around the world than in Japan. Starting with a clean slate in the United States and Asia, we can convey new UNIQLO concepts swiftly, whereas in Japan, where 60% of stores are still roadside outlets in suburban areas, our origins and image as a low-price retailer remain entrenched.

The quickest way to dispel this brand image in Japan is to open new-look, modern stores like the New York Fifth Avenue flagship store and let Japanese customers experience the difference. We are planning similar high-impact stores in Tokyo, Osaka and Fukuoka, starting with global flagships in Ginza (March 2012) and Shinjuku (fall 2012).

In suburban areas, we are continuing to replace old stores with new large-scale outlets in a drive to boost customer satisfaction and UNIQLO's brand image.

Maximizing Synergies across Group Companies

A Strong Performance from Theory in Japan and the United States



theory

Our Theory business continues to do well and we are expecting further gains in both sales and profit in fiscal 2012. Customers are drawn to Theory's basic designs coupled with a sense of contemporary freshness. The 2011 fall/winter Theory collection achieved even greater success with former haute couture designer Olivier Theyskens as its new artistic director.

We plan to merge the management of Theory, Comptoir des Cotonniers and Princesse tam.tam within a single framework, thus enabling individual brands to benefit from the synergies generated by building an integrated presence in each region. Taking the Theory operation as an example, we are planning to expand the brand extensively into Europe, drawing on the expertise of our French regional headquarters. In Asia, we will call on the Shanghai regional headquarters to assist in opening Theory stores in China. In addition, we will be looking to accelerate the opening of new stores for Comptoir des Cotonniers, our French women's fashion label, in the United States and Japan.

An Extremely Bright Future for g.u.

g.u.

The g.u. operation has benefitted from UNIQLO's long experience as a manufacturer and retailer of apparel. Building on the concept of fashion at low prices, g.u. creates casualwear that incorporates the latest trends while selling at half the price of UNIQLO garments.

A lack of dedicated retailers has made it difficult to explore the latent demand for low-priced clothing in the Japanese market. As the scale of g.u. operations expands I think we will see strong demand for new clothes that offer fashion at low prices, and that is why I regard g.u. as strategically important.

The third g.u. flagship store will open on the site of the current UNIQLO Ginza Store in March 2012. Ginza is already home to competitors such as H&M, ZARA, GAP and FOREVER21, so the new store should place g.u. squarely in the spotlight. In addition to the 148 stores operating at the end of fiscal 2011, we are looking to open 50 mainly large-scale g.u. stores per year and may expand the brand outside Japan.

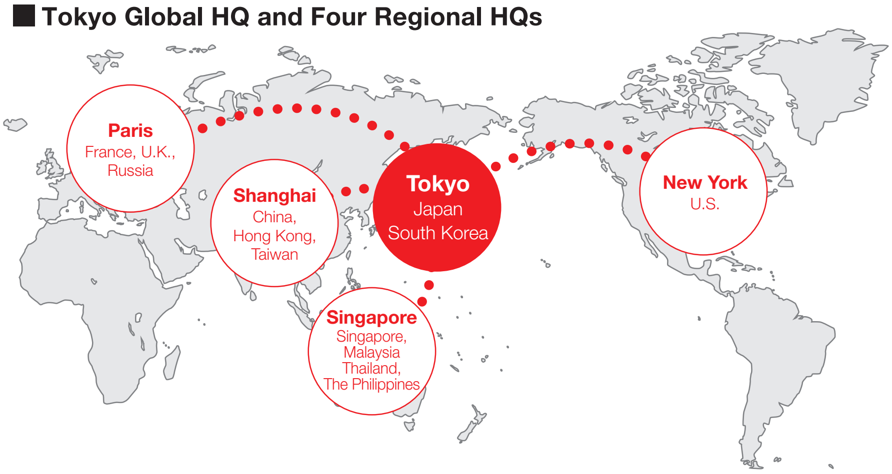
A Universal Employee Training System

Four Regional HQs Promoting Our Global One Management System

In order to promote our Global One management system, we are establishing four regional headquarters in Shanghai, Singapore, New York and Paris. These headquarters will be tasked with ensuring efficient inventory control and store development in each region and improving management accuracy and efficiency.

We will also establish a Fast Retailing Management Innovation Center (FRMIC) in each region to promote rigorous training of management personnel. The FRMIC was launched in Japan in April 2009 with the cooperation of the Graduate School of International Corporate Strategy at Hitotsubashi University. Approximately 100 employees are currently participating in the program to develop practical management skills and conceptualize new types of Japanese companies.

■ **Tokyo Global HQ and Four Regional HQs**



Preserving UNIQLO's Japanese Core Values amid Globalization

As we actively promote the globalization of our company, all employees must share a global outlook. Our long-serving Japanese employees will need to keep moving forward in step with the company's development, becoming increasingly proficient in English as a global communication tool.

We have already begun employing more graduates abroad than in Japan, and eventually non-Japanese personnel will outnumber Japanese employees. However, if we end up without any talented employees and managers who share UNIQLO's core values derived from Japanese culture, then that precious DNA will die out. We are a company born and bred in Japan. I have no intention of eliminating our Japanese DNA, and instead intend to see that it is fully shared by personnel all over the world. As we continue our global transformation, I want to preserve our unique UNIQLO core values as a feature of a new type of Japanese company.

Becoming the World's Best Corporate Group

Creating the Future Together

I created our corporate philosophy, the Fast Retailing Way, to help us become a truly good company. To realize our corporate mission—"Changing clothes. Changing conventional wisdom. Change the world."—we strive to provide people all over the world with truly great clothing. The Fast Retailing Way is rooted in important Japanese cultural elements—a passion for fine craftsmanship, an emphasis on superior customer service, and a work ethic that values diligence and teamwork.

The Fast Retailing Way is underpinned by our Global One and ZEN-IN KEIEI management principles. We commit to create the best global products and operate Group companies as a single entity by adopting the best global practices available. Each employee is encouraged to adopt a business manager mindset. All successful global firms by necessity implement the ZEN-IN KEIEI concept. I want our Group managers and staff to share the same strong ambition, and keep aiming to be the world's best while staying firmly grounded in their immediate reality.

I once thought I would retire at 65, but as a founder of a business I came to see that this was not possible. Part of my motivation for working is to contribute to society through business. Going forward, I plan to devote myself to the company and to maximizing this social contribution. At the same time, I am always thinking of how best to train the next generation of senior managers, and I feel that gradually passing on more responsibility for the day-to-day implementation of the business will help forge an even stronger management team.

The Fast Retailing Way

FR Group Corporate Philosophy

Changing clothes. Changing conventional wisdom. Change the world.

Group Mission

- **To create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes**
- **To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society**

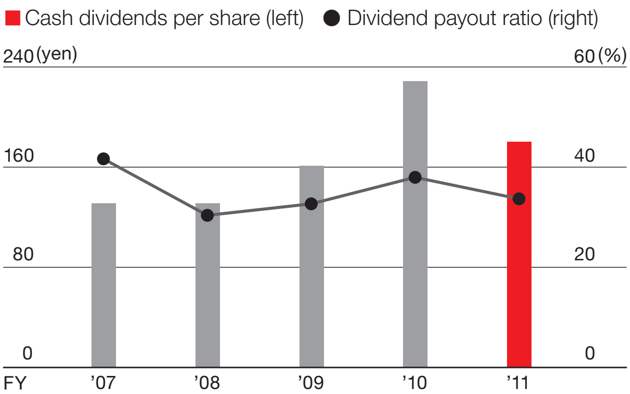
Potential M&A Candidates as a Platform for UNIQLO Expansion

I am always thinking about potential large-scale M&A candidates in the United States and Europe. Given our desire to open stores across the United States in the future, we might consider an M&A deal that would provide a platform for such development, or the creation of a joint-venture company with a partner firm. Whatever the format, I believe it is important to join forces with compatible business leaders.

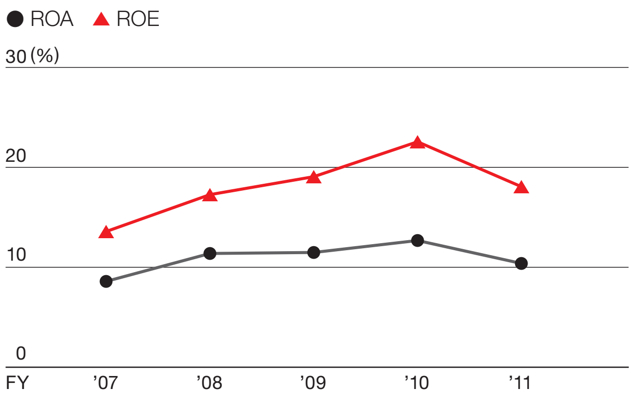
Strong Performance Brings High Dividends for Shareholders

I believe that returning profits to shareholders is one of the most important considerations for management. Our policy is to offer high dividends that closely reflect business performance. Our fundamental stance is to use profits to fund future business expansion, to retain earnings to ensure healthy finances and to provide shareholder returns. In fiscal 2011, we paid an annual cash dividend of 180 yen, generating a payout ratio of 33.7% on a consolidated basis.

Cash Dividends per Share and Dividend Payout Ratio



Return on Assets and Return on Equity



Our Approach to Corporate Governance

Fast Retailing enacts corporate governance to ensure proper management, a responsive and transparent management structure, and growth on its path to becoming the world's number one manufacturer and retailer of apparel. We have implemented various measures to ensure independence, and strengthen the surveillance powers of the Board.

We introduced a system of entrusted operating officers to separate decision-making from executive functions in management. In addition, a majority of the directors of the Board are external so as to heighten the Board's independence and surveillance ability.

The Group has adopted the corporate auditor governance model, which assigns responsibility for the oversight of corporate governance to the Board of Auditors. At the same time, governance committees support the decision-making duties of the Board of Directors. Separate governance committees oversee human resources, corporate social responsibility (CSR), disclosure, IT investment, the Fast Retailing Code of Conduct (CoC) and business ethics.

Fast Retailing Head Office, Yamaguchi

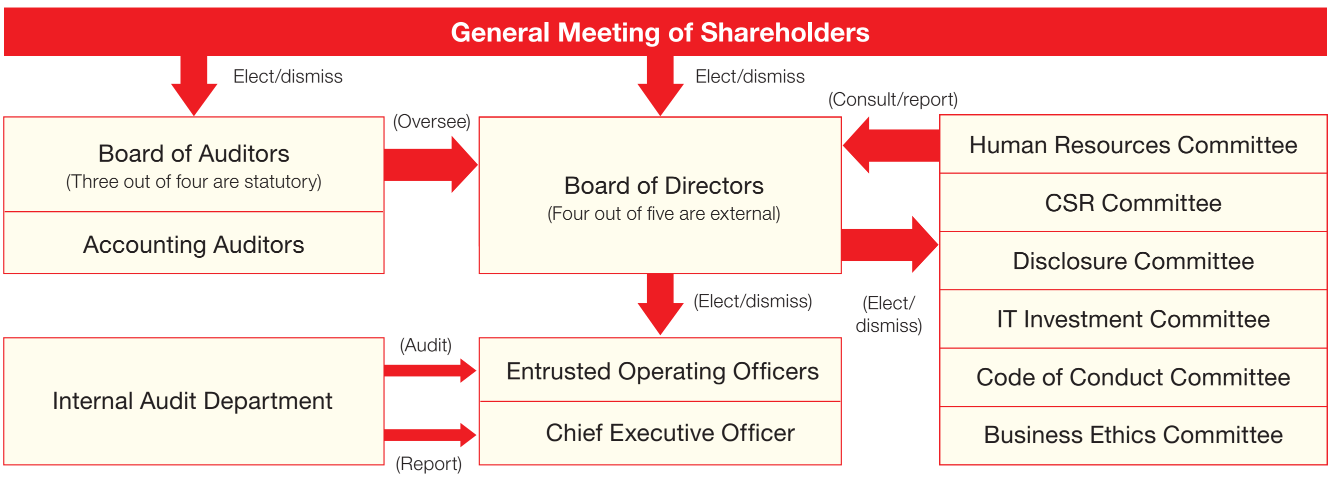
Outline of Corporate Governance

Form of Organization		Corporate auditor governance model
Chairman of the Board		Tadashi Yanai
Number of Directors		Five, including four external directors
Number of Auditors		Four, including three statutory auditors
Details of Board of Directors Meetings in Fiscal 2011	Number of Meetings	13
	Director Attendance[1]	100%
	Auditor Attendance[2]	96.2%
	Sample Agenda	Fiscal year budget, approval of corporate results, "Global and Regional Headquarters," "UNIQLO Thailand," "UNIQLO Philippines"
Details of Board of Auditors Meetings in Fiscal 2011	Number of Meetings	13
	Auditor Attendance[2]	94.2%
	Sample Agenda	Auditing policy, Auditing planning, Discussion with Executive Board, "g.u. business and future issues," "FRMIC current performance and issues," "Auditing of UNIQLO Japan and UNIQLO International stores."
Main Meetings Requiring Auditor Attendance		Board of Directors meetings, Human Resources Committee, CSR Committee, Disclosure Committee, Code of Conduct Committee, Business Ethics Committee
Election of Independent Directors		Four external directors and three statutory auditors elected
Determination of Individual Director Remuneration		Overall limit approved at the general shareholders meeting. Individual remuneration determined by the Executive Board to reflect occupational duties, responsibilities, actual performance and contributions. Fiscal 2011 compensation to the five-member Board of Directors totaled 190 million yen, including 40 million yen to external directors
Determination of Individual Auditor Remuneration		Overall limit determined at the general shareholders meeting. Individual compensation decided through mutual consultation between auditors. Fiscal 2011 compensation to the four auditors totaled 58 million yen, including 43 million yen to statutory auditors.
Accounting Auditor		Ernst & Young ShinNihon LLC

1. Average attendance of each director.
2. Average attendance of each auditor.

Corporate Governance at Fast Retailing

(As of December 2011)



Committees and Their Responsibilities

Human Resources Committee

Chaired by External Director Toru Hambayashi, this committee is responsible for providing proposals and recommendations to the Board regarding major organizational changes that impact the Fast Retailing Group, and revising personnel systems.

CSR Committee

The CSR Committee discusses and makes decisions concerning CSR issues, including CSR activities and policies, CSR publications, environmental protection initiatives, community service activities, compliance and diversity issues. The head of the CSR Department chairs the committee, which is made up of members including experts from outside the company, statutory auditors and operating officers.

Disclosure Committee

Chaired by the individual responsible for disclosing information to the Tokyo Stock Exchange (TSE), committee meetings are held to enhance the transparency of management by providing timely, fair and simply stated disclosure of information. The committee makes decisions regarding information that is required to be disclosed to the TSE on a statutory or discretionary basis that could have a material impact on the judgment of investors.

IT Investment Committee

This committee discusses IT investment issues at a management level to achieve the optimal use of information system resources and to encourage reform of business operations. In addition, the committee assesses reports on the IT investment budget, verifies the suitability of investments with the help of the participation of external experts, and evaluates the potential return on investment proposals.

Code of Conduct Committee

This committee is responsible for deliberations regarding responses to violations of the Fast Retailing Group Code of Conduct (CoC), giving advice related to the operation of the Compliance Hotline, and increasing awareness about the CoC among officers and employees. The head of the General Administration & Employee Satisfaction Department chairs the committee, which is made up of members including statutory auditors and legal advisors.

Business Ethics Committee

This committee aims to prevent the abuse of any potential superior bargaining power at Group companies. Examples of this include improper pressure on production plants, suppliers and other business partners. To this end, the committee calls on external experts to conduct surveys of suppliers. Based on the survey results, the committee then issues warnings and advice to various departments. The head of the CSR Department chairs the committee, which is made up of auditors and legal advisors.

Composition of Committees

✓ Committee Members (As of December 2011)

	Internal Director	External Directors				Full-time Auditor	Statutory Auditors			Officers and Other External Professionals
	Yanai	Hambayashi	Hattori	Murayama	Shintaku	Tanaka	Yasumoto	Shimizu	Watanabe	
Human Resources Committee	✓	Chairperson	✓	✓	✓	✓	✓	✓	✓	—
CSR Committee	✓					✓	✓			3
Disclosure Committee	✓					✓				4
IT Investment Committee	Chairperson			Observer	Observer					4
Code of Conduct Committee						✓			✓	7
Business Ethics Committee						✓	✓		✓	3

Note: The head of the CSR Department chairs both the Business Ethics Committee and the CSR Committee.
The Disclosure Committee is chaired by the individual responsible for disclosing information to the Tokyo Stock Exchange.
The head of the General Administration & Employee Satisfaction Department chairs the Code of Conduct Committee.

From left: Toru Hambayashi, Toru Murayama, Tadashi Yanai, Masaaki Shintaku and Nobumichi Hattori

Messages from Our External Directors

Transition from 'My Company' to 'Your Company'

Today, Fast Retailing is at the stage where it increasingly needs to make the transition from being a 'my company' under founder, CEO and major shareholder Tadashi Yanai, to becoming what I call a 'your company,' a more public corporation. As external directors, our task is to evaluate, on behalf of the various stakeholders, whether Fast Retailing is generating sound results. While CEO Yanai is undeniably an amazing businessman, he nevertheless sometimes needs to hear some frank feedback, regardless of how unpalatable it might be. That is where we four external directors, with diverse backgrounds, can voice valuable opinions unfettered by retail industry convention.

The next few years will be key to the future of Fast Retailing and will also test our powers as external directors. I plan to follow the dynamics closely, drawing on my experience as CEO of a general trading company. While the world economy continues to stagnate, steadily increasing the number of new stores in the buoyant Chinese market is an important growth strategy. To this aim, Fast Retailing needs to create a global training system that instills a deep sense of loyalty among employees. The road ahead will undoubtedly be tough as the Group seeks further robust growth both in Japan and internationally. That is precisely why it is imperative that Fast Retailing fosters a better corporate culture and pushes on with its aim of ZEN-IN KEIEI, where every employee adopts the mindset of a business manager.

Toru Hambayashi
External Director

Appointed November 2005. Former president of Nichimen Corp., then chairman and co-CEO of Nissho Iwai-Nichimen Holdings Corp. (currently Sojitz Corp.). Also an external director to Maeda Corp. and Unitika Ltd.

Objective Evaluation from a Capital Market Perspective

Given my background managing M&A activities at a leading U.S. financial institution, my role is to assess the corporate value of Fast Retailing from the perspective of capital markets, and suggest ways to improve that value. I focus on how to convey the Group's growth potential to the markets or improve the Group, whether an M&A candidate would boost corporate value, and how to attain steady gains in the share price.

One item that came under my area of expertise was the transformation of Theory into a fully consolidated subsidiary. Before finally deciding on the appropriateness of the Theory acquisition, I clarified issues including future levels of profit, potential growth and post-acquisition management systems. As a result of this detailed study, the decision to purchase Theory was taken. Indeed, given the steady expansion in profits since the acquisition, I believe the Theory acquisition has proven successful. Going forward, I will draw upon my experience, learning from past successes and failures when considering future large-scale M&A candidates. Fast Retailing is a company that aims to achieve unprecedented levels of growth and, as such, the Board as a whole will continue to ensure that potential downside risks are considered.

Nobumichi Hattori
External Director

Appointed November 2005. Former managing director at Goldman Sachs, currently an M&A research specialist. Visiting professor of Graduate School of International Corporate Strategy at Hitotsubashi University and Waseda University Graduate School of Finance, Accounting and Law. External director at Miraca Holdings Inc.

Building a Global One Management Platform

As a leading Japanese company that is transforming itself into a global retailer, Fast Retailing will need to stand out as the number one retailer in Asian markets, and not just Japan. Based on the superior UNIQLO business platform, all future products, services and employee training must be developed with world markets in mind. To that end the Group needs a management framework that will be effective globally, and a management vision that can be shared by all employees. It is my role as an external director to provide ideas and inspiration that are relevant to this goal.

Recently, we have been having more frequent and vigorous discussions on the Board about how best to realize Fast Retailing's global ambitions. The scenarios for growth within the Group are changing and developing at an increasingly fast pace, and the Board must be able to respond accordingly. In the past, I have managed growth businesses for a global corporation, and have many years of experience as a consultant implementing business reform across a wide range of industries. I intend to use my expertise to help build a management system that can support the company's Global One management platform.

Toru Murayama
External Director

Appointed November 2007. Previously representative director, chairman and president of Accenture Japan Ltd., he is now a professor in the Faculty of Science and Engineering of Waseda University.

Seeking Solutions to Facilitate Long-term Growth

Fast Retailing is embarking on a new chapter as a global company. Having served as an external director for over two years, I am ever more keenly aware of the need to contribute to the Group's long-term vision. I intend to fulfill the role that I expected of external directors when I managed a company. This entails striving to avoid potential risks, and to help solve any risks that do emerge.

A company's performance is always compared to the previous year's results. Naturally performance fluctuates from year to year. But valuable experience can be gained from this volatility, and middle management is likely to increase in importance going forward. Fast Retailing is a company looking to expand its business worldwide, and its employees should proudly embrace the inherent challenges. They should not be swayed by fluctuations in short-term performance, but be aware of the broader possibilities and how to realize them. The external directors come from diverse backgrounds, making for lively debate. Mr. Yanai is always attentive, and it is incumbent on the Board to continue to work as a team to support him.

Masaaki Shintaku
External Director

Appointed November 2009. Previously executive vice president of Oracle Corp. (U.S.) and chairman of Oracle Corp. (Japan). Currently, he is Advisory Board member of NTT DOCOMO, INC., and also vice chairman of the NPO Special Olympics Nippon.

Takaharu Yasumoto
Statutory Auditor

Statutory auditor since November 1993. President of the Yasumoto CPA Office. Serves as statutory auditor for UNIQLO, Link Theory Japan and ASKUL Corp. Also guest professor at the Chuo Graduate School of International Accounting.

Norihiko Shimizu
Statutory Auditor

Statutory auditor since November 2004, serves as statutory auditor for UNIQLO and Yamaha Motor Co., Ltd. Also visiting professor of Graduate School of International Corporate Strategy at Hitotsubashi University.

Akira Tanaka
Full-time Corporate Auditor

Full-time internal auditor since November 2006. Entered McDonald's Co. (Japan), Ltd. (currently, McDonald's Holdings (Japan)) in September 1972 and later became deputy president and advisor of McDonald's (currently, McDonald's Holdings Japan).

Akira Watanabe
Statutory Auditor

Statutory auditor since November 2006. Attorney and representative of the Seiwa Meitetsu Law Office. Serves as statutory director to Japan Pile Corp. and Maeda Corp. Serves as statutory auditor to Kadokawa Group Holdings.

Auditor Message

A Company Learning as It Grows

The Personnel, CSR, Disclosure, IT Investment, Code of Conduct and Business Ethics Committees have been established to support the smooth and effective functioning of the Fast Retailing board. As members or advisors, auditors offer advice and proposals to each committee and ensure that all items discussed are both legally sound and fully appropriate.

I make recommendations to the Business Ethics Committee. For example, if a certain product proves defective, my job is to determine, from a fair and neutral standpoint, whether it is right or reasonable to expect the partner factory to bear the financial burden. I would also consider whether the initial order submitted by UNIQLO was too difficult for the partner factory.

Fast Retailing adhered to the Global One principle of management even before the firm went public, and Mr. Yanai has successfully expanded the Group by listening attentively to outside advice. He might not agree at the time, but Mr. Yanai is adept at deliberating on suggestions and blending them effectively into a sharp, well-balanced view. With our varied backgrounds, I believe the current board can effectively support the learning process that will shape Fast Retailing into an even better company. Risk is inherent in all that we do and our job is to voice opposing views frankly and fuel a vigorous debate of proposals and recommendations.

Takaharu Yasumoto
Statutory Auditor

Fast Retailing has sought to consistently improve its corporate ethics and compliance by putting in place a number of internal controls and ensuring strict adherence to the Group's policies and rules, including the Group's management principles, the Fast Retailing Way and the Fast Retailing Group Code of Conduct (CoC). In conjunction with this, we have also established internal control systems for financial reporting and information disclosure. Our Internal Audit Department, which is entirely separate from Group business activities, and the Legal Department, which oversees compliance issues, work to ensure the smooth operation of this system. These departments regularly conduct risk analyses to manage risk.

Code of Conduct for Officers and Employees

We heighten awareness of the Fast Retailing Group CoC by requiring all officers and employees to confirm and sign a written commitment each year. Our internal reporting system, or hotline, is accessible by any employee wishing to report a potential violation of the CoC or discuss work concerns. Employees receive confidential advice pertaining to communication problems with managers, sexual harassment, working hours and paid vacations, renewal of employment contracts, etc. In some cases, advice can be sought from external legal counsel. If necessary, reports received via the hotline will be referred to the Code of Conduct Committee[1] to consider specific solutions and improvements.

1. For more information on the Code of Conduct Committee, see page 21.

CoC and Monitoring Workplace Conditions at Partner Factories

UNIQLO works with partner companies, principally in China, to manage product safety, quality and working conditions. In 2004, UNIQLO instituted a Code of Conduct for Production Partners. We check working conditions at partner factories twice a year for any inappropriate practices such as child or forced labor and instigate improvements. In 2010, we compiled the Environmental Guidelines for Fabric Production for sewing factories and fabric manufacturing plants which are now monitored[2] by specialized external institutions.

2. For more information on monitoring activities, see pages 56, 57.

Guidelines to Prevent the Abuse of Superior Bargaining Power

We believe one of our most important tasks is to build equal and amicable relationships with our business partners. UNIQLO is in a particularly strong position in terms of bargaining leverage given that it operates approximately 1,000 stores worldwide and orders more than 600 million items annually. Therefore, as a preventative measure, the Business Ethics Committee[3] established the Guidelines to Prevent the Abuse of Superior Bargaining Power[4].

The Business Ethics Committee administers a questionnaire survey to the Fast Retailing Group's principal business partners on an annual basis. It also conducts a survey of all Group departments four times a year in order to identify and, if necessary, clarify any problems relating to business partners. In fiscal 2011, we received survey responses from 156 business partners. Some responses referred to business-related matters such as problems meeting delivery deadlines when orders were submitted late, or strong demands during price negotiations. Others related to business etiquette, including the clothes worn or the language used by our employees.

The CSR Department closely examines the results of these surveys and refers any potential problems to the Business Ethics Committee. In fiscal 2011, the committee investigated 57 problems.

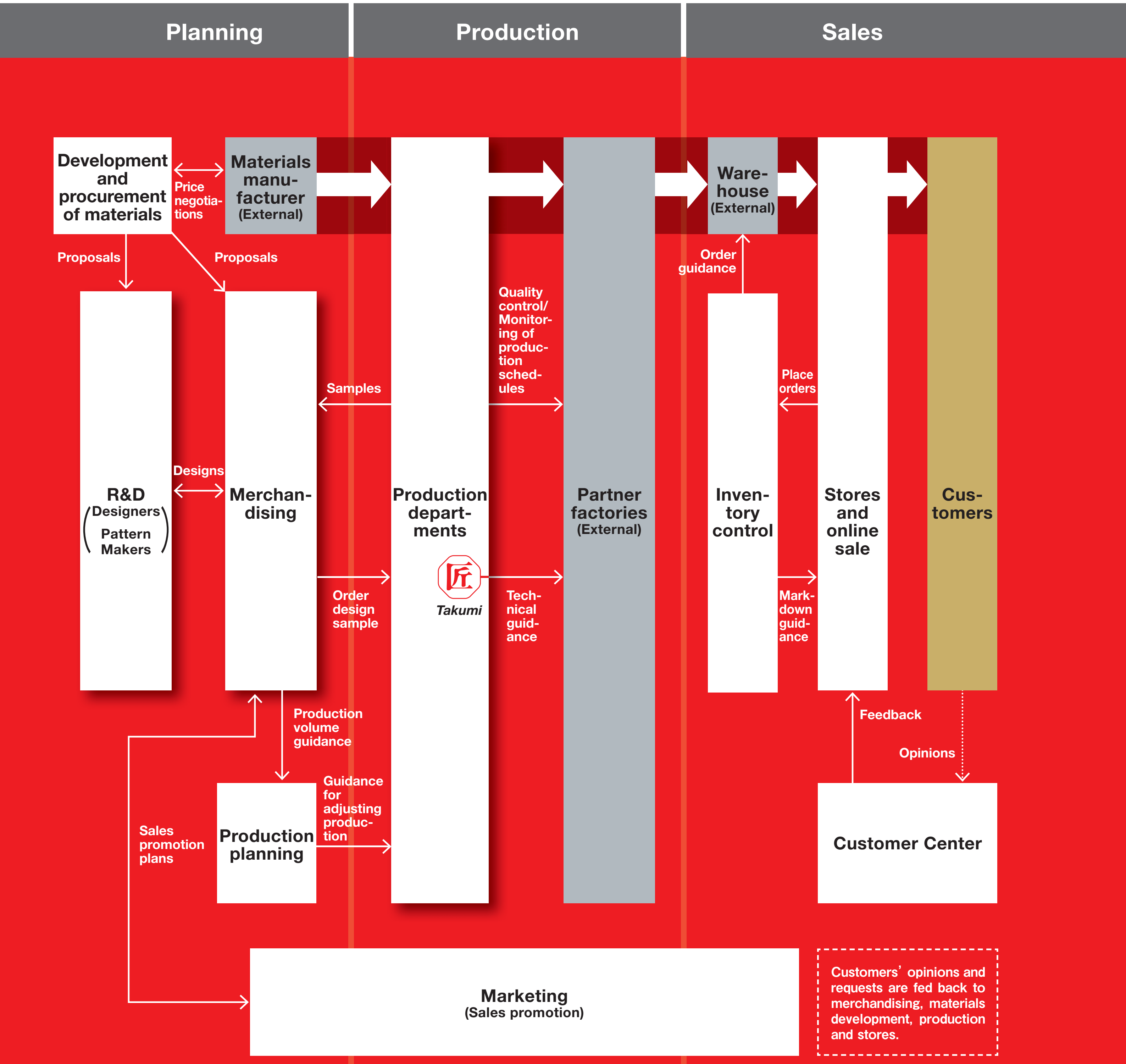
3. For more information on the Business Ethics Committee, see page 21.
4. Improper use of superior bargaining power occurs when a company uses its superior position in business transactions to apply pressure on the other party, and unilaterally extorts unprofitable business conditions that would not occur in an equal business relationship.

UNIQLO Operations

Business Model
Expanding Internationally
Store Development in Japan
Product Creation

UNIQLO Business Model

UNIQLO has established an SPA (Specialty store retailer of Private label Apparel)* business model encompassing all stages of the business—from design and production to final sale. By continuously refining this SPA model, UNIQLO successfully differentiates itself from other companies by developing unique products. We quickly make adjustments to production to reflect the latest sales environment and minimize store-operation costs, such as personnel costs and rent. This is how we at UNIQLO provide high-quality clothing at reasonable prices.



* The SPA (Specialty store retailer of Private label Apparel) business model incorporates the entire clothes-making process from procurement of materials, product planning, development and manufacture through distribution and retail to inventory management.

Research & Development (Designers/Pattern Makers)

UNIQLO's R&D centers are constantly researching the latest fashions and lifestyles around the world as well as looking for new materials.

Concept meetings are held roughly one year before a product launch. On these occasions, R&D designers and pattern makers meet with representatives from the merchandising, marketing, materials development and production departments to discuss and finalize concepts for upcoming seasons. Then UNIQLO's R&D centers prepare designs and refine samples until each product is finalized.

Development and Procurement of Materials

UNIQLO secures a stable, high-volume supply of top-quality materials at low cost by negotiating directly with materials manufacturers. The development of materials is especially important for core products. We source denim to specific spinning standards and dyeing specifications from the industry's reputed Kaihara Corporation. We develop new functional materials, such as HEATTECH and Silky Dry, with synthetic fiber maker Toray Industries, Inc.

We can work with materials manufacturers in this way because we produce over 600 million items annually.

Merchandising

Merchandisers play a vital role from product planning through production. Having met with the R&D designers, merchandisers then apply the concepts for each season in product plans, materials and designs.

Next, merchandisers decide the product lineup and volume for each season, paying close attention to a detailed marketing strategy.

One other important task for merchandisers is to decide when to increase or reduce production during a season. Decisions to adjust production in line with demand are taken jointly with the product planning department.

Planning | **Product concept** > **Material selection** > **Design samples** >

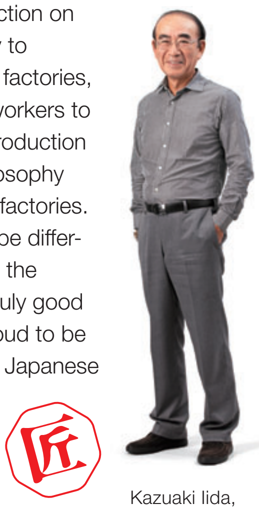
Production Department

Quality and Production Control

UNIQLO deploys around 250 staff and *takumi*, or expert textile artisans, in Shanghai, Shenzhen, Ho Chi Minh City and Dhaka. Production managers visit partner factories each week to resolve outstanding issues. Customer concerns regarding quality are communicated immediately to production departments, and improvements made.

UNIQLO *Takumi* Teams

"By offering instruction on dyeing technology to UNIQLO's partner factories, I can encourage workers to embrace a new production management philosophy and improve their factories. Our cultures may be different, but our aim is the same—to make truly good products. I am proud to be passing on expert Japanese techniques to the next generation of Chinese technicians."



Kazuaki Iida,
Dyer *Takumi*

■ UNIQLO Production Offices

Expanding Our Production Network

UNIQLO has around 70 partner factories, and roughly 80% of UNIQLO products are made in China. Having expanded its global sales network in recent years, UNIQLO is now actively expanding production in other Asian countries to reduce reliance on China and to lower costs. Our ultimate aim is to position one-third of production outside China.

The Cut and Sew Manufacturing Process

Spinning

The spinning begins with the unraveling of raw yarn materials. Cotton is blended from multiple localities to ensure quality.

Dyeing

Computer-generated test colors are adjusted by skilled craftsmen with an eye for slight differences in color.

Knitting and sewing

The sewing process begins with cutting, followed by machine sewing, which requires both precision and patience.

Processing and finishing

Ironing and packing are performed with great care. Quality and safety inspections are conducted several times.

Processing and finishing → **Product inspection** → **Shipped to destination**

Inventory Control

The Inventory Control Department maintains the optimum level of store inventory by monitoring sales and stock on a weekly basis, and dispatching necessary inventory and new products to fulfill orders.

At the end of each season, merchandisers and the Marketing Department help coordinate the timing of markdowns and limited-period sales (20-30% off the regular price) to ensure that inventory is sold out.

Marketing

Each season, UNIQLO conducts promotional campaigns for core products such as fleece, Ultra Light Down jackets, polo shirts, and HEATTECH. During campaigns, UNIQLO advertises a core product's unique qualities and newsworthy features on TV and in other media. In Japan, for example, weekly flyers in the Saturday edition of national newspapers promote the latest apparel at weekend-only prices.

Online Store

Sales at the UNIQLO Japan Online Store totaled 19.9 billion yen in fiscal 2011, or 3.3% of total sales. We also offer online sales internationally, including in China, Hong Kong and Taiwan.

Customer Center

The Customer Center receives more than 70,000 opinions and requests annually from customers. Appropriate departments then act on them to help improve products, stores and services.

Promotional flyer

TV commercial


Customer Center

Sales | **Products reach the warehouse** | **Shipped to stores**

UNIQLO Japan Stores

UNIQLO began as a chain of regional roadside stores with a typical sales floor of 500 square meters. We subsequently upgraded most stores to 800 square meters. Today, we open primarily large-scale stores offering at least 1,600 square meters. Of 843 stores at the end of August 2011,129 were large-scale stores, and they accounted for approximately 20% of UNIQLO Japan sales.

UNIQLO is also developing large-scale stores in urban locations, such as the UNIQLO Ikebukuro Store within the Tobu Department Store, which opened in September 2011. We will open global flagship stores in Ginza in March 2012 and Shinjuku in fall 2012. Going forward, we are looking at global flagship stores for Japan's busiest shopping locations, including Shibuya, Harajuku, Ueno and Ikebukuro in Tokyo, as well as Osaka and Fukuoka. We will also consider megastores offering at least 3,300 square meters in all major Japanese cities.

UNIQLO Yamaguchi Store (roadside)

UNIQLO Aeon Mall Kisogawa Kirio Store (shopping center)

UNIQLO Kobe Motomachi Store (large-format, urban high street)

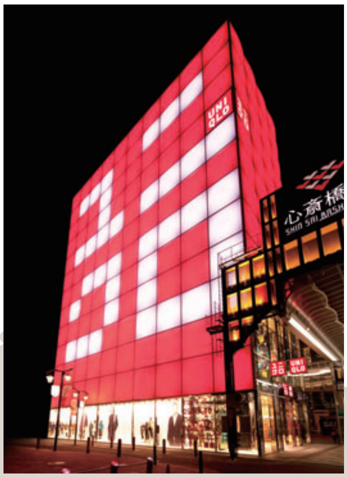
In-store and online sales

The Top Brand in Asia, Then the World's Number One Apparel Retailer

UNIQLO Global Flagship Stores

UNIQLO Paris Opera Store (Oct. 2009)

UNIQLO Shanghai West Nanjing Road Store (May 2010)



UNIQLO Shinsaibashi Store (Oct. 2010)

UNIQLO 311 Oxford Street Store (Nov. 2007)

UNIQLO Mingyao Department Store (Sept. 2011)

UNIQLO Myeongdong Central Store (Nov. 2011)

UNIQLO International Store Network

UNIQLO Soho New York Store
(Nov. 2006)

UNIQLO New York Fifth Avenue Store
(Oct. 2011)

Becoming the Top Brand in Asia

We have opened one store after another in China, Hong Kong and South Korea. In fact, we have expanded our store network at an impressive pace across the region, with our first stores opening in Singapore in April 2009, Taiwan in October 2010, Malaysia in November 2010 and Thailand in September 2011. These new Asian markets have welcomed UNIQLO with open arms, and now is the perfect time to accelerate the pace of store openings. We plan to open 100 stores in Asia in fiscal 2012, double the total of fiscal 2011. UNIQLO International (ex-Japan) is estimated to generate sales of 160 billion yen in fiscal 2012, and the Asian market is expected to constitute 70% of that total.

Building Our Brand through Flagships

Global flagship stores in major cities around the world will become an increasingly important part of our strategy to build an international store network. These stores are ideal showcases for promoting the UNIQLO brand concept of high-quality basic clothing to the world.

Since opening our first in New York's Soho district in fall 2006, we have subsequently opened global flagship stores in London, Paris, Shanghai, Shinsaibashi in Osaka, Taipei, New York's Fifth Avenue and Seoul. Our ninth and latest is due to open in Ginza in March 2012.

UNIQLO New York
Fifth Avenue Store

Future UNIQLO: From New York's Fifth Avenue to the World

The New York Fifth Avenue Store that opened on October 14, 2011 was the seventh UNIQLO global flagship store, and was a roaring success from day one. At approximately 4,620 square meters, UNIQLO's biggest store to date is located among the world's top brands at the heart of the world's most prestigious fashion street. The store design is both modern and innovative, with a long escalator in the center linking the three floors.

The store features our first dedicated customer service counter. In the United States, you would normally go to an exclusive department store for truly high-quality service. But UNIQLO shoppers can enjoy the best Japanese-style service in a shop selling clothes at reasonable prices.

One week after opening the New York Fifth Avenue Store, we opened a 4,300-square meter megastore on New York's 34th Street. We now have three UNIQLO stores in New York including the first global flagship store, the New York Soho Store, which has generated strong sales since opening in 2006. Interestingly, the top-selling items are different at each store. Unlike in Japan, in Manhattan each area is different. This presents some exciting challenges as we tailor product lineups and promotion to suit each store. The aim is to encourage customers to return often.

The opening of the New York Fifth Avenue Store has taken us to an exciting new level, and we feel powerfully motivated to strengthen the company appropriately. As we contemplate future expansion across the United States, we will boost the capability of store managers and staff.

Graduates we employ in the United States are sent to stores in Japan for six months for firsthand exposure to UNIQLO's core values. This has also given Japanese store managers valuable experience in international communication. To ensure success in the United States, we must become a business run mainly by Americans who can support a national network, and for that purpose we will seek out talented store managers and potential CEO candidates locally.

If popular products differ so greatly even within New York City, imagine how much greater the challenge will be when we expand our horizons nationwide. UNIQLO's brand image has improved dramatically and I'm looking forward to opening a steady stream of stores across the United States, just as we did in Japan. My current thinking is 20 stores near-term, and then take on the entire nation, and all its amazing diversity.

We will continue to improve all areas of our business to ensure that people keep shopping with us. We will maintain momentum and drive, treating each day as opening day. To gain a firm foothold in the United States, we will strive to maximize synergies among the Fifth Avenue, Soho and 34th Street stores.

Shin Odake
Group Senior Vice President, Fast Retailing USA, Inc.
CEO, UNIQLO U.S., Fast Retailing USA

On the Road to Becoming Asia's Number One Brand

"My near-term goal is a Greater China operation with sales of several hundred billion yen."

Our global flagship, which opened in 2010 on Shanghai's prominent West Nanjing Road, is one of UNIQLO's largest showcases, and the perfect platform from which to transmit the UNIQLO concept across the Chinese market. Indeed, the opening of the flagship store dramatically changed the way the UNIQLO brand is viewed in China.

Our first store in Taiwan opened in fall 2010. It was an outstanding success that revealed just how enthusiastic people are about the expansion of UNIQLO in Asia. Accelerating the opening of stores in Greater China (China, Hong Kong and Taiwan) is key to our business success in the region.

UNIQLO ranks high in the latest brand surveys in Greater China and our quality-price balance is viewed very positively compared to other apparel retailers in the region.

We will aim to open more than 100 stores per year in Greater China, so it is vital that we have employees who understand and implement UNIQLO's core values and Global One management principles. We hired 300 talented Chinese graduates in fall 2011 and they will be trained as store managers. Many of them will later move on into senior management, enabling us to truly expand and evolve into a Chinese business.

The Greater China market will continue to grow autonomously in the future. It will be a tough challenge, but I am sure our efforts will be rewarded. Building on our current momentum and harnessing the high-growth potential of this exciting region, the short-term plan is to expand the Greater China operation into a business with sales of several hundred billion yen.

PAN Ning
Group Senior Vice President, Fast Retailing Co., Ltd.
CEO, Fast Retailing China

“My aim is to open the top-selling UNIQLO store in the Greater China region.”

I began focusing sharply on store development in Greater China in December 2010. We created a team including local employees to work on store development, design and construction, and we are now competing hard with global apparel brands.

There is more to store development than simply renting land or securing space. An understanding of the UNIQLO brand and business is crucial to conveying our growth potential and corporate vision to landowners and developers.

We carefully discuss and assess each opportunity for opening a new store, referring to strict and specific criteria that include potential sales per store, profitability, the presence of competition and the time needed to recoup the initial investment. This process is closely adhered to around the world.

In Greater China, however, we are more keenly aware than in Japan of what competing apparel brands such as H&M and ZARA are doing. The world’s top companies are frantically seeking a foothold in China’s fast-growing market, and we are determined to open stores in more favorable locations than our competitors.

Chinese developers deeply respect UNIQLO’s quality, our desire to provide the best clothes in the world, and our drive to become the most appreciated brand in Asia. They are eager to do business in partnership with a fast-growing business such as ours.

In only a year or two China will undoubtedly undergo amazing change, and I want UNIQLO to grow at that same astounding pace. In the dynamic Greater China market, we are determined to create the Group’s top global store, outperforming even the New York Fifth Avenue Store.

Takenari Motoda
Director, Store Development
Fast Retailing China

Becoming Japan's Top Brand by Expanding Urban Market Share

Emphasis on Urban Stores

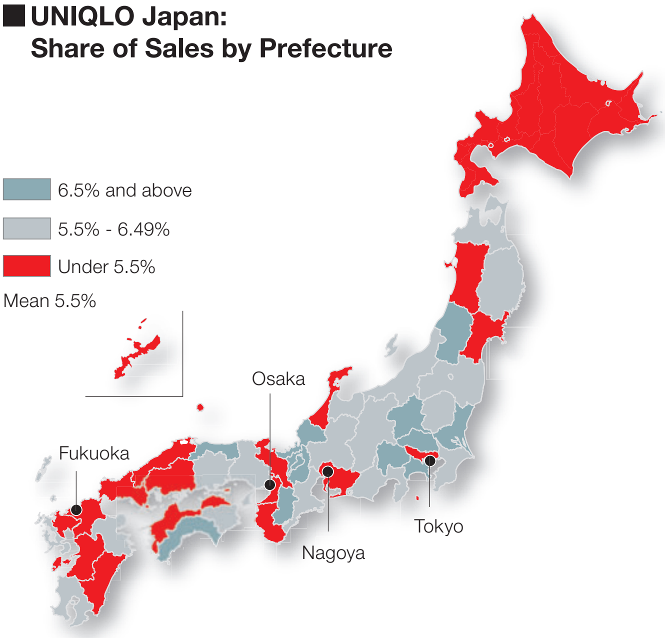
As UNIQLO's brand image and customer appeal have improved, we have become an increasingly attractive tenant for developers of department stores and commercial buildings. In 2009, we began opening more high-street and department store outlets. Our biggest store in Japan, with a sales floor of 3,300 square meters, opened in September 2011 within Ikebukuro's Tobu Department Store in Tokyo.

These prime urban stores generate strong sales and are popular with customers, so they should help broaden our customer base and further boost the value of the UNIQLO brand.

Traditionally, UNIQLO has been under-represented in Japan's urban centers, with relatively few stores in proportion to the population of major cities such as Tokyo, Osaka, Nagoya and Fukuoka. We are seeking to expand our urban market share by accelerating the opening of high-street stores, as well as outlets in department stores and shopping centers.

According to Japan's Ministry of Economy, Trade and Industry, sales at Japan's department stores, supermarkets and apparel retailers totaled 10.7 trillion yen in 2010. Extrapolating from that data, UNIQLO had a 5.5% share of the overall market, including a 8.9% share of men's wear and a 3.9% share of the women's wear market.

■ UNIQLO Japan: Share of Sales by Prefecture



Large-scale Store Business Model

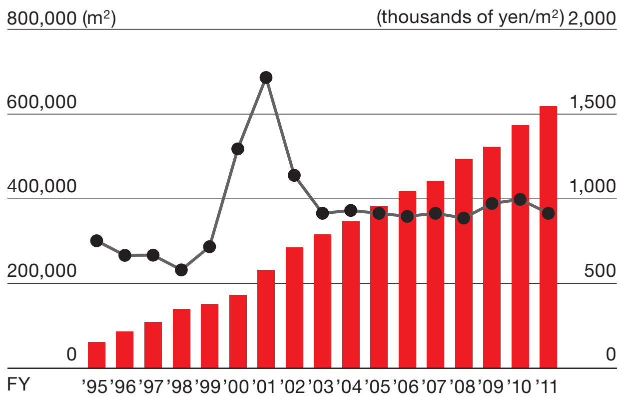
UNIQLO became Japan's leading apparel retailer by developing a network of mainly regional roadside stores. From 2004, store openings expanded rapidly, hot on the heels of the growing commercial shopping center boom. From 2005, UNIQLO began developing large-scale stores in a drive to extend our total sales-floor space in Japan. The focus of current store development is shifting from standard stores with sales floors of around 800 square meters, to large-scale stores with sales floors of 1,600 square meters or more.

In the apparel industry, sales and profitability per square meter in a given store typically decrease as sales floor area increases. However, UNIQLO has established a business model that achieves levels of sales and operating profit per square meter in a large-scale store that are comparable to those of a standard store.

UNIQLO ventured into the urban arena in 1998 with a store in Tokyo's trendy Harajuku district. In fiscal 2000 and 2001, a 1,900-yen fleece campaign set off a surge in UNIQLO popularity, producing the spike in sales per square meter that can be seen in the graph below. Since then, we have managed to maintain sales per square meter of approximately one million yen per year, an impressive achievement.

■ UNIQLO Japan: Sales Floor Space & Sales per Square Meter

■ Average sales floor space (left)
● Directly-run store sales per square meter (right)



Superior Fabric, Quality and Functionality

In the years since the Global Quality Declaration in September 2004, UNIQLO's brand image has changed completely. Previously, UNIQLO was seen as a retailer of low-priced clothing, but now the image is of high-quality clothing made from functional materials and superior fabrics. After the Declaration, our internal product development system was completely overhauled, resulting in an unshakable commitment to quality at a reasonable price.

UNIQLO's Strengths

1 Procuring the World's Best Materials

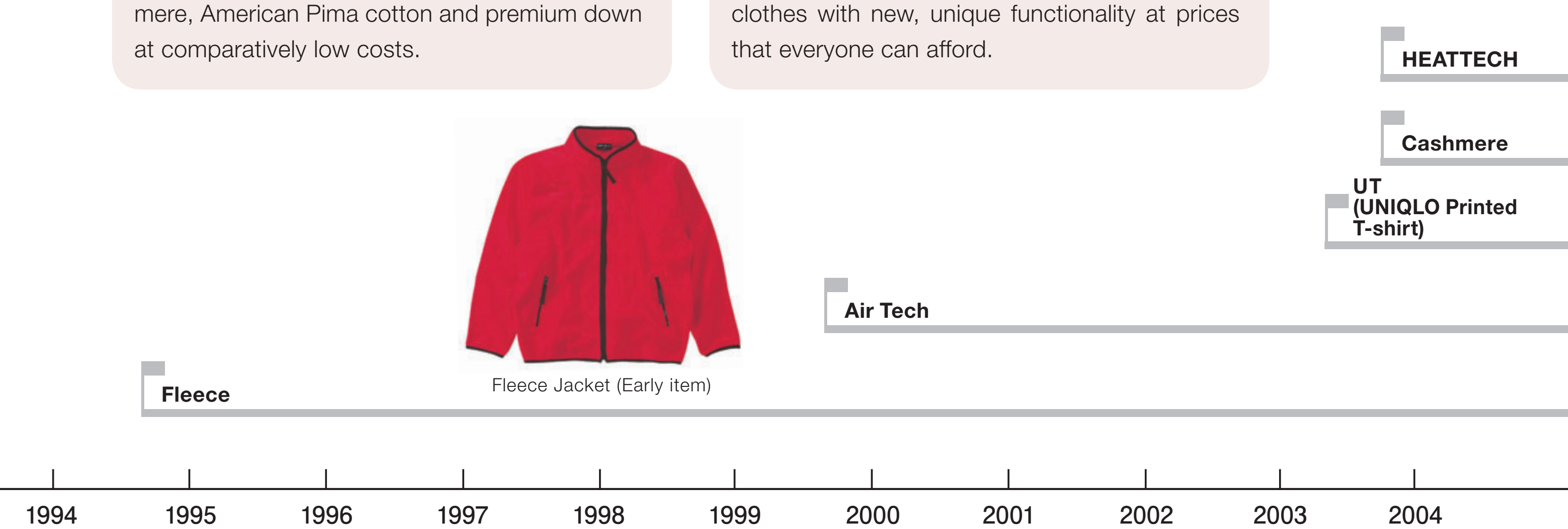
One of UNIQLO's key strengths is to offer clothing made with luxury materials at reasonable prices.

You might expect to pay several hundred dollars for a cashmere turtle-neck sweater, but at UNIQLO you can choose one for under U.S.$100. By negotiating directly with global materials manufacturers and ordering in bulk, UNIQLO has procured high-quality materials such as cashmere, American Pima cotton and premium down at comparatively low costs.

2 New Functional Materials to Create Demand

Another key UNIQLO strength is an ability to create demand with new functional materials developed jointly with fiber manufacturers.

UNIQLO developed its innovative HEATTECH materials with synthetic fiber manufacturer and strategic partner Toray Industries. Steady improvements over the years have assured the continued success of these items. By teaming up with specific manufacturers, UNIQLO offers clothes with new, unique functionality at prices that everyone can afford.



Fleece Jacket (Early item)

Perfecting Products by Shifting to On-site Decision-making

UNIQLO works under the basic premise that all products are high quality, and so we are extremely careful to minimize the number of defective items. We frequently collect and check samples, and manage property and other data meticulously. With bulk orders, it is important to have back ups of the standard checks during the sewing process, with a closer examination of the fabric to ensure a uniform color in each item.

Tetsuya Fukuhara
Director, Production Department
UNIQLO Co., Ltd.

Key UNIQLO Strategic Materials and Products

Producing a new product involves many stages. The first sample is modified repeatedly before going into mass production. With orders for several million pieces, we have to guarantee the same quality across many different factories in China, Vietnam and Bangladesh. To that end, nearly all of the Japanese Production Department and R&D personnel have moved to Shanghai where they can manage the manufacturing process on the spot. Being on site to check and improve samples swiftly brings us one step closer to perfecting a product.

Receiving samples quickly gives us time to resolve any problems before moving on to mass production. On-site manufacturing controls will become increasingly important as UNIQLO expands its global production bases.

One of my missions is to train global personnel. I want to see local employees from China and Bangladesh rise up through the company and then manage the manufacturing process themselves, according to a strict UNIQLO control system that is implemented uniformly around the world.

g.u.

PRINCESSE tam•tam PARIS

theory

COMPTOIR DES COTONNIERS

Global Brand Operations

Theory

Comptoir des Cotonniers

Princesse tam.tam

g.u.

Theory: A Leading Contemporary Market Brand

theory

PLST

HELMUT LANG

Theory Aoyama (flagship store)

Business Overview

Theory was founded in New York City in 1997 as a brand that appealed to the modern woman. The Theory concept is to create fashionable basic clothes that suit a contemporary lifestyle. The stretch fabric used in Theory clothes fits well and creates a beautiful silhouette. In addition to the Theory brand, Link Theory Japan Co., Ltd. also boasts labels such as theory luxe, theory Men, HELMUT LANG and PLST.

Theory was founded in the United States by Andrew Rosen, and introduced into Japan by the late Ricky C. Sasaki (former President and CEO of Link Theory Japan) in 1999. Having won the hearts of working women almost instantly, Theory expanded swiftly in Japan.

Fast Retailing first invested in Link Theory Japan in January 2004, subsequently making it a fully-owned subsidiary in March 2009. In fiscal 2011, the company generated combined sales of about 50 billion yen, from 371 stores located primarily in Japan and the United States.

Targeting Sales of 100 Billion Yen with a New Focus on Asia and Europe

The Theory brand had significant gains in both sales and profit in fiscal 2011. The performance in the United States was improved greatly by streamlining management in fiscal 2011, and great results are continuing in the current business year. Theory is also performing strongly in Japan, with many loyal repeat customers.

The Theory Aoyama Store was opened in July 2011 in Tokyo's Aoyama district, which is already home to many flagship stores of top global brands. The store features a uniform global look with an interior and displays fashioned after Theory stores in New York.

Olivier Theyskens became the new artistic director for Theory beginning with the 2011 fall/winter collection. Theyskens made a name for himself as an up-and-coming designer at Paris Fashion Week and has subsequently won many awards. As a designer in the global fashion spotlight, Theyskens will be looking to maintain the essence of Theory while further heightening the brand's appeal by incorporating a fresh sense of luxury.

Looking ahead, Asia and Europe offer the greatest potential for expanding the Theory brand. The women whose needs Theory seeks to meet share lifestyle elements, wherever they are in the world. Many customers from Europe visit the New York Theory flagship store, in the city's trendy Meatpacking District, because they do not have a Theory store in their own country.

Link Theory will press ahead in Asia and Europe in order to fulfill customer needs all over the world, and expand the business. Its sights are set on annual sales of 100 billion yen.

Note: The contemporary market offers modern customers clothing of designer quality at affordable prices.

A Chic French Fashion Brand Renowned for Its Creative Style

COMPTOIR DES COTONNIERS

Comptoir Des Cotonniers France Pavee Store

Business Overview

The Comptoir Des Cotonniers (CDC) brand emerged from boutiques that opened in 1995 in Paris, and in Toulouse in the south of France. While mindful of today's more refined fashion trends, the brand nurtures a sense of natural authenticity and flattering femininity. Since 1997, the brand has promoted its core mother-daughter image by featuring real mothers and daughters selected through auditions.

CDC became a consolidated subsidiary of Fast Retailing in fiscal 2005. At the end of fiscal 2011, the brand had 386 stores: 229 in France, 106 in other parts of Europe, 44 in Japan and Asia, and 7 in the United States.

Harnessing Synergies for Global Expansion

CDC's performance in fiscal 2011 was below target, as economic conditions continued to deteriorate in Europe. With this instability expected to continue in fiscal 2012, CDC will further boost efficiency through management restructuring.

Having expanded CDC's French network in major department stores and high-street locations, stores are currently being opened outside France in Europe and in Asia, including Japan. There are also plans to expand into the United States by strengthening links with the Theory operation there. By reaping synergistic benefits within the Fast Retailing Group, CDC is building a global brand network.

Daughter
Louise Bouquillion-Nédelec

Mother
Corinne Nédelec

Stylish French Collection Enjoyed by Women in 40 Countries

Princesse tam.tam Paris St. Antoine Store

Business Overview

Princesse tam.tam (PTT) is a French corsetry, lounge wear and swimwear brand. After winning acclaim in 1985 for lingerie featuring original prints and bright colors, the Hiridjee sisters opened their first store in Montparnasse, Paris in 1987. The brand concept of "lingerie that presents women as they are" continues to appeal to many women and attracts loyal customers.

PTT joined the Fast Retailing Group in fiscal 2006, and at the end of August 2011 boasted a network of 1,000 outlets in 40 countries, anchored by a strong presence in the leading department stores and boutiques of France and other parts of Europe.

Boosting Operational Efficiency and Profitability

Benefiting from the craftsmanship of France's corsetry industry, all PTT garments are made from the finest silks and cottons, and crafted down to the smallest detail.

At the end of August 2011, PTT had 159 directly-operated stores, mainly in France. Collections are also sold through major French department stores such as Galeries Lafayette and Printemps.

PTT performed as expected in fiscal 2011. In fiscal 2012, the aim will be more efficient operations and boosted profitability.

Fashion at Amazingly Low Prices Drives Growth

g.u. Shinsaibashi Store (flagship store)

Business Overview

The g.u. label develops fashionable apparel at amazingly low prices, harnessing UNIQLO's many years of experience as an SPA (Specialty store retailer of Private label Apparel). This has enabled g.u. to create its own total apparel-making process, from product planning, through design and manufacture, inventory control and production adjustment, to store operation. This represents an entirely new business model for a company offering extremely low-priced clothing in the Japanese market.

The g.u. operation opened its first flagship store in 2010 in Shinsaibashi, Osaka, and its first Tokyo flagship store in Ikebukuro in 2011. TV commercials featuring Atsuko Maeda from the popular pop group AKB48 dramatically boosted g.u. brand appeal.

G.U. Co., Ltd. was formed in September 2008 by merging g.u. with the footwear firms Onezone and View-company. These footwear operations were subsequently transferred to UNIQLO in April 2010.

In fiscal 2011, the number of g.u. stores expanded to 148, with sales of 30 billion yen.

Forward to Dramatic Development with New g.u. Flagship Stores

The g.u. brand aims to sell clothes at half the price of similar UNIQLO items. The label has drawn growing attention with the rapid launch of new lines such as 990-yen jeans, 990-yen polo shirts, 490-yen T-shirts and 490-yen fleece tops. The power of g.u. lies in its ability to offer customers seasonal fashion at low prices. Going forward, the brand will be further differentiated from UNIQLO by maximizing g.u.'s concept of "fashion at amazingly low prices."

With the opening of the first flagship store in Shinsaibashi, Osaka in October 2010, g.u. has nurtured a loyal following among young women. The first Tokyo flagship store, the g.u. Ikebukuro Station East Exit Store, opened in April 2011 to an enthusiastic reception, with over 300,000 customers in the first three weeks. The opening of this flagship g.u. store adjacent to a UNIQLO store actually helped boost year-on-year sales growth at the UNIQLO store. The two brands proved to be complementary, and we will consider repeating this strategy for other new g.u. stores.

In March 2012, a g.u. flagship store will open in Ginza, replacing the women's wear building of the current UNIQLO Ginza Store. As Ginza attracts all the world's top brands, the new g.u. flagship store will prove to be even more effective than the other two g.u. flagships in propelling the brand into the spotlight, and onto further explosive sales growth.

TV commercials featuring popular young artists have considerably boosted g.u. brand appeal, and going forward this effect will be maximized with even more topical, trendy advertising.

The fiscal 2012 target for g.u. is to boost sales beyond 50 billion yen. The mid-term target is the annual opening of 50 new, mainly large-scale stores, and there are also plans to take the brand outside Japan.

The Fast Retailing CSR Vision: Making the World a Better Place


A Grameen Lady (left) visits a customer at her home to sell Grameen UNIQLO products.

The guiding principle of Fast Retailing's CSR (Corporate Social Responsibility) Vision is to make the world a better place through the planning, producing and selling of clothing, one of life's basic necessities. The time has passed when companies could fulfill their social responsibility merely by returning to society a portion of their profits and engaging in voluntary activities. We find it more meaningful to conduct CSR activities within our core business, namely the production and sale of clothing.

Fast Retailing is committed to making a long-term social contribution in the four areas below.

Social Business Establishing and operating a social business in Bangladesh.	**All-Product Recycling Initiative** The collection of secondhand clothing for distribution in refugee camps worldwide.
Monitoring of Labor Conditions The consistent, committed monitoring of working conditions at partner factories.	**Environmental Responsibility** The consistent, committed monitoring of the environmental impact of our business.

Corporate Social Responsibility (CSR)

A Local SPA Framework Offering Affordable Clothes Made in Bangladesh

A Grameen Lady (right) explains the latest sales trends to Fast Retailing staff.

In August 2011, Fast Retailing and the Grameen Bank set up GRAMEEN UNIQLO Ltd. to undertake social business in Bangladesh, one of the least developed countries in the world. This business represents a long-term commitment to tackling and alleviating adverse social conditions.

GRAMEEN UNIQLO has established a framework to manufacture and sell clothing and underwear locally, at prices that are affordable in Bangladesh. In addition to polo shirts and printed T-shirts, GRAMEEN UNIQLO responds to local customer demand by selling traditional saris and modern hygiene products. Revenue is increasing and the sales force has expanded to over 100 Grameen Ladies. The number of production partners who understand the initiative's operational aims is also growing steadily.

One challenge, given the small production volumes, is to reduce prices and increase sales. A social business can only succeed if it offers goods that people want to buy at competitive prices. The GRAMEEN UNIQLO social business has huge potential, and it is already building a robust local SPA* structure in Bangladesh.

Note: The SPA (Specialty store retailer of Private label Apparel) business model incorporates the entire clothes-making process, from procurement of materials, product planning, development and manufacture, through distribution and retail, to inventory management.

GRAMEEN UNIQLO's Main Products

The broad line-up includes popular men's shirts and polo shirts, as well as traditional saris produced in response to customer demand. Children's clothing, including illustrated T-shirts, constitutes 20% of total sales. GRAMEEN UNIQLO also makes women's underwear and hygiene products.

Maximizing the Value of Apparel by Donating Clothing to People in Need Worldwide

We have an important responsibility to produce truly great clothing that can be worn for a long time, and also to maximize the value of clothing by collecting, reusing and recycling our used products. With the cooperation of international aid agencies and organizations, we have been able to redistribute approximately 4.3 million items of clothing over the past five years to people in 22 countries, including refugees, displaced people, victims of natural disaster, pregnant women and women with young children.

Since October 2010, g.u. stores have joined UNIQLO stores in accepting any UNIQLO or g.u. product that customers bring in, and by the end of November 2011 we had collected a total of 12 million items. The All-Product Recycling Initiative has already been extended beyond Japan to include South Korea, France, the United Kingdom, the United States and Singapore. Our ultimate aim is to introduce the initiative in all UNIQLO stores worldwide.

In order to expand the reach of our CSR activities, including the recycling of clothes, in February 2011 we formed a Global Partnership Agreement with UNHCR*.

* UNHCR (United Nations High Commission for Refugees) began its activities in 1951 and currently operates in over 120 nations.

UNIQLO
RECYCLE

Over 12 Million Items Collected

(12,000,659 items as of November 2011)

A mother and child in Zambia wearing clothes from the All-Product Recycling Initiative

CSR Staff in Shanghai Resolve Labor Matters Directly with Partner Factories

In 2004, Fast Retailing introduced its Code of Conduct for Production Partners in respect to recommendations by the International Labor Organization prohibiting child labor and restricting working hours. We use external institutions to monitor labor conditions twice a year, primarily at partner factories that have pledged to uphold the code. In fiscal 2011, we monitored 188 partner factories.

Fast Retailing's CSR personnel visit any factory that receives a low grade to discuss and devise a satisfactory solution. The decision to assign CSR staff to the Shanghai Office from October 2010 has resulted in better communication with partner factories and a greater ability to resolve issues smoothly.

Monitoring Results as of August 31, 2011

Grade	Description	Number of factories	
		FR Group	UNIQLO
A	No violations	6	(6)
B	One or more minor violations	66	(56)
C	One or more major violations	91	(63)
D	One or more severe violations	25	(19)
E	Highly unethical, serious offense (subject to immediate review of contract)	0	(0)
Total		188	(144)

Grade E Cases

Factories were monitored twice in fiscal 2011 and four grade E cases were reported. Having investigated the situation and demanded improvements, no grade E cases remained at the end of the fiscal year. Here are the details of two actual cases.

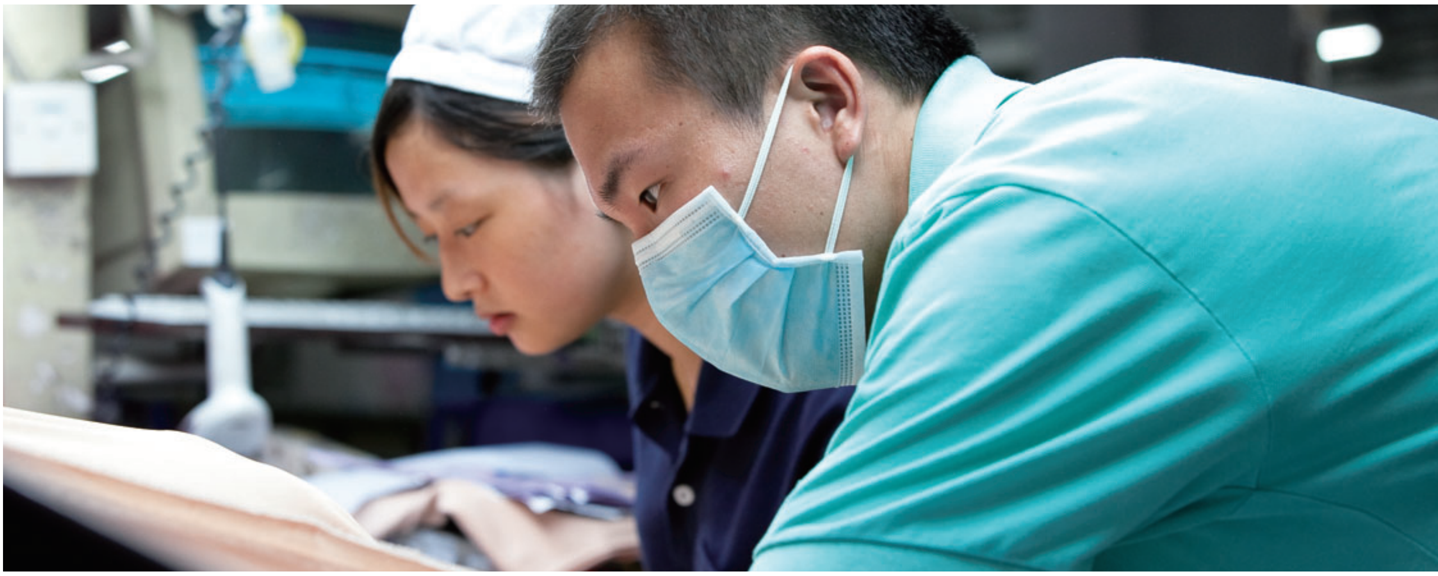
1. False Reporting

A regular inspection revealed discrepancies in working hours based on production records, employee interviews and time card data. CSR representatives visited the factory and confirmed that Saturday work shifts and overtime on weekdays had been deliberately omitted from the records to avoid exceeding the legal monthly overtime limit of 36 hours. An E grade was assigned and business with the factory reduced. The situation was subsequently improved.

2. Child Labor

The factory in question did not check the age of its workers and its documentation was inadequate. Four workers were found to have been under the age of 16 when they were hired. An E grade was assigned and business with the factory reduced. CSR personnel subsequently visited the factory to confirm the introduction of stringent age checks.

Independent Monitoring of Fabric Manufacturers to Check Their Environmental Performance



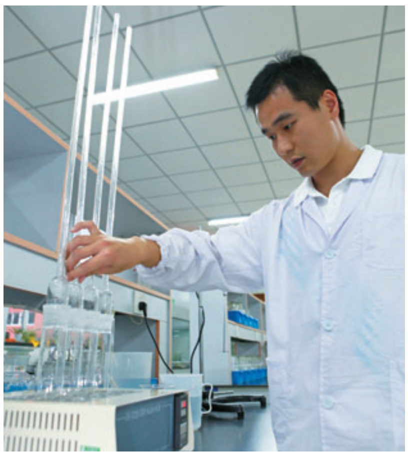
Fast Retailing has created its own Environmental Guidebook for Fabric Producers, and has started inspecting their dyeing processes. The aim is to promote careful measurement and management of discharged water and other effluents, appropriate management of waste materials and chemicals, and health and safety checks for workers.

We inspected 75 fabric manufacturers between June 2010 and March 2011. Two factories passed the inspection, but problems were noted at the remaining 73. Examples included waste water from the boiler being flushed into the gutter, and poor monitoring of noise emissions or emissions from electric power generating facilities. We asked each factory to make improvements and, after external specialists were called in, we continued to monitor the four most serious offenders.

As most fabric producers are large, and manufacture for many customers, Fast Retailing is pressing for stringent environmental standards across the entire apparel industry. Large amounts of energy, water and chemicals are used in the dyeing process, and so we frequently check the appropriate disposal of waste water and enforce proper legal management of effluents.

Fabric producers use large amounts of energy, water and chemicals in the dyeing process.

Frequent checks for appropriate effluent disposal



Enforcing proper legal management of effluents

Fast Retailing staff distributing innerwear in the disaster area

Japan Disaster Relief: The Precious Power of Clothes

In our business, we view everything that we do from the customer's perspective, and this fundamental principle applied to our disaster relief activities following the March 2011 earthquake and tsunami in Northeast Japan. The first step was to deliver the clothes that people in the disaster area really needed.

Initially, we put together sets of men's and women's clothing in different sizes to be delivered mainly to emergency shelters. But as we distributed the clothes, we realized we had to change our approach. Accordingly, we began to sort men's and women's clothes by item and size, and put them in places where people gathered, such as temporary bathing facilities. That way, people could take exactly what they really needed.

Another problem was that people did not have a change of underwear, and had no water to wash clothes, so we began to focus particularly on supplies of underwear, socks and T-shirts. When people expressed delight at receiving a change of underwear and socks, and told us how it reminded them of the pleasure of shopping, we were struck anew by the precious power of clothes.

By fall 2011, Fast Retailing had donated 1.16 million items, or approximately 1 billion yen's worth of clothes, in disaster relief with 200 employees and NPOs voluntarily distributing the clothes in the disaster area.

Donating Part of Our Profits

SAVE JAPAN!

In response to a call from VOGUE JAPAN and GQ JAPAN magazines, we began selling SAVE JAPAN T-shirts with personal messages of encouragement from global celebrities. We donated 130 million yen of the proceeds from these sales to the Japanese Red Cross disaster fund.

Donating 100 Yen per Item to Orphans Fund

We raised approximately 230 million yen through our program to donate 100 yen for each dry color T-shirt or polo shirt sold in UNIQLO Japan stores. Approximately 220 million yen was donated to the Momo-Kaki Orphans Fund, for children orphaned in the March disaster, and the remainder was donated to the Japanese Red Cross Society.

The Momo-Kaki Orphans Fund is chaired by the renowned Japanese architect Tadao Ando, and Fast Retailing Chairman, President & CEO Tadashi Yanai is one of the fund's founding members.

Customers Worldwide Send Their Goodwill

- We collected 270 million yen in customer donations from boxes placed in UNIQLO, g.u., Comptoir des Cotonniers, Princesse tam.tam and Theory stores worldwide.

- Business partners of the Fast Retailing Group donated 130 million yen, and 200,000 items, including blankets, for disaster relief.

- The Fast Retailing Group donated 300 million yen. Donations from Group employees worldwide totaled 180 million yen, and Fast Retailing Chairman, President & CEO Tadashi Yanai made a personal donation of 1 billion yen.

Thank you very much for your donations! They are being put to good use by the Japanese Red Cross Society, and other countries' Red Cross societies, NPOs and prefectural authorities involved in the recovery efforts.

Financial Section

Six-Year Financial Summary

FAST RETAILING CO., LTD. and consolidated subsidiaries
Fiscal years ended August 31

	Millions of yen except per share data and other data					
	2011	2010	2009	2008	2007	2006
For the year:						
Net sales	**¥820,349**	¥814,811	¥685,043	¥586,451	¥525,203	¥448,819
Operating income	**116,365**	132,378	108,639	87,493	64,963	70,355
EBITDA[1]	**115,714**	137,132	112,621	97,467	75,310	80,166
Income before income taxes and minority interests	**93,881**	116,867	95,487	81,994	62,713	72,752
Net income	**54,354**	61,681	49,797	43,529	31,775	40,437
Net cash provided by operating activities	**57,158**	88,623	59,214	87,336	18,847	57,477
Net cash used in investing activities	**(26,643)**	(23,389)	(34,273)	(15,421)	(28,783)	(41,907)
Free cash flow[2]	**30,515**	65,234	24,941	71,915	(9,936)	15,570
Net cash provided by (used in) financing activities	**(26,156)**	(28,897)	(16,847)	(19,054)	(12,759)	1,932
Cash and cash equivalents[3]	**202,104**	200,462	169,574	169,888	119,216	141,404
Depreciation and amortization	**18,755**	12,229	9,765	8,523	6,567	5,364
Capital expenditures	**33,993**	28,018	22,601	21,017	26,441	16,261
At year-end:						
Total assets	**¥533,777**	¥507,287	¥463,285	¥404,720	¥359,770	¥379,655
Total net assets	**319,911**	287,987	261,413	264,014	243,283	240,479
Interest-bearing debt	**28,263**	28,834	35,400	20,016	24,429	22,774
Reference indices:						
Operating profit margin (%)	**14.2**	16.2	15.9	14.9	12.4	15.7
ROE (%)	**18.1**	22.6	19.1	17.3	13.6	19.7
Equity ratio (%)	**59.0**	56.3	56.0	64.7	66.7	60.1
Debt-equity ratio (%)	**8.8**	10.0	13.5	7.6	10.0	9.5
Dividend payout ratio (%)	**33.7**	38.0	32.7	30.4	41.7	32.7
Per share data:						
Net income (EPS) (yen)	**¥ 533.93**	¥ 605.99	¥ 488.96	¥ 427.38	¥ 311.98	¥ 397.38
Net assets (yen)	**3,091.17**	2,804.34	2,550.86	2,572.09	2,357.79	2,240.77
Cash dividends (yen)	**180.00**	230.00	160.00	130.00	130.00	130.00
Other data (at fiscal year-end):						
Number of shares outstanding	**106,073,656**	106,073,656	106,073,656	106,073,656	106,073,656	106,073,656
Number of subsidiaries	**98**	90	96	21	21	19
Total number of stores	**2,088**	2,203	2,258	1,958	1,828	1,632
Directly-operated stores in Japan	**[1,213]**	[1,370]	[1,454]	[1,310]	[1,233]	[1,093]
Directly-operated stores overseas	**[491]**	[474]	[397]	[294]	[247]	[196]
Franchise stores	**[384]**	[359]	[407]	[354]	[348]	[343]
Commercial complexes	**4**	4	4	4	1	—
Total sales floor space (m^2)[4]	**938,896m^2**	847,523m^2	740,489m^2	685,942m^2	626,998m^2	536,473m^2
Number of full-time employees[5]	**14,612**	11,596	11,037	8,054	6,514	3,990

Notes: 1. EBITDA = Income before income taxes + Interest expenses + Depreciation and amortization + Amortization of goodwill
2. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
3. Cash and equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
4. Total sales floor space includes only directly operated stores.
5. Beginning with the fiscal year ended August 31, 2007, the number of entrusted operating officers has not been included in the number of full-time employees.

Snapshot of Group Performance in Fiscal 2011 (Year to End August 2011)

- **Consolidated sales rise while income contracts**
  Net sales ¥820.3 billion (+0.7% YoY), operating profit ¥116.3 billion (-12.1% YoY)
- **Net earnings per share ¥533.93 (-11.9% YoY)**
- **Annual dividend per share ¥180 (down ¥50 YoY), consolidated dividend payout ratio 33.7%**

1 Operating Environment and Management Strategy

During fiscal 2011, China and other Asian nations enjoyed economic recovery and expansion, while the nascent recovery in the United States and Europe was hurt by high unemployment and persistent concerns about the stability of some nations' public finances. In Japan, a true economic recovery remained elusive in the wake of the March 2011 disaster: subsequent rolling electricity outages and energy-saving measures weighed on manufacturers. Other negative factors included higher cotton prices and rising manufacturing costs in China.

Against this background, the Fast Retailing Group recorded a rise in overall sales, but a drop in operating profit in fiscal 2011, the year to end August 2011. Consolidated net sales totaled ¥820.3 billion (+0.7% YoY), operating profit ¥116.3 billion (-12.1%), ordinary income ¥107.0 billion (-13.5%) and net income ¥54.3 billion (-11.9%). The key factor in this performance was a 16.8% drop in operating profit at the Group's mainstay UNIQLO Japan operation.

UNIQLO Japan showed signs of recovery in the second half of fiscal 2011 (March–August 2011) as a rebound in same-store sales boosted operating profit. However, this was not sufficient to offset the large drop in same-store sales during the first half of fiscal 2011 (September 2010–February 2011).

By contrast, operating profit at UNIQLO International increased 40.6% to ¥8.9 billion. A strong performance from our Theory operation also boosted operating profit at our Global Brands segment to ¥8.7 billion (+12.0%).

Aiming to become the world's number one apparel retailer, the Fast Retailing Group is continuing a drive to "promote globalization, strengthen Group management and refocus on entrepreneurial values." We will expand UNIQLO operations globally through the opening of stores in Asia, principally in China and Hong Kong, South Korea, Singapore, Taiwan and Malaysia. The opening of global flagship stores in major cities worldwide has also strengthened UNIQLO's operational base, and we are now seeking to expand our Theory and g.u. operations.

Number of Stores by Group Operation

FY	2011			2010	2009
Unit: Stores	End Aug.	Open	Close	End Aug.	End Aug.
UNIQLO Japan:	**843**	62	27	808	770
Directly-operated	**822**	61	27	788	750
Large-scale	**129**	27	0	102	71
Standard	**693**	34	27	686	679
Franchise	**21**	1	0	20	20
UNIQLO International:	**181**	53	8	136	92
China	**80**	28	2	54	33
Hong Kong	**15**	3	1	13	11
Taiwan	**1**	1	0	—	—
South Korea	**62**	14	0	48	30
Singapore	**5**	2	0	3	2
Malaysia	**2**	2	0	—	—
U.K.	**11**	1	4	14	14
U.S.	**1**	0	0	1	1
France	**1**	0	1	2	1
Russia	**3**	2	0	1	—
Footwear	**0**	0	90	90	279
g.u.	**148**	40	7	115	72
Cabin	**0**	0	197	197	205
Theory*	**371**	68	23	326	306
Comptoir des Cotonniers*	**386**	27	12	371	368
Princesse tam.tam*	**159**	4	5	160	166
Total	**2,088**	254	369	2,203	2,258

* Including franchise stores

FR Operations by Business Segment

Group operational segments through FY2010

UNIQLO Japan	UNIQLO operations in Japan
UNIQLO International	UNIQLO overseas operations
Japan Apparel	g.u.[1]
	Footwear[1, 2]
	Cabin[3]
Global Brands	Theory
	Comptoir des Cotonniers
	Princesse tam.tam

Group operational segments from FY2011

UNIQLO Japan	UNIQLO operations in Japan
	Footwear[1]
UNIQLO International	UNIQLO overseas operations
Global Brands	Theory
	Comptoir des Cotonniers
	Princesse tam.tam
	g.u.[1]

Notes: 1. Denotes operations that have changed category.
2. Our footwear operation merged with UNIQLO Co., Ltd. on April 1, 2010, and all specialty shoe stores were closed by end August 2011.
3. Cabin Co., Ltd. merged with Link Theory Japan Co., Ltd. effective September 1, 2010, and all Cabin-operated brands were discontinued by end February 2011. A number of stores transferred to PLST.

2 Net Sales

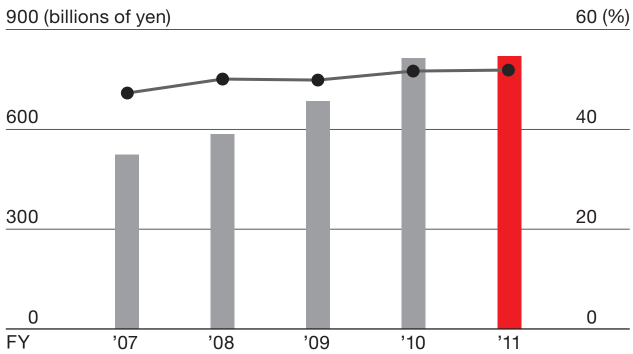
Consolidated net sales rose 0.7% year on year to ¥820.3 billion. Breaking down the ¥5.5 billion increase in sales: UNIQLO Japan sales fell ¥15.0 billion, UNIQLO International sales increased ¥20.9 billion and Global Brands sales fell ¥1.1 billion. The figure for Global Brands includes approximately ¥10.0 billion relating to the withdrawal of all labels formerly operated by Cabin Co., Ltd. by the end of February 2011.

3 Gross Profit Margin

Gross profit rose 1.2% year on year to ¥425.7 billion and the gross profit margin improved 0.2 point to 51.9%. Stripping out changes to accounting practices, the gross margin declined 1.6 points in real terms, caused mainly by a 2.2-point fall in the real gross margin at UNIQLO Japan.

Net Sales and Gross Profit Margin

Net sales (left) ● Gross profit margin (right)



4 Selling, General and Administrative Expenses

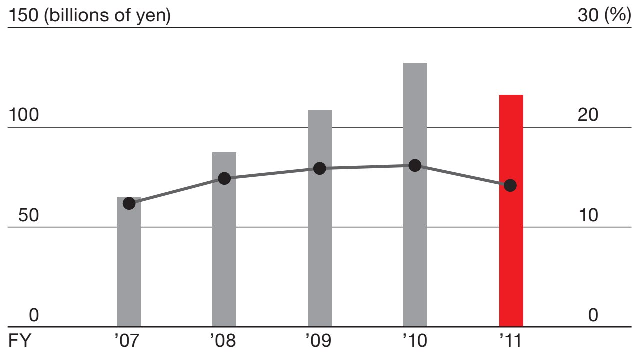
SG&A expenses totaled ¥309.4 billion, and the SG&A to net sales ratio increased 2.3 points to 37.7%. Stripping out changes to accounting practices, the SG&A ratio increased by 0.3 point in real terms, caused mainly by a 0.8-point rise in the SG&A ratio at UNIQLO Japan.

5 Operating Profit

Operating profit fell 12.1% year on year to ¥116.3 billion. The operating profit margin decreased 2.0 points to 14.2%.

Operating Profit and Operating Profit Margin

Operating profit (left) ● Operating profit margin (right)



6 Non-Operating Profit/Loss and Extraordinary Profit/Loss

Non-operating expenses totaled ¥11.1 billion. This figure includes foreign exchange losses of ¥8.3 billion stemming from transaction losses on material originally manufactured in Japan being exported and then reimported as finished products, and advance payments in foreign currencies by UNIQLO Japan to UNIQLO International subsidiaries.

The Group also posted an extraordinary loss of ¥13.4 billion. This figure includes a ¥9.6 billion lump sum relating to changes in accounting practices, an extraordinary loss of ¥1.0 billion relating to the March 2011 earthquake in Japan, an impairment loss of ¥0.8 billion, and a ¥0.8 billion provision for losses from the closure of specialty shoe shops.

7 Taxes

Taxes totaled ¥37.5 billion, representing corporate income taxes, resident taxes and enterprise taxes of ¥41.9 billion and deferred income taxes of ¥4.3 billion. The effective tax rate was 40.0%, 0.5 point lower than the statutory income tax rate of 40.5%. The decline can be explained by the growing contribution from Asian and other operations, where effective tax rates are low.

Breakdown of SG&A Expenses

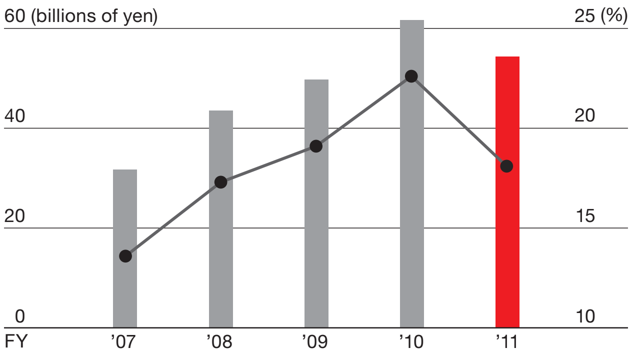
FY	**2011**			2010			2009		
	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change
Personnel	**¥101,459**	**12.4**	**+0.2**	¥101,303	12.4	+19.5	¥ 84,797	12.4	+10.2
Advertising and promotion	**35,871**	**4.4**	**−4.8**	37,665	4.6	+22.7	30,697	4.5	+10.4
Rent	**82,060**	**10.0**	**+3.7**	79,136	9.7	+33.5	59,287	8.7	+16.5
Depreciation/amortization	**14,704**	**1.8**	**+20.2**	12,229	1.5	+25.2	9,765	1.4	+14.6
Others	**75,307**	**9.2**	**+29.5**	58,170	7.1	+20.3	48,342	7.1	+15.0
Total	**¥309,401**	**37.7**	**+7.2**	¥288,503	35.4	+23.9	¥232,888	34.0	+12.9

Note: The portion of product storage and warehouse-to-store costs previously accounted under cost of sales has been standardized as an SG&A expense from fiscal 2011.

8 Net Income

Net income for fiscal 2011 fell 11.9% year on year to ¥54.3 billion. Net earnings per share (EPS) totaled ¥533.93, down ¥72.06 year on year. The annual dividend declined ¥50 per share to ¥180, but the consolidated dividend payout ratio of 33.7% was maintained at approximately one third of net earnings. ROE declined 4.5 points to 18.1%.

Net Income and ROE



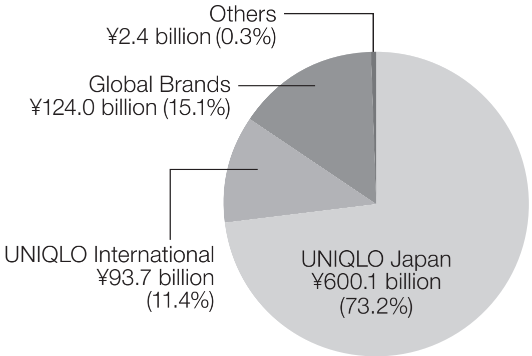
9 Results by Group Operation

Sales by Group Operation

FY	2011 Billions of yen	YoY change Billions of yen	% change	2010 Billions of yen
UNIQLO Japan:				
Net sales	**¥600.1**	–¥15.0	–2.4	¥615.1
Operating profit	**106.2**	–21.4	–16.8	127.7
UNIQLO International:				
Net sales	**93.7**	20.9	+28.7	72.7
Operating profit	**8.9**	2.5	+40.6	6.3
Global Brands:				
Net sales	**124.0**	–1.1	–0.9	125.2
Operating profit	**8.7**	0.9	+12.0	7.8

Notes 1: The consolidated sales figure also includes revenue from the leasing of real estate reported by the holding company Fast Retailing Co., Ltd. The consolidated operating profit figure also includes operating profit and amortization of goodwill for Fast Retailing.
2: Fiscal 2010 results are displayed under the new business categories.

Breakdown of Net Sales by Operation



Note: "Others" includes revenue from the leasing of real estate reported by the holding company Fast Retailing Co., Ltd.

UNIQLO Japan

Sales at UNIQLO Japan, accounting for 73.2% of consolidated sales, fell 2.4% year on year to ¥600.1 billion. While the addition of 34 directly operated stores boosted the total sales floor area by 8.1% year on year, overall revenue declined on the back of a 6.0% fall in same-store sales and an outlay of ¥5.0 billion relating to the closure of specialty footwear operations.

The 6.0% fall in same-store sales breaks down as a 4.2% drop in customer numbers and a 1.9% fall in average customer spending. Warm weather throughout the fall/winter season and shortages of some core products led to a 9.9% contraction in same-store sales in the first half. Same-store sales rebounded 0.4% year on year in the second half despite a temporary dip in sales in the wake of the March 2011 disaster. Same-store sales recovered in June and July thanks to strong sales of summer business clothing ("Cool-Biz").

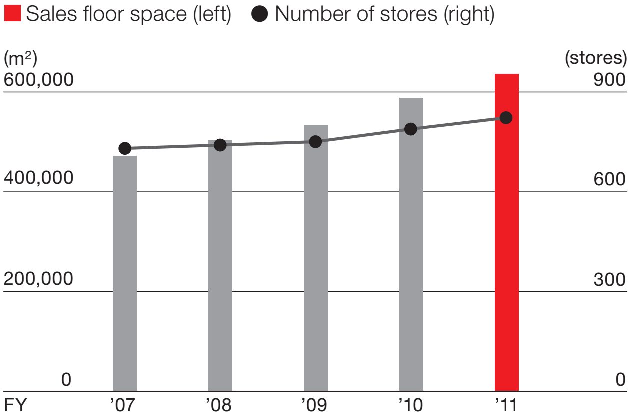
UNIQLO Japan is concentrating on large-scale stores to drive growth, gradually replacing regular-sized stores with large-scale ones. UNIQLO Japan opened 61 directly operated stores and closed 27 locations for a net increase of 34 stores, bringing the total number of stores, including franchises, to 843 at the end of fiscal 2011. Of this total, the number of large-scale stores with a shop floor of at least 1,600 square meters increased by 27 to 129 stores, and average per-store floor space rose 3.6% to 773 square meters.

The gross profit margin fell 0.1 point to 49.1%. However, the real gross margin, excluding the impact of changes to accounting practices, actually contracted 2.2 points year on year. The gross profit margin declined 3.4 points year on year in the first half, primarily due to increased discounting of fall clothing, more HEATTECH limited-period sales, and a smaller gain on foreign exchange differentials in fiscal 2011 when purchasing additional product at spot rates. Even with stronger control over discounting, the real gross profit margin also declined in the second half by 0.5 point year on year due primarily to the sharp rise in the price of cotton.

The ratio of SG&A expenses to sales increased by 3.0 points year on year, but only 0.8 point in real terms after stripping out the impact of changes to accounting practices. In the first half, the real SG&A ratio increased 1.1 points year on year despite earnest cost cutting measures. This was due primarily to the sharp fall in same-store sales and the resulting deterioration in business cost efficiency. However, the SG&A improved 0.4 point in the second half thanks to persistent cost-cutting measures and a rebound in same-store sales.

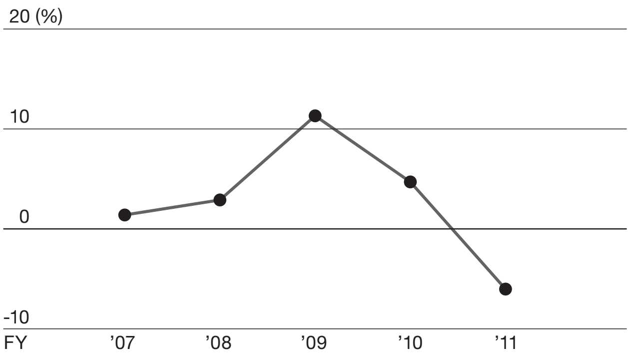
As a result, operating profit at UNIQLO Japan contracted 16.8% year on year to ¥106.2 billion and the operating profit margin declined 3.1 points to 17.7%. However, second-half operating profit did pick up, increasing 1.7% year on year to ¥35.8 billion.

Number of Stores and Sales Floor Space (UNIQLO Japan)*



* Directly-operated stores only

Same-Store Sales Year-on-Year (UNIQLO Japan)*



* Directly-operated stores only

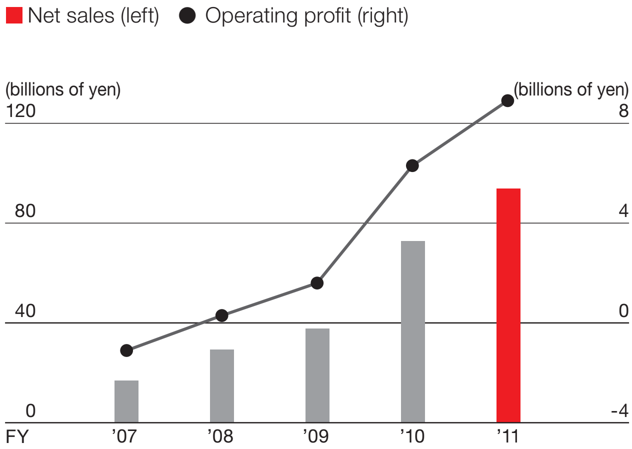
UNIQLO International

UNIQLO International achieved significant gains in both revenue and operating profit, with sales expanding 28.7% year on year to ¥93.7 billion, and operating profit rising 40.6% to ¥8.9 billion. The total number of UNIQLO International stores increased by 45 to 181 stores in fiscal 2011. We have been actively pursuing expansion opportunities in Asia. The 165 stores in Asia currently constitute roughly 70% of UNIQLO International's sales.

UNIQLO operations in China and Hong Kong generated considerable gains in both sales and operating profit, with continued double-digit growth in same-store sales and a rapidly expanding store network. Our operation in South Korea also attained a high level of profit, as TV commercials helped boost UNIQLO's brand appeal and fuelled continued double-digit gains in same-store sales. Sales at our first store in Taiwan, opened in October 2010, proved much stronger than expected, and the operation achieved a profit in its first year. Operations in Singapore and Malaysia performed well, and by the end of fiscal 2011 the network there had expanded to seven stores.

Our UNIQLO USA operation generated a good result, with our global flagship, the New York Soho Store, continuing to post double-digit gains in same-store sales. However, the operation ended the year in the red due to rental

UNIQLO International Sales, Operating Profit/Loss



obligations and preparations for the opening of our New York Fifth Avenue global flagship store in October 2011.

Our French operation performed well, with the Paris Opera global flagship store continuing to generate double-digit sales growth. Meanwhile, UNIQLO operations in the United Kingdom and Russia fell short of target, ending the year with a net operating loss.

Global Brands

Sales at Global Brands decreased 0.9% year on year to ¥124.0 billion, while operating profit rose 12.0% to ¥8.7 billion. The decline in revenue was due to the withdrawal of all brands formerly operated by Cabin Co., Ltd. at a cost of ¥10.0 billion, and also to the impact of a stronger yen.

Profits from our Theory operation in the United States grew strongly, fueled by continued double-digit growth in same-store sales and a strong wholesale business. Theory Japan suffered a temporary dip in sales in the wake of the March 2011 disaster, but both sales and operating profit increased over the full business year. Performance at our French women's fashion brand Comptoir des Cotonniers fell short of target and operating profit dropped, while our French corsetry, lounge wear and swimwear brand Princesse tam.tam performed roughly according to plan.

A trendy TV commercial and the opening of flagship stores in Osaka's Shinsaibashi and Tokyo's Ikebukuro propelled our low-price g.u. casualwear brand into the spotlight and same-store sales began to pick up in the second half. However, g.u. recorded a fall in operating profit for the full business year as costs related to the opening of the two flagship stores were absorbed.

10 Balance Sheets

Total assets at the end of fiscal 2011 were ¥533.7 billion, ¥26.4 billion higher than at the end of fiscal 2010. Current assets increased ¥24.3 billion to ¥369.9 billion, primarily due to an ¥18.6 billion year-on-year increase in inventories to ¥92.7 billion. Inventories at UNIQLO increased by ¥2.3 billion to ¥53.4 billion, due to a net increase of 34 stores and an early accumulation of winter stock. Inventories also increased by ¥13.8 billion at UNIQLO International as the number of total stores and same-store sales both expanded. In addition, inventories increased in preparation for the opening of global flagship stores in Taiwan, New York and South Korea, and multiple large-scale stores in other markets.

Inventories also increased at our Global Brands segment by ¥2.5 billion due to an increase in the number of new g.u. stores and strong sales from our Theory operation. Total cash and marketable securities stood at ¥202.1 billion at the end of fiscal 2011, similar to the previous year-end total.

Fixed assets grew ¥2.1 billion to ¥163.8 billion, primarily due to an increase in the number of UNIQLO stores both in Japan and globally.

Current liabilities fell ¥19.7 billion year on year to ¥182.8 billion, primarily due to a year-on-year fall of ¥16.7 billion in the total accounted for as unpaid corporate taxes at the end of the business year.

Long-term liabilities increased ¥14.3 billion to ¥31.0 billion. Total short-term and long-term interest-bearing liabilities fell ¥2.3 billion to ¥20.9 billion.

Net assets increased ¥31.9 billion to ¥319.9 billion. This was driven by an increase in net income of ¥54.3 billion, a ¥21.3 billion decrease from dividends on retained earnings and a ¥2.6 billion decrease in net unrealized losses on securities. As a result, the equity ratio rose 2.7 points to 59.0%.

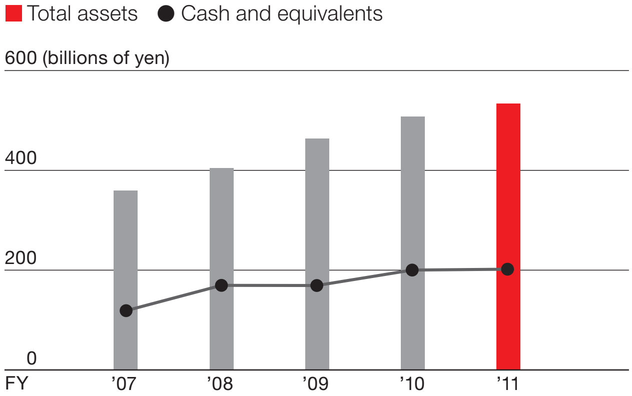
Consolidated Subsidiaries

Company name	Share ownership
Holding Companies	
FAST RETAILING CO., LTD.	—
FAST RETAILING USA, Inc.	100.0%
FAST RETAILING FRANCE S.A.S.	100.0%
UNIQLO Business	
UNIQLO CO., LTD.	100.0%
FAST RETAILING (CHINA) TRADING CO., LTD.	100.0%
UNIQLO HONG KONG, LIMITED	100.0%
FRL Korea Co., LTD.	51.0%
UNIQLO (SINGAPORE) PTE. LTD.	51.0%
UNIQLO (U.K.) LTD.	100.0%
UNIQLO FRANCE S.A.S.	100.0%
Limited Liability Company UNIQLO (RUS)	100.0%
UNIQLO TAIWAN LTD.	100.0%
UNIQLO (MALAYSIA) SDN. BHD.	55.0%
Non-UNIQLO Business	
LINK THEORY JAPAN CO., LTD.	100.0%
Créations Nelson S.A.S.	100.0%
PETIT VEHICULE S.A.S.	100.0%
GOV RETAILING CO., LTD.*	100.0%

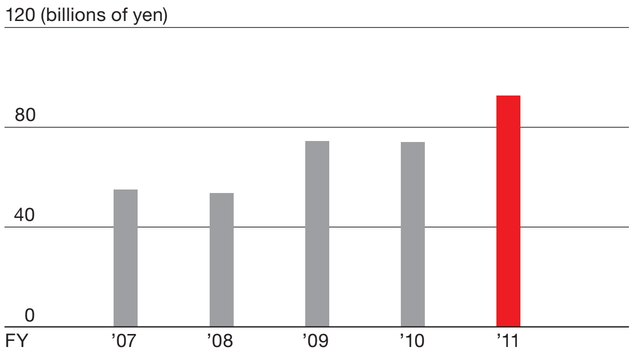
Note: Percentage ownership as of August 31, 2011

* GOV RETAILING CO., LTD. changed its corporate name to G.U. CO., LTD. as of September 1, 2011.

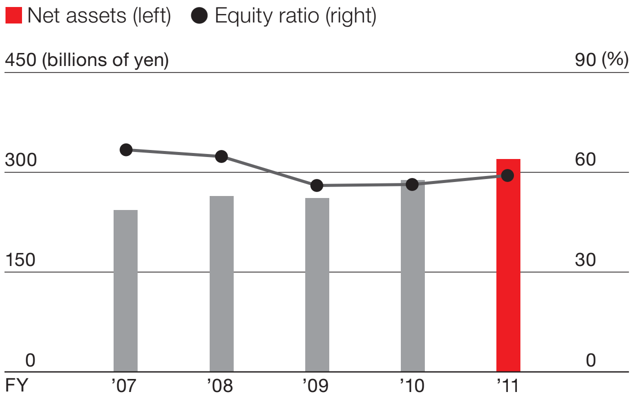
Total Assets and Cash and Equivalents



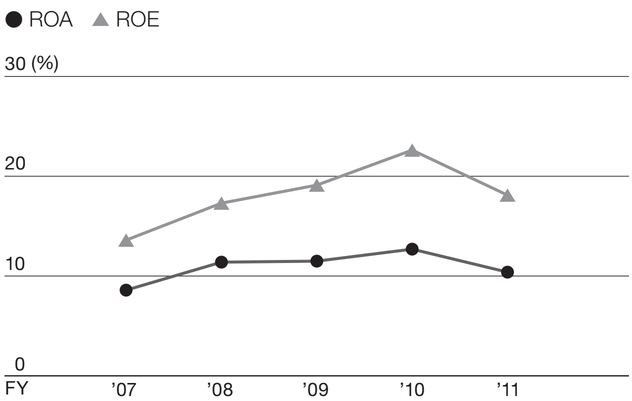
Inventories



Net Assets and Equity Ratio



ROA and ROE



11 Cash Flows

In fiscal 2011, net cash from operating activities was ¥57.1 billion, net cash used in investing activities was ¥26.6 billion, and net cash used in financing activities was ¥26.1 billion. As a result, total free cash flow from both operating and investing activities amounted to ¥30.5 billion, and the balance of cash and cash equivalents at the end of fiscal 2011 totaled ¥202.1 billion.

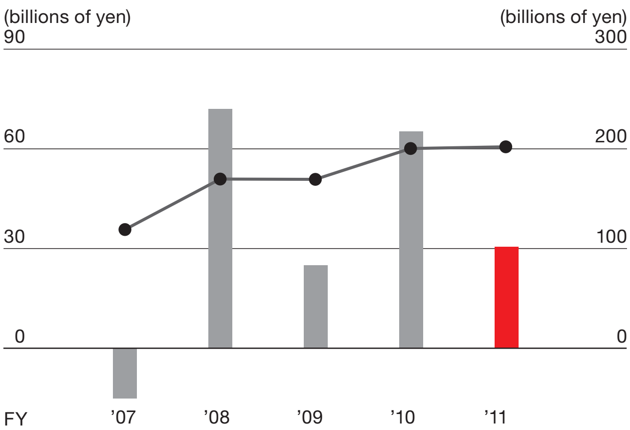
Fast Retailing seeks to ensure consistent, steady growth by using retained funds and free cash flow effectively for M&A investments that facilitate the expansion of the Group, and investment and loans to help strengthen the operational base of Group companies.

Net Cash Inflow from Operating Activities: ¥57.1 Billion
This total breaks down into net income before income taxes and minority interest in fiscal 2011 of ¥93.8 billion, depreciation and amortization of ¥18.7 billion, amortization of goodwill of ¥6.5 billion, and ¥2.9 billion to fulfill accounting standards on asset retirement obligations. Expenditure on working capital, inventories and increased purchasing debt taken together amounted to ¥17.3 billion. In addition, net income taxes paid amounted to ¥55.9 billion.

Net Cash Outflow for Investing Activities: ¥26.6 Billion
Cash used to purchase property and equipment, primarily to increase UNIQLO's global store network, totaled ¥18.9 billion, while payments for lease deposits totaled ¥7.0 billion. Capital expenditures totaled ¥33.9 billion on a consolidated basis, with UNIQLO Japan accounting for ¥10.0 billion of the total.

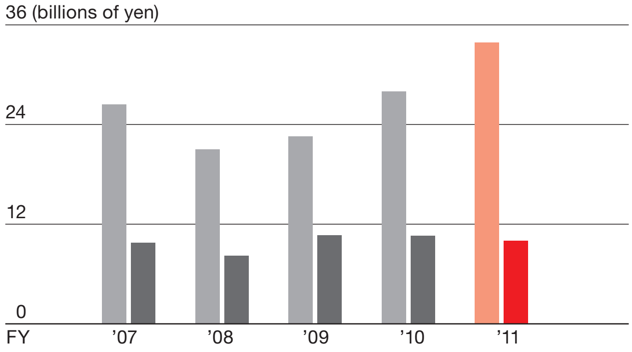
Net Cash Outflow for Financing Activities: ¥26.1 Billion
Dividends paid amounted to ¥21.3 billion. ¥3.8 billion was spent on reducing short-term debt, and ¥10.6 billion on repayment of long-term debt.

Free Cash Flow and Cash and Equivalents



Note: Free cash flow = Net cash provided in operating activities + Net cash used in investing activities

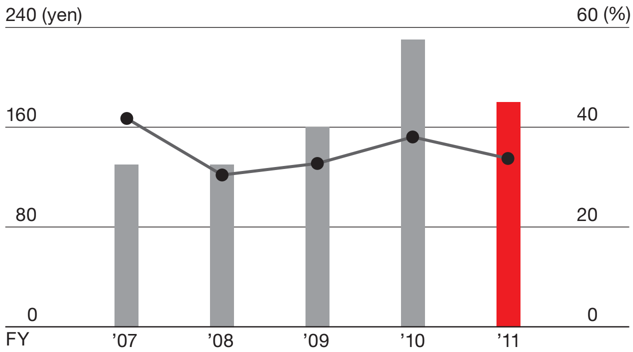
Capital Expenditures (Consolidated and UNIQLO Japan)



12 Dividend Policy

Fast Retailing regards returning a portion of profits to shareholders as a top priority. As such, the Group has adopted a basic policy of supporting consistent improvements in Group performance and allocating an appropriate amount of profit, depending on performance, to shareholders on a continuing basis. Fast Retailing's policy is to pay high dividends linked to performance after giving consideration to funds required to expand Group operations, increase profits and maintain financial soundness. The Group paid an annual dividend of ¥180 per share in fiscal 2011. This translates into an annual dividend payout ratio of 33.7%, representing over one third of consolidated net income for fiscal 2011.

Cash Dividends per Share and Dividend Payout Ratio



13 Outlook for Fiscal 2012 (as of January 12, 2012)

In fiscal 2012, Fast Retailing forecasts rises in both revenue and income: net sales to ¥937.0 billion (+14.2% YoY), operating profit ¥130.5 billion (+12.1%) and net income ¥70.0 billion (+28.8%). We expect net earnings per share (EPS) of ¥687.49 and an annual dividend of ¥230 (¥115 interim dividend and ¥115 year-end dividend).

Outlook of Sales by Group Operation

FY	2012 (plan)	2011	YoY change	
	Billions of yen	Billions of yen	Billions of yen	% change
UNIQLO Japan:				
Net sales	**¥629.0**	¥600.1	¥28.9	+4.8
Operating profit	**106.5**	106.2	0.3	+0.3
UNIQLO International:				
Net sales	**160.0**	93.7	66.3	+70.7
Operating profit	**17.0**	8.9	8.1	+89.9
Global Brands:				
Net sales	**145.0**	124.0	21.0	+16.9
Operating profit	**13.5**	8.7	4.8	+53.6

Fiscal 2012 Store Forecast by Business

FY	2012 (plan)				2011
Units: Stores	Open	Close	Net increase	End Aug.	End Aug.
UNIQLO Japan:	30	22	+8	**851**	843
Directly-operated	29	21	+8	**830**	822
Large-scale	20	1	+19	**148**	129
Standard	9	20	–11	**682**	693
Franchise	1	1	0	**21**	21
UNIQLO International:	108	1	+107	**288**	181
China	60	1	+59	**139**	80
Hong Kong	1	0	+1	**16**	15
Taiwan	16	0	+16	**17**	1
South Korea	20	0	+20	**82**	62
Singapore	0	0	0	**5**	5
Malaysia	1	0	+1	**3**	2
Thailand	4	0	+4	**4**	—
Philippines	1	0	+1	**1**	—
U.K.	2	0	+2	**13**	11
U.S.	2	0	+2	**3**	1
France	1	0	+1	**2**	1
Russia	0	0	0	**3**	3
Footwear	—	—	—	—	0
g.u.	34	8	+26	**174**	148
Cabin	—	—	—	—	0
Theory*	18	19	–1	**370**	371
Comptoir des Cotonniers*	15	10	+5	**391**	386
Princesse tam.tam*	0	0	0	**159**	159
Total	205	60	+145	**2,233**	2,088

* Including franchise stores

UNIQLO Japan

UNIQLO Japan is anticipating 4.8% growth in sales to ¥629.0 billion and 0.3% growth in operating profit to ¥106.5 billion. Same-store sales are forecast to expand 0.7% and the total number of stores, including franchises, is expected to increase by 8 to 851 by the end of fiscal 2012. The total number of large-scale stores with a floor space of about 1,600 square meters is scheduled to increase by 19 to 148 stores.

UNIQLO plans to open a new global flagship store, the UNIQLO Ginza Store, in March 2012, and another global flagship store in Shinjuku in the fall. Our plan to actively expand our network of urban stores and outlets within department stores and shopping malls is designed to boost market share in major cities such as Tokyo, Osaka and Nagoya, where UNIQLO's presence has previously been comparatively low.

The gross profit margin is forecast to contract 0.6 point year on year to 48.5%. The high price of raw materials including cotton is expected to impact our cost of sales in the first half, but we expect the gross margin to increase in the second half, with raw materials prices settling down and discounting kept under strict control. The SG&A to net sales ratio is forecast to hold flat at 31.5%.

UNIQLO International

Continued strong gains in sales and operating profit are anticipated at UNIQLO International with a net sales forecast for fiscal 2012 of ¥160.0 billion (+70.7% YoY) and operating profit of ¥17.0 billion (+89.9%).

We will accelerate new store openings in Asia, with 61 new stores planned for China and Hong Kong, 20 stores in South Korea, and 16 stores in Taiwan. We also plan to penetrate new markets such as the Philippines. We plan to add as many as 107 new UNIQLO International stores, for a total of 288 by the end of fiscal 2012.

We are making steady progress in our plan to open global flagship stores in all of the world's major cities. Three global flagship stores opened in the second half of 2011: the UNIQLO Mingyao Department Store in Taipei in September, the UNIQLO New York Fifth Avenue Store in October and the UNIQLO Myeongdong Central Store in Seoul in November.

Global Brands

Both sales and operating profit are expected to increase significantly in our Global Brands segment in fiscal 2012, buoyed by strong sales from both our g.u. and Theory operations. Global Brands' sales are forecast to rise 16.9% year on year to ¥145.0 billion, and operating profit is expected to rise 53.6% to ¥13.5 billion.

We anticipate considerable gains in both sales and profit for the g.u. brand, with continued double-digit growth in same-store sales and a rapidly expanding store network. Having brought our mid-term plan forward by one year, we now expect g.u. sales to top ¥50.0 billion in fiscal 2012.

Our Theory operation is also expected to generate a rise in sales and profit in both the United States and Japan. However, given the challenging economic environment in Europe, our French brands Comptoir des Cotonniers and Princesse tam.tam are expected to record a flat performance year on year.

14 Risk Factors

Management regards the following to be the principal risk factors associated with the operations of Fast Retailing and other members of the Group, in consideration of the potential of these factors to make a material impact on the decisions of investors. As such, management engages in rigorous risk avoidance and risk management, and strives to be able to respond appropriately in adverse circumstances.

Management judges and anticipates future risks based on its latest financial report (November 25, 2011) and other available information.

(1) Specific risks associated with the implementation of corporate strategy

(a) Corporate acquisition risk

The Group engages in M&A activities as a management strategy for the expansion of operations. The Group seeks to maximize its corporate value by optimizing its business portfolio through the pursuit of synergies with other companies or industries. However, in cases where the Group is unable to realize the expected profit and benefits from M&A activities, this could have an adverse impact on the Group's business results.

(b) Management personnel risk

Members of the Group's management team, led by Chairman, President & CEO Tadashi Yanai, play a major role in their respective areas of responsibility. In the event that any member of management becomes unable to fulfill his or her duties, this could have an adverse impact on the Group's business results.

(c) Competitive risk

In each of its businesses, the Group's customers are always highly discriminating about merchandise, services and prices. The Group engages in tough competition with other companies in the same industry, in Japan and in other markets. Should the relative competitive strength of the Group deteriorate, this could have an adverse impact on the Group's business results.

(d) Risk of reliance on certain regions for production

Most items sold through the Group's core UNIQLO business operations are imports manufactured in China and other countries in Asia. For this reason, a major change in the political, economic and/or legal environment, or a natural disaster in China or another center of production, could have an impact on the Group's ability to supply products.

(e) Risk of operations outside Japan

The Group is developing its business through M&A and actively expanding its operations in markets outside Japan. As the Group opens multiple stores in countries around the world, the ratio of sales in markets outside Japan to overall net sales is expected to rise. In conjunction with this, changes in market needs and product trends, economic fluctuations, political and social turbulence, changes in legal regulations and/or other conditions in markets outside Japan, as well as difficulty in employing and training appropriate management and local employees, could have an adverse impact on the Group's business results.

(f) Foreign currency risk

For most products imported for the UNIQLO business, which is the Group's core business, transactions are conducted in U.S. dollars. The Group has concluded forward foreign exchange contracts to cover imports for approximately the next three years. By locking in the foreign exchange rate for its imports, the Group endeavors to stabilize its procurement costs. However, any major movements in exchange rates that persist for prolonged periods could have an adverse impact on the Group's business results.

(2) General business risks

The Group recognizes the following risks associated with the management and conduct of its operations: (1) product liability, (2) leakage of confidential corporate and/or personal information, (3) weather conditions, (4) disasters, (5) disputes and lawsuits, and (6) changes in economic conditions and consumption trends.

Consolidated Balance Sheets

FAST RETAILING CO., LTD. and consolidated subsidiaries
August 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2011	2010	2011
Current assets:			
Cash and deposits (Note 3)	¥ 64,386	¥ 62,466	$ 839,129
Notes and accounts receivable—trade	17,796	15,371	231,939
Less—allowance for doubtful accounts	(307)	(169)	(4,011)
Net trade receivables	17,488	15,201	227,928
Short-term investment securities (Notes 3 and 5)	137,728	139,472	1,794,981
Inventories (Note 4)	92,750	74,079	1,208,788
Deferred tax assets (Note 6)	31,802	29,715	414,474
Income taxes receivable	10,453	12,455	136,236
Other	15,361	12,233	200,197
Total current assets	369,971	345,625	4,821,735
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures	76,961	70,320	1,003,020
Furniture and equipment	9,453	8,830	123,200
Land	3,881	3,880	50,592
Leased assets (Note 17)	9,499	6,354	123,798
Construction in progress	6,913	869	90,096
Total	106,709	90,256	1,390,708
Less accumulated depreciation	(48,692)	(40,111)	(634,590)
Net property, plant and equipment	58,016	50,144	756,117
Intangible assets:			
Goodwill	21,648	28,798	282,139
Other (Note 12)	19,102	19,041	248,956
Total intangible assets	40,751	47,840	531,096
Investments and other assets:			
Investment securities (Note 5)	529	844	6,900
Deferred tax assets (Note 6)	7,417	4,494	96,674
Lease and guarantee deposits (Note 12)	39,310	40,415	512,327
Construction assistance fund receivables	15,331	16,044	199,813
Other	3,184	2,723	41,497
Less—allowance for doubtful accounts	(735)	(844)	(9,586)
Total investments and other assets	65,038	63,678	847,625
Total noncurrent assets	163,806	161,662	2,134,839
Total assets	¥533,777	¥507,287	$6,956,574

See accompanying notes to consolidated financial statements.

LIABILITIES	Millions of yen 2011	2010	Thousands of U.S. dollars (Note 1) 2011
Current liabilities:			
Notes and accounts payable—trade	**¥ 59,395**	¥ 54,098	**$ 774,081**
Short-term loans payable	**3,978**	7,414	**51,852**
Current portion of long-term loans payable (Notes 7 and 12)	**3,243**	9,944	**42,272**
Forward exchange contracts	**59,640**	58,245	**777,281**
Income taxes payable (Note 6)	**14,721**	31,512	**191,863**
Provision	**6,987**	6,615	**91,070**
Other	**34,878**	34,786	**454,560**
Total current liabilities	**182,846**	202,618	**2,382,983**
Noncurrent liabilities:			
Long-term loans payable (Notes 7 and 12)	**13,688**	5,865	**178,396**
Provision	**63**	45	**828**
Other (Note 12)	**17,268**	10,771	**225,050**
Total noncurrent liabilities	**31,020**	16,681	**404,276**
Total liabilities	**213,866**	219,300	**2,787,259**
Net assets:			
Capital stock (Note 9)	**10,273**	10,273	**133,897**
Capital surplus (Note 9)	**5,223**	5,000	**68,081**
Retained earnings (Note 10)	**369,717**	336,739	**4,818,416**
Treasury stock, at cost (Note 11)	**(16,144)**	(16,260)	**(210,401)**
Valuation difference on available-for-sale securities	**(16,541)**	(13,917)	**(215,581)**
Deferred gains or losses on hedges	**(35,583)**	(34,940)	**(463,744)**
Foreign currency translation adjustment	**(2,215)**	(1,456)	**(28,871)**
Subscription rights to shares	**510**	—	**6,652**
Minority interests	**4,670**	2,548	**60,867**
Total net assets	**¥319,911**	¥287,987	**$4,169,315**
Commitments and contingencies (Note 13)			
Total liabilities and net assets	**¥533,777**	¥507,287	**$6,956,574**

Consolidated Statements of Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended August 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2011	2010	2009	2011
Net sales	**¥820,349**	¥814,811	¥685,043	**$10,691,374**
Cost of sales	**394,581**	393,930	343,515	**5,142,468**
Gross profit	**425,767**	420,881	341,528	**5,548,906**
Selling, general and administrative expenses (Note 14)	**309,401**	288,503	232,888	**4,032,342**
Operating income	**116,365**	132,378	108,639	**1,516,563**
Other income (expenses):				
Interest and dividends income	**408**	344	847	**5,325**
Penalty income	**143**	137	258	**1,876**
Equity in earnings (losses) of affiliates	**—**	—	(1,383)	**—**
Interest expenses	**(532)**	(500)	(917)	**(6,937)**
Foreign exchange gains (losses)	**(8,382)**	(7,559)	(5,793)	**(109,247)**
Gain on sales of noncurrent assets	**134**	—	—	**1,759**
Reversal of allowance for doubtful accounts	**7**	62	149	**101**
Reversal of provision for directors' retirement benefits	**—**	—	184	**—**
Gain on abolishment of retirement benefit plan	**—**	289	—	**—**
Reversal of provision for loss on business liquidation	**—**	205	—	**—**
Gain on insurance adjustment	**—**	144	—	**—**
Loss on changes of accounting treatment	**(2,699)**	—	—	**(35,176)**
Non-recurring depreciation on noncurrent assets	**(4,050)**	—	—	**(52,788)**
Loss on retirement of noncurrent assets	**(567)**	(772)	(836)	**(7,402)**
Loss on closure of stores	**—**	(447)	(448)	**—**
Impairment loss (Note 15)	**(832)**	(4,433)	(2,242)	**(10,852)**
Loss on disaster (Note 21)	**(999)**	—	—	**(13,028)**
Provision for loss on business liquidation (Note 20)	**(800)**	(985)	(1,571)	**(10,426)**
Office transfer expenses	**—**	—	(1,008)	**—**
Loss on business withdrawal	**—**	(395)	—	**—**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**(2,913)**	—	—	**(37,965)**
Other, net	**(1,402)**	(1,601)	(392)	**(18,277)**
Total	**(22,484)**	(15,510)	(13,152)	**(293,039)**
Income before income taxes and minority interests	**93,881**	116,867	95,487	**1,223,524**
Income taxes (Note 6):				
Current	**41,906**	54,363	44,939	**546,157**
Deferred	**(4,336)**	(147)	493	**(56,519)**
Total	**37,569**	54,215	45,433	**489,637**
Income before minority interests	**56,311**	—	—	**733,886**
Minority interests	**1,956**	971	257	**25,501**
Net income	**¥ 54,354**	¥ 61,681	¥ 49,797	**$ 708,384**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the year ended August 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Income before minority interests	**¥56,311**	**$733,886**
Other comprehensive income:		
Valuation difference on available-for-sale securities	**(2,624)**	**(34,204)**
Deferred gains or losses on hedges	**(642)**	**(8,373)**
Foreign currency translation adjustment	**(797)**	**(10,388)**
Total other comprehensive income	**¥ (4,064)**	**$ (52,966)**
Comprehensive income	**¥52,246**	**$680,920**
Comprehensive income attributable to:		
Comprehensive income attributable to shareholders of FAST RETAILING CO., LTD.	**¥50,328**	**$655,917**
Comprehensive income attributable to minority interests	**1,918**	**25,002**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended August 31, 2011, 2010 and 2009

	Millions of yen									
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at August 31, 2008	¥10,273	¥4,999	¥259,756	¥(15,556)	¥ (928)	¥ 3,939	¥ (517)	¥ —	¥2,046	¥264,014
Net income	—	—	49,797	—	—	—	—	—	—	49,797
Dividends from surplus (Note 10)	—	—	(14,258)	—	—	—	—	—	—	(14,258)
Increase in treasury stock (Note 11)	—	—	—	(697)	—	—	—	—	—	(697)
Decrease in treasury stock (Note 11)	—	0	—	0	—	—	—	—	—	1
Change of scope of consolidation	—	—	147	—	—	—	—	—	—	147
Net change during the year	—	—	—	—	(8,424)	(28,229)	(662)	—	(272)	(37,589)
Balance at August 31, 2009	10,273	5,000	295,442	(16,254)	(9,353)	(24,289)	(1,179)	—	1,774	261,413
Net income	—	—	61,681	—	—	—	—	—	—	61,681
Dividends from surplus (Note 10)	—	—	(20,357)	—	—	—	—	—	—	(20,357)
Increase in treasury stock (Note 11)	—	—	—	(5)	—	—	—	—	—	(5)
Decrease in treasury stock (Note 11)	—	—	—	—	—	—	—	—	—	—
Change of scope of consolidation	—	—	(27)	—	—	—	—	—	—	(27)
Net change during the year	—	—	—	—	(4,564)	(10,650)	(276)	—	774	(14,717)
Balance at August 31, 2010	10,273	5,000	336,739	(16,260)	(13,917)	(34,940)	(1,456)	—	2,548	287,987
Net income	**—**	**—**	**54,354**	**—**	**—**	**—**	**—**	**—**	**—**	**54,354**
Dividends from surplus (Note 10)	**—**	**—**	**(21,376)**	**—**	**—**	**—**	**—**	**—**	**—**	**(21,376)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(2)**	**—**	**—**	**—**	**—**	**—**	**(2)**
Decrease in treasury stock (Note 11)	**—**	**0**	**—**	**118**	**—**	**—**	**—**	**—**	**—**	**118**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**223**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**223**
Net change during the year	**—**	**—**	**—**	**—**	**(2,624)**	**(642)**	**(758)**	**510**	**2,122**	**(1,393)**
Balance at August 31, 2011	**¥10,273**	**¥5,223**	**¥369,717**	**¥(16,144)**	**¥(16,541)**	**¥(35,583)**	**¥(2,215)**	**¥510**	**¥4,670**	**¥319,911**

	Thousands of U.S. dollars (Note 1)									
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at August 31, 2010	$133,897	$65,168	$4,388,625	$(211,914)	$(181,376)	$(455,371)	$(18,982)	$ —	$33,211	$3,753,258
Net income	**—**	**—**	**708,384**	**—**	**—**	**—**	**—**	**—**	**—**	**708,384**
Dividends from surplus (Note 10)	**—**	**—**	**(278,594)**	**—**	**—**	**—**	**—**	**—**	**—**	**(278,594)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(35)**	**—**	**—**	**—**	**—**	**—**	**(35)**
Decrease in treasury stock (Note 11)	**—**	**1**	**—**	**1,548**	**—**	**—**	**—**	**—**	**—**	**1,549**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**2,911**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,911**
Net change during the year	**—**	**—**	**—**	**—**	**(34,204)**	**(8,373)**	**(9,889)**	**6,652**	**27,655**	**(18,159)**
Balance at August 31, 2011	**$133,897**	**$68,081**	**$4,818,416**	**$(210,401)**	**$(215,581)**	**$(463,744)**	**$(28,871)**	**$6,652**	**$60,867**	**$4,169,315**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended August 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2011	2010	2009	**2011**
Net cash provided by (used in) operating activities:				
Income before income taxes and minority interests	**¥ 93,881**	¥116,867	¥ 95,487	**$1,223,524**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	**18,755**	12,229	9,765	**244,433**
Impairment loss	**832**	4,433	2,242	**10,852**
Amortization of goodwill	**6,596**	7,534	6,450	**85,968**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**2,913**	—	—	**37,965**
Increase (decrease) in allowance for doubtful accounts	**62**	510	(283)	**815**
Increase (decrease) in provision for retirement benefits	**18**	(245)	57	**238**
Increase in other provision	**371**	3,932	1,542	**4,846**
Interest and dividends income	**(408)**	(344)	(847)	**(5,325)**
Interest expenses	**532**	500	917	**6,937**
Foreign exchange losses	**314**	5,237	1,396	**4,101**
Equity in losses of affiliates	**—**	—	1,383	**—**
Loss on retirement of noncurrent assets	**567**	772	836	**7,402**
Decrease (increase) in notes and accounts receivable—trade	**(2,097)**	(578)	63	**(27,331)**
Increase in inventories	**(21,051)**	(1,478)	(17,576)	**(274,361)**
Increase (decrease) in notes and accounts payable—trade	**5,767**	(1,878)	(1,150)	**75,160**
Decrease (increase) in other assets	**2,067**	(2,177)	(1,061)	**26,945**
Increase in other liabilities	**3,455**	829	393	**45,029**
Other, net	**1,563**	1,051	896	**20,376**
Subtotal	**114,141**	147,197	100,513	**1,487,579**
Interest and dividends income received	**408**	347	897	**5,325**
Interest expenses paid	**(526)**	(521)	(1,053)	**(6,863)**
Repayments of debt associated with reorganizing subsidiary	**(916)**	(475)	(512)	**(11,939)**
Income taxes paid	**(69,043)**	(62,810)	(47,680)	**(899,819)**
Income taxes refund	**13,093**	4,886	7,049	**170,642**
Net cash provided by (used in) operating activities	**57,158**	88,623	59,214	**744,926**
Net cash provided by (used in) investing activities:				
Decrease (increase) in time deposits	**1,465**	(1,299)	95	**19,098**
Proceeds from sales and redemption of short-term and long-term investment securities	**498**	14	31	**6,495**
Purchase of property, plant and equipment	**(18,902)**	(17,150)	(9,910)	**(246,354)**
Proceeds from sales of property, plant and equipment	**164**	6	145	**2,142**
Purchase of intangible assets	**(6,636)**	(4,172)	(3,123)	**(86,486)**
Payments for lease and guarantee deposits	**(7,080)**	(5,689)	(8,029)	**(92,279)**
Proceeds from collection of lease and guarantee deposits	**5,002**	4,538	2,487	**65,194**
Payments for construction assistance fund receivables	**(1,373)**	(1,005)	(1,537)	**(17,906)**
Collection of construction assistance fund receivables	**2,137**	2,247	2,143	**27,853**
Payments for purchase of shares of consolidated subsidiary	**—**	—	(14,465)	**—**
Increase in loans receivable	**(812)**	—	—	**(10,593)**
Other, net	**(1,105)**	(880)	(2,110)	**(14,403)**
Net cash provided by (used in) investing activities	**(26,643)**	(23,389)	(34,273)	**(347,237)**
Net cash provided by (used in) financing activities:				
Net increase (decrease) in short-term loans payable	**(3,814)**	(3,647)	6,838	**(49,708)**
Proceeds from long-term loans payable	**11,484**	—	6,000	**149,676**
Repayments of long-term loans payable	**(10,608)**	(2,811)	(3,541)	**(138,258)**
Payment for treasury stocks, net	**(2)**	(5)	(696)	**(35)**
Redemption of bonds	**—**	—	(11,070)	**—**
Cash dividends paid	**(21,370)**	(20,350)	(14,257)	**(278,515)**
Other, net	**(1,845)**	(2,081)	(120)	**(24,053)**
Net cash provided by (used in) financing activities	**(26,156)**	(28,897)	(16,847)	**(340,895)**
Effect of exchange rate changes on cash and cash equivalents	**(3,142)**	(5,449)	(8,488)	**(40,957)**
Net increase (decrease) in cash and cash equivalents	**1,215**	30,887	(396)	**15,836**
Cash and cash equivalents at beginning of period (Note 3)	**200,462**	169,574	169,888	**2,612,566**
Increase in cash and cash equivalents from newly consolidated subsidiary	**427**	—	82	**5,565**
Cash and cash equivalents at end of period (Note 3)	**¥202,104**	¥200,462	¥169,574	**$2,633,968**

See accompanying notes to consolidated financial statements.

1 Basis of Presentation and Financial Statement Translation

(a) Basis of Presentation

The accompanying consolidated financial statements of FAST RETAILING CO., LTD. ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Effective September 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18). In accordance with PITF No. 18, the accompanying consolidated financial statements for the years ended August 31, 2011 and 2010 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. Until August 31, 2008, the consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile. In addition, for the convenience of readers outside Japan, the accompanying consolidated financial statements, including the notes thereof, have been reclassified and contain additional information which is not required under accounting principles generally accepted in Japan.

(b) Basis of Financial Statement Translation

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥76.73=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of August 31, 2011. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars.

2 Basis of Consolidation and Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the 98 subsidiaries (90 in 2010) over which the Company has power of control through substantial ownership of majority voting rights.

UNIQLO (MALAYSIA) SDN. BHD. and UNIQLO TAIWAN LTD., accounted as non-consolidated subsidiaries in the year to August 31, 2010, commenced operations and thus increased in importance during the fiscal year ended August 31, 2011. These companies have therefore been included within the scope of consolidation from the fiscal year under review.

The main subsidiaries are as follows:

Consolidated subsidiaries	Ownership percentage	
As of August 31	2011	2010
UNIQLO CO., LTD.	100%	100%
UNIQLO (U.K.) LTD.	100%	100%
FAST RETAILING (CHINA) TRADING CO., LTD.	100%	100%
FAST RETAILING USA, Inc.	100%	100%
FRL Korea Co., LTD.	51%	51%
UNIQLO HONG KONG, LIMITED	100%	100%
GOV RETAILING CO., LTD.	100%	100%
FAST RETAILING FRANCE S.A.S.	100%	100%
Créations Nelson S.A.S.	100%	100%
UNIQLO FRANCE S.A.S.	100%	100%
PETIT VEHICULE S.A.S.	100%	100%
LINK THEORY JAPAN CO., LTD.	100%	100%
UNIQLO (SINGAPORE) PTE. LTD.	51%	51%
Limited Liability Company UNIQLO (RUS)	100%	100%
UNIQLO TRADING CO., LTD.	100%	100%
UNIQLO (MALAYSIA) SDN. BHD.	55%	—
UNIQLO TAIWAN LTD.	100%	—

Fast Retailing (Shanghai) Business Management Consulting Co., Ltd. has increased in importance as a company and has therefore been included as a consolidated subsidiary from the fiscal year ended August 31, 2011. Newly established companies UNIQLO Social Business Bangladesh Ltd., Theory Houston LLC, Theory Hilton Head LLC, Theory 1157 Madison LLC, Theory Riverhead LLC, Theory Westport LLC, and Theory Philadelphia LLC have also been included in the scope of consolidation from the fiscal year under review.

In the fiscal year ended August 31, 2011, Cabin Co., Ltd. was absorbed by LINK THEORY JAPAN CO., LTD. and Comptoir des Cotonniers Korea Co., Ltd. was liquidated. Therefore, both companies were removed from the scope of consolidation in the fiscal year under review.

The financial year closing date at FAST RETAILING (CHINA) TRADING CO., LTD., Theory Shanghai International Trading Co., Ltd., UNIQLO TRADING CO., LTD. and Fast Retailing (Shanghai) Business Management Consulting Co., Ltd. is December 31. Therefore, financial statements from these companies based on a provisional settlement of accounts compiled at the consolidated closing date have been used.

The Company does not account for its three other subsidiaries, as the Company determined those companies to be insignificant, individually and in the aggregate, to total assets, revenue, net income and retained earnings of the accompanying consolidated financial statements.

All the assets and liabilities of newly consolidated subsidiaries are evaluated at fair value.

(b) Cash and Cash Equivalents

For the purpose of consolidated statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value, with maturities of generally three months or less when purchased, to be cash equivalents.

(c) Short-Term Investment Securities and Investment Securities

In accordance with "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council ("the BADC"), securities other than investments in an affiliate are classified into one of the following three categories, and the Company accounts for the securities as follows:

- Trading securities, which are debt and equity securities that the Company holds for the purpose of earning profits on short-term movement of the fair market values, are reported at fair market value, with unrealized holding gains and losses included in earnings.
- Held-to-maturity securities, which are debt securities that the Company has the positive intent and ability to hold to maturity, are reported at amortized cost.
- Available-for-sale securities, which are debt and equity securities with fair market values that are classified as neither trading securities nor held-to-maturity securities, are reported at fair market value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and are reported as a net unrecognized holding gain or loss, net of the related tax effect, in a separate component of net assets until realized. In computing the realized gain or loss, costs of available-for-sale securities are principally determined by the average method.

Available-for-sale securities with no fair market value are carried at cost.

Investments in unconsolidated subsidiaries and the other affiliate that are not accounted for under the equity method are reported at cost determined by the average method.

(d) Allowance for Doubtful Accounts

An allowance for doubtful accounts, including trade notes and accounts receivable and certain investments and other assets, is provided against probable future losses on collection. The Company and subsidiaries designate certain accounts as highly doubtful accounts and provide a specific allowance for these accounts based on the management's detailed credit analysis. Other than these accounts, the Company provides an allowance for doubtful accounts based on the Company's historical average charge-off ratio.

(e) Allowance for Bonuses

As a provision for the payment of bonuses to employees of the Company and its consolidated subsidiaries, an appropriate portion of the estimated total bonus payment requirement has been accounted for in the fiscal year under review.

(f) Inventories

Most inventories are stated at the lower of cost or market. Cost is mainly determined by the specific identification method.

(g) Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the straight-line method. The ranges of principal estimated useful lives are as follows:

Buildings and structures	3 to 50 years
Furniture, equipment and vehicles	5 to 8 years

(h) Intangible Assets

Goodwill is amortized on a straight-line basis over the respective estimated useful lives of property and equipment, not exceeding 20 years, unless it is deemed insignificant.

Software for internal use is amortized on a straight-line basis over 3 to 5 years of the estimated available period.

(i) Retirement and Severance Benefits

The Company has defined contribution plans.

Certain consolidated subsidiaries both inside and outside of Japan have either defined contribution plans or defined benefit plans.

(j) Leased Assets

Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases, except for the finance lease transactions executed on or before August 31, 2008 that do not involve a transfer of ownership. They are accounted for by the same method as former fiscal years.

(k) Revenue Recognition

The Company and subsidiaries recognize sales revenue upon the sale of merchandise to customers where the title of the merchandise transfers to the customers.

(l) Foreign Currency Translation

Foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction date. However, for transactions covered by forward exchange contracts, if the relation between the foreign currency transactions and related firm forward exchange contracts meets the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments" issued by the BADC, those contracts can be translated at such contract rates.

At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for those, as described above, translated at related contract rates. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to income as incurred.

The financial statements of the consolidated overseas subsidiaries are translated into their reporting currency or yen.

All assets and liabilities are translated at the rates of exchange in effect at the balance sheet date.

Shareholders' equity accounts are translated at historical rates.

The income and expenses of consolidated overseas subsidiaries are translated at the quarterly average exchange rates.

A comprehensive adjustment resulting from translation of assets, liabilities, and net assets is reported as foreign currency translation adjustment, a separate component of net assets.

(m) Derivative Financial Instruments and Hedge Accounting

In principle, net assets and liabilities arising from derivative financial transactions are measured at fair value, with the unrealized gain or loss included in earnings. Hedging transactions that meet the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments" issued by the BADC are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as a net asset until gains or losses relating to the hedge are recognized.

For debts denominated in foreign currencies that are hedged using foreign currency forward contracts, the Company and its certain subsidiaries record such debts at the contracted forward rates and no gain or loss is recognized.

The Company and its certain subsidiaries manage risks associated with adverse fluctuations in foreign currency exchange rates using foreign currency forward contracts. The Company is also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest-rate contracts; however, it does not anticipate nonperformance by any of these counterparties, and all of them are financial institutions with high credit ratings.

The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

The Company has developed hedging policies to control various aspects of derivative financial transactions including authorization levels, transaction volumes and counterparty credit guidelines. Under the policies, in particular, the finance group of the Company executes, manages and reports the hedge transactions on a timely basis.

The Company periodically compares cumulative changes in hedging instruments with those of hedged items when assessing hedge effectiveness. In cases where crucial terms of assets or liabilities designated for hedges are identical, the Company does not perform such assessment.

(n) Asset Retirement Obligations

Effective the fiscal year beginning September 1, 2010, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008). The effect of adopting this new standard was to decrease both operating income and ordinary income by ¥712 million ($9,281 thousand), and income before income taxes and minority interests by ¥3,625 million ($47,246 thousand).

(o) Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

(p) Accounting Changes

(1) Previously, the Company and its consolidated subsidiaries in Japan primarily used the declining-balance method to calculate depreciation of tangible fixed assets whereas consolidated subsidiaries outside of Japan tended to use the straight-line method. However, from the fiscal year ended August 31, 2011, the straight-line method has been applied exclusively. In addition, the Company has changed the applicable serviceable period to reflect the actual usage of individual assets.

This change and adjustment of depreciation accounting practice comes as the Company develops and expands its worldwide operations and seeks to unify decision-making and management methods at a group and global level. Following the launch of the common global system on September 1, 2010, this adoption of a common standard for depreciation accounting and calculation of serviceable periods at the group and global level will help refine our profit and loss management, stabilize earnings and rate of application at each individual store, and recognize the actual reduction in the lifespan of individual stores.

The net impact of this change and adjustment to depreciation accounting is an increase of ¥628 million ($8,188 thousand) in total depreciation and a decrease of ¥628 million ($8,188 thousand) in both operating and ordinary income compared to the former accounting method. This impact is comparatively insignificant and therefore has been listed as a net total. In addition, extraordinary depreciation costs of ¥4,050 million ($52,788 thousand) have been accounted for under other losses, resulting in a decrease of ¥4,678 million ($60,976 thousand) in income before income taxes and minority interests.

(2) Previously, a number of consolidated subsidiaries accounted for a portion of the distribution cost incurred after a product was delivered to the warehouse, such as separate storage or transportation from warehouse to store, under cost of sales. However, from the fiscal year ended August 31, 2011, distribution costs incurred prior to warehouse delivery are accounted for as cost of sales while any distribution costs incurred beyond that point are accounted for as an SG&A or administrative expense.

This change in the accounting of distribution costs comes as the Company develops and expands its worldwide operations and seeks to unify decision-making and management methods at a group and global level. Following the launch of the common global system on September 1, 2010, this new integrated treatment of distribution costs will help refine our profit and loss management and define a common scope for cost of sales at a group and global level.

This change in the accounting of distribution costs resulted in a net shift of ¥15,466 million ($201,574 thousand) from total cost of sales to SG&A and administrative expenses compared to the former accounting practice. In addition, the Company recognized another loss of ¥2,699 million ($201,574 thousand) as an adjustment in inventory assets at September 1, 2010. As a result, income before income taxes and minority interests declined by ¥2,699 million ($35,176 thousand).

(3) Effective the fiscal year ended August 31, 2011, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2010). In accordance with this new standard, consolidated statements of comprehensive income for the year ended August 31, 2010 and 2009 are not presented. The comparative information for the year ended August 31, 2010 is disclosed in Note 16.

3 Cash and Cash Equivalents

Cash and cash equivalents as of August 31, 2011, 2010 and 2009 consist of the following:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Cash	**¥ 64,386**	¥ 62,466	¥ 43,876	**$ 839,129**
Time deposits with maturities over three months	**(10)**	(1,476)	(177)	**(141)**
Marketable securities	**137,728**	139,472	125,875	**1,794,981**
Cash and cash equivalents	**¥202,104**	¥200,462	¥169,574	**$2,633,968**

4 Inventories

Inventories as of August 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Merchandise	**¥90,195**	¥72,776	**$1,175,487**
Supplies	**2,555**	1,303	**33,301**
Total	**¥92,750**	¥74,079	**$1,208,788**

The value of inventories is stated after reducing book values when the contribution of inventories to profitability declines, and the associated loss on the write-down of inventories is included in cost of sales.

5 Short-Term Investment Securities and Investment Securities

Investment securities as of August 31, 2011 and 2010 are classified as available-for-sale securities.

The following tables summarize acquisition costs and fair values of securities with available fair values as of August 31, 2011 and 2010:

	Millions of yen		
As of August 31, 2011	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**¥ —**	**¥ —**	**¥ —**
Other	**305**	**313**	**7**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**313**	**196**	**(116)**
Other	**138,110**	**137,463**	**(647)**
Total	**¥138,729**	**¥137,973**	**¥(756)**

	Millions of yen		
As of August 31, 2010	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	¥ —	¥ —	¥ —
Other	—	—	—
Securities with available fair values not exceeding acquisition cost:			
Equity securities	312	185	(126)
Other	139,877	139,472	(404)
Total	¥140,189	¥139,658	¥(531)

	Thousands of U.S. dollars		
As of August 31, 2011	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**$ —**	**$ —**	**$ —**
Other	**3,983**	**4,083**	**99**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**4,085**	**2,565**	**(1,519)**
Other	**1,799,956**	**1,791,522**	**(8,434)**
Total	**$1,808,025**	**$1,798,171**	**$(9,853)**

6 Income Taxes

The Company and subsidiaries are subject to a number of taxes based on income. The aggregate statutory tax rate for the Company was approximately 40.5% for the years ended August 31, 2011, 2010 and 2009.

Reconciliations between the statutory income tax rate and the effective income tax rates as a percentage of income before income taxes and minority interests for fiscal 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Statutory income tax rate:	**—%**	40.5%	40.5%
Increase in reserves for valuation changes	**—**	4.3	2.9
Amortization of goodwill	**—**	2.6	2.8
Impairment of goodwill	**—**	1.0	0.7
Lower income tax rates applicable to income in certain foreign countries	**—**	(1.2)	—
Other	**—**	(0.8)	0.7
Effective income tax rates	**—%**	46.4%	47.6%

A reconciliation for the year ended August 31, 2011 has not been presented as the difference between the statutory income tax rate and the effective income tax rate was less than 5%.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of August 31, 2011 and 2010 are presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets—current	**¥ 31,802**	¥ 29,715	**$ 414,474**
Total gross deferred tax assets:			
Accrued business tax	**932**	2,172	**12,154**
Accrued bonus	**2,147**	2,260	**27,989**
Loss on impairment	**998**	1,102	**13,008**
Operating loss carryforward	**14,617**	18,408	**190,510**
Deferred losses on hedges	**23,888**	23,299	**311,329**
Other	**19,199**	12,507	**250,220**
	61,784	59,751	**805,213**
Valuation allowance	**(21,798)**	(25,540)	**(284,097)**
	39,985	34,210	**521,116**
Total gross deferred tax liabilities:			
Other	**(3,526)**	(2,521)	**(45,966)**
	(3,526)	(2,521)	**(45,966)**
Net deferred tax assets	**¥ 36,458**	¥ 31,689	**$ 475,150**

A breakdown of net deferred tax assets as of August 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets—current	**¥31,802**	¥29,715	**$414,474**
Deferred tax assets—non-current	**7,417**	4,494	**96,674**
Deferred tax liabilities—current	**(131)**	(17)	**(1,712)**
Deferred tax liabilities—non-current	**(2,630)**	(2,503)	**(34,284)**
Net deferred tax assets	**¥36,458**	¥31,689	**$475,150**

7 Long-Term Debt

Long-term debt as of August 31, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Unsecured loans mainly from Japanese financial institutions, with weighted average interest of 1.67% due 2012 through 2017	**¥16,931**	¥15,809	**$220,669**
Less current portion	**3,243**	9,944	**42,272**
	¥13,688	¥ 5,865	**$178,396**

The annual maturities of long-term debt subsequent to August 31, 2011 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 3,243	$ 42,272
2013	3,474	45,283
2014	3,281	42,767
2015	3,118	40,643
2016	3,013	39,275
Thereafter	800	10,426
	¥16,931	$220,669

8 Accrued Retirement and Severance Obligations

The Company has defined contribution plans.

Certain consolidated subsidiaries both inside and outside of Japan have either defined contribution plans or defined benefit plans.

Benefit obligations and plan assets as of August 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligations	**¥63**	¥45	**$828**
Less: Plan assets	**—**	—	**—**
Unfunded benefit obligations	**63**	45	**828**
Unrecognized actuarial loss	**—**	—	**—**
Accrued retirement and severance obligations	**¥63**	¥45	**$828**

The components of net retirement benefit costs for the years ended August 31, 2011, 2010 and 2009 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Service cost	**¥ 18**	¥147	¥152	**$ 237**
Interest cost	**—**	60	75	**—**
Expected return on plan assets	**—**	(69)	(88)	**—**
Expenses related to defined contribution plans	**335**	324	293	**4,378**
Others	**—**	29	94	**—**
	¥354	¥491	¥526	**$4,615**

9 Capital Stock and Capital Surplus

The Company's common stock has no par value in accordance with the Japanese Corporate Law (JCL). Under the JCL, at least 50% of the paid-in amount of new shares is designated as stated capital and proceeds in excess of the amount designated as stated capital are credited to legal capital surplus.

The Company was authorized for issuance of 300 million shares of common stock with no par value as of August 31, 2011. Issued and outstanding shares were 106,073,656 shares for each of the three years in the period ended August 31, 2011.

10 Legal Retained Earnings

The JCL requires an amount equal to at least 10% of distributions of retained earnings be appropriated as legal reserves, which are included in retained earnings, until the legal capital surplus and the legal retained earnings equal 25% of capital stock. Under the JCL, capital, capital surplus and retained earnings, including legal reserves, can generally be transferred among each other upon resolution of the shareholders' meeting.

Capital surplus and retained earnings less legal reserves and certain adjustments thereto may be available for dividends by resolution of the meeting of the Board of Directors. The accompanying consolidated financial statements do not include any provision for dividends of ¥85 ($1.10) per share, aggregating to ¥8,654 million ($112,789 thousand). These dividends were approved at the meeting of the Board of Directors held November 7, 2011 in respect of the fiscal year ended August 31, 2011.

11 Treasury Stock

The JCL allows repurchase of treasury stock to the extent of distributable funds appropriated by resolution of the meeting of the Board of Directors. In addition, the shareholders may request the Company to repurchase their shares of less than a trading unit (100 shares) upon request pursuant to the provision of the JCL.

The changes in shares of treasury stock for the years ended August 31, 2011, 2010 and 2009 are summarized as follows:

	Number of shares	Millions of yen	Thousands of U.S. dollars
Balance as of August 31, 2008	4,223,582	¥15,556	
Repurchase of common stock	64,876	698	
Issuance of treasury stock, net	(112)	(0)	
Balance as of August 31, 2009	4,288,346	16,254	
Repurchase of common stock	412	5	
Issuance of treasury stock, net	—	—	
Balance as of August 31, 2010	4,288,758	16,260	$211,914
Repurchase of common stock	216	2	35
Issuance of treasury stock, net	(31,331)	(118)	(1,548)
Balance as of August 31, 2011	**4,257,643**	**¥16,144**	**$210,401**

12 Pledged Assets

As of August 31, 2011 and 2010, the following assets are pledged as collateral for debts and other liabilities:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Pledged assets:			
Other intangible assets	**¥268**	¥485	**$3,505**
Lease and guarantee deposits	**—**	5	**—**
	¥268	¥490	**$3,505**
Corresponding liabilities:			
Portion of long-term debt due within one year	**¥152**	¥214	**$1,986**
Long-term debt	**116**	270	**1,519**
Other long-term liabilities	**—**	5	**—**
	¥268	¥490	**$3,505**

13 Commitments and Contingencies

The Company had the following contingent liabilities as of August 31, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Loan guarantees for:			
Employees' benefit society	**¥20**	¥25	**$267**

14 Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended August 31, 2011, 2010 and 2009 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Advertising and promotion	**¥35,871**	¥37,665	¥30,697	**$ 467,501**
Salaries	**77,003**	76,408	62,911	**1,003,562**
Rent	**78,891**	74,825	55,521	**1,028,164**
Depreciation	**14,704**	12,229	9,765	**191,644**
Amortization of goodwill	**6,596**	7,534	6,450	**85,968**
Allowance for doubtful accounts	**—**	—	64	**—**

15 Impairment Loss

The Company and consolidated subsidiaries identify groups of assets on a store basis as the smallest identifiable group of assets that generates cash inflow from continuing use. They are largely independent of the cash inflows from other assets or groups of assets.

Impairment loss was recognized for store assets with a significant decline in profitability. Total impairment loss of ¥255 million ($3,330 thousand), ¥1,395 million and ¥510 million, which represents the amount by which the carrying amount exceeds the recoverable amount, was recognized as other expense for the years ended August 31, 2011, 2010 and 2009, respectively. They consisted of the following assets:

	Millions of yen			Thousands of U.S. dollars
Assets	**2011**	2010	2009	**2011**
Buildings and structures	**¥234**	¥ 953	¥386	**$3,057**
Furniture and equipment	**20**	135	27	**272**
Leased assets	**—**	97	—	**—**
Land	**—**	—	97	**—**
Other	**—**	208	—	**—**
	¥255	¥1,395	¥510	**$3,330**

The recoverable value of retail store assets is estimated using the value in use approach. Retail store assets are assumed to have no recoverable value if the expected future cash flows derived from those assets is negative.

In addition, regarding goodwill associated with a portion of consolidated subsidiaries, an impairment loss of ¥577 million ($7,522 thousand), ¥3,037 million and ¥1,731 million, corresponding to the portion of the unamortized balance determined to be unrecoverable due to profitability decreases was recorded as an extraordinary loss for the years ended August 31, 2011, 2010 and 2009, respectively. The recoverable value of goodwill is estimated based on discounting the anticipated future cash flows at a discount rate of 10% per annum.

16 Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended August 31, 2010:

	Millions of yen
Valuation difference on available-for-sale securities	¥ (4,564)
Deferred gains or losses on hedges	(10,650)
Foreign currency translation adjustment	(476)
Total other comprehensive income (loss)	¥(15,691)
Total comprehensive income attributable to:	
Shareholders of FAST RETAILING CO., LTD.	¥ 46,189
Minority interests	771
Comprehensive income	¥ 46,961

17 Leases

With finance leases for which ownership is not transferred to the lessee and which commenced on or prior to August 31, 2008, the Company employs accounting methods normally applicable to ordinary rental transactions. The information on these lease transaction is as follows:

	Millions of yen		
	2011		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**¥6,612**	**¥260**	**¥6,873**
Accumulated depreciation	**5,540**	**196**	**5,736**
Impairment	**188**	**—**	**188**
Net balance	**¥ 883**	**¥ 64**	**¥ 948**

	Millions of yen		
	2010		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	¥9,889	¥490	¥10,379
Accumulated depreciation	6,821	259	7,080
Impairment	188	—	188
Net balance	¥2,878	¥231	¥3,110

	Thousands of U.S. dollars		
	2011		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**$86,180**	**$3,401**	**$89,581**
Accumulated depreciation	**72,205**	**2,556**	**74,762**
Impairment	**2,462**	**—**	**2,462**
Net balance	**$11,512**	**$ 845**	**$12,357**

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Lease payments	**¥1,871**	¥2,428	¥3,136	**$24,387**
Reversal of allowance for loss on impairment of leased assets	**13**	40	91	**170**
Depreciation expenses	**1,765**	2,293	2,967	**23,008**
Interest expenses	**46**	92	168	**610**
Impairment loss	**—**	—	13	**—**

Future minimum lease payments relating to finance leases accounted for as operating leases as of August 31, 2011 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 940	$12,252
2013 and thereafter	242	3,156
	¥1,182	$15,409

Future minimum lease payments relating to operating leases as of August 31, 2011 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 4,452	$ 58,031
2013 and thereafter	46,457	605,465
	¥50,910	$663,496

18 Per Share Data

Net income per share for the years ended August 31, 2011, 2010 and 2009 is as follows:

	Yen			U.S. dollars
	2011	2010	2009	2011
Basic	¥533.93	¥605.99	¥488.96	$6.95
Diluted	533.66	—	—	6.95

Under "Earnings Per Share" issued by the Accounting Standards Board of Japan, net income per share is based on the weighted average number of shares of common stock outstanding during the respective years. On a diluted basis, both net income and shares outstanding are adjusted assuming the exercise of rights relevant to potential shares. No diluted net income per share for 2010 and 2009 has been presented because there was no item with dilutive effect for those years.

Net assets per share as of August 31, 2011 and 2010 are as follows:

	Yen		U.S. dollars
	2011	2010	2011
Basic	¥3,091.17	¥2,804.34	$40.28

19 Related Party Transactions

There were no related party transactions during the years ended August 31, 2011 and 2010.

20 Provision for Loss on Business Liquidation

The provision for loss on business liquidation for the year ended August 31, 2011 accompanied a decision to close stores due to the cessation of operations involving the footwear business.

21 Loss on Disaster

Losses related to the March 11, 2011 earthquake and tsunami in Northeast Japan are accounted for under "Loss on disaster".

A breakdown of the main components for the year ended August 31, 2011 is as follows:

	Millions of yen	Thousands of U.S. dollars
Public donations	¥200	$ 2,606
Restoration of damaged assets to their original state, etc.	193	2,525
Loss on disposal of inventories	151	1,972
Fixed costs incurred during temporary store closures	42	557
Other	411	5,366
	¥999	$13,028

22 Derivatives

Derivatives transactions not applicable under hedge accounting criteria as of August 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Contract value	¥10,304	¥2,568	$134,291
Portion of contract value exceeding one year	—	386	—
Market value	(170)	2,562	(2,224)
Appraisal loss	(170)	(6)	(2,224)

Derivatives transactions applicable under hedge accounting criteria as of August 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Contract value	¥546,979	¥601,133	$7,128,625
Portion of contract value exceeding one year	324,210	347,007	4,225,342
Market value	(59,470)	542,894	(775,057)

23 Financial Instruments

(a) The Group policy toward financial instruments

Regarding the procurement of funds, the Fast Retailing Group seeks to ensure effective utilization of group funds through the Group's CMS (Cash Management Service). The Group also borrows funds from financial institutions. Any temporary surplus funds are invested mainly in fixed-interest instruments with minimal capital risk. The Group policy regarding derivatives instruments is to use foreign currency forward contracts to alleviate foreign currency risk, but not to conduct any speculative derivatives trading.

(b) Financial portfolio components and the risk

Marketable securities are held mainly in MMF funds which are exposed to market risk.

Lease and guarantee deposits related mainly to lease agreements are exposed to the credit risk of the counterparties.

Operating liabilities such as notes and accounts payable all carry a maturity date of one year or less.

(c) Risk management for financial instruments

(1) Management of credit risk (contractual default, etc.)

Regarding lease and guarantee deposits, the Company seeks to minimize risk by monitoring regularly the business conditions of the counterparties so as to be aware of any worsening of debt conditions at the earliest opportunity.

(2) Management of market risk (fluctuations in exchange and interest rates)

Regarding foreign currency denominated operating liabilities, the Company, as a general rule, uses foreign currency forward contracts to hedge against potential adverse fluctuations in foreign exchange rates over time.

Regarding marketable securities, the Company regularly monitors the current share price and financial status of the issuer.

(3) Management of fund procurement liquidity risk (the failure to honor payment obligation at maturity date)

The Company manages the liquidity risk by maintaining ready liquidity, while compiling and updating funding plans on a timely basis.

(d) Supplementary note on the estimated fair value of financial instruments

The fair value of financial instruments can be based on market value, or, when no market price is available, a rationally estimated amount. These rationally estimated amounts can fluctuate given that their estimation involves differing prerequisites that incorporate some variable factors.

Consolidated balance sheet amounts of financial instruments, their fair values and the difference between them as of August 31, 2011 and 2010 are as follows:

	Millions of yen		
	2011		
	Balance sheet amount	Fair value	Difference
Cash and deposits	**¥ 64,386**	**¥ 64,386**	**¥ —**
Short-term investment securities	**137,728**	**137,728**	**—**
Lease and guarantee deposits	**39,310**	**38,435**	**(875)**
Notes and accounts payable—trade	**(59,395)**	**(59,395)**	**—**
Income taxes payable	**(14,721)**	**(14,721)**	**—**
Derivatives transactions	**(59,640)**	**(59,640)**	**—**
Derivatives transaction not applicable under hedge accounting criteria	**(170)**	**(170)**	**—**
Derivatives transactions applicable under hedge accounting criteria	**(59,470)**	**(59,470)**	**—**

	Millions of yen		
	2010		
	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 62,466	¥ 62,466	¥ —
Short-term investment securities	139,472	139,472	—
Lease and guarantee deposits	40,415	39,656	(758)
Notes and accounts payable—trade	(54,098)	(54,098)	—
Income taxes payable	(31,512)	(31,512)	—
Derivatives transactions	(58,245)	(58,245)	—
Derivatives transaction not applicable under hedge accounting criteria	(6)	(6)	—
Derivatives transactions applicable under hedge accounting criteria	(58,239)	(58,239)	—

	Thousands of U.S. dollars		
	2011		
	Balance sheet amount	Fair value	Difference
Cash and deposits	**$ 839,129**	**$ 839,129**	**$ —**
Short-term investment securities	**1,794,981**	**1,794,981**	**—**
Lease and guarantee deposits	**512,327**	**500,920**	**(11,406)**
Notes and accounts payable—trade	**(774,081)**	**(774,081)**	**—**
Income taxes payable	**(191,863)**	**(191,863)**	**—**
Derivatives transactions	**(777,281)**	**(777,281)**	**—**
Derivatives transaction not applicable under hedge accounting criteria	**(2,224)**	**(2,224)**	**—**
Derivatives transactions applicable under hedge accounting criteria	**(775,057)**	**(775,057)**	**—**

Note: Method used in estimating the fair value of financial instruments and other matters related to marketable securities and derivatives transactions

[Assets]

• Cash and deposits

Given that cash and deposits are of short duration, their current value approximates their book value, and therefore the fair value is deemed to be that book value.

• Short-term investment securities

The fair value of short-term investment securities is determined by their market value on the stock exchange.

Given financial instruments such as MMFs and negotiable deposits are of short duration, their current value approximates book value, and therefore the fair value is deemed to be that book value.

• Lease and guarantee deposits

Given that lease and guarantee deposits are considered redeemable after a fixed period, their market value is calculated at a present value discounted across the period to maturity at the government bond interest rate closest to the maturity date.

[Liabilities]

• Notes and accounts payable and Income taxes payable

Given that these financial instruments are of short duration, their fair value approximates book value, and therefore the fair value is deemed to be that book value.

24 Asset Retirement Obligations

(a) Breakdown of asset retirement obligations

Asset retirement obligations include the obligation to restore assets to their original state, etc. relating to real estate lease agreements on the head office and other office buildings, and stores.

(b) Method for calculating the total amount of asset retirement obligations

The Company primarily estimates a five-year period of potential use from acquisition to end of serviceable life and uses a discount rate of 0.27% when calculating total asset retirement obligations.

(c) Change in total asset retirement obligations

Year ended August 31, 2011	Millions of yen	Thousands of U.S. dollars
Balance as of August 31, 2010	¥5,190	$67,649
Increase due to acquisition of tangible fixed assets	**787**	**10,266**
Accretion adjustment	**24**	**313**
Decrease on settlement of asset retirement obligations	**(288)**	**(3,762)**
Other	**9**	**117**
Balance as of August 31, 2011	**¥5,722**	**$74,585**

25 Subsequent Event

Introduction of stock-based compensation in the form of stock acquisition rights for group employees

At the Board of Directors' meeting held on October 12, 2011, the Company decided to introduce stock-based compensation in the form of stock options to employees of the Company and its subsidiaries, and granted the options to the employees on November 15, 2011.

26 Segment Information

Segments of the Company are distinct structural units for which financial information is available for review by the Board of Directors to determine the distribution of business resources and evaluate business performance.

The Company's main retail clothing business is divided into three major business segments, UNIQLO Japan, UNIQLO International and Global Brands, each of which is used to frame and form the group's strategy.

The main operations covered by each reporting segment are as follows:

UNIQLO Japan: UNIQLO clothing and footwear operations within Japan

UNIQLO International: UNIQLO clothing operations outside of Japan

Global Brands: Theory, Comptoir des Cotonniers, Princesse tam.tam, g.u. and Cabin clothing operations

The method of calculating data for business segments to be disclosed is the same as that detailed in Note 2, entitled Basis of Consolidation and Summary of Significant Accounting Practices. Income figures for each business segment correspond to operating income.

Please note, the Company does not assign assets and liabilities to individual business segments.

Information by Business Segment

	Millions of yen						
Year ended August 31, 2011	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
Sales	**¥600,148**	**¥93,717**	**¥124,065**	**¥817,931**	**¥2,417**	**¥ —**	**¥820,349**
Segment income	**106,217**	**8,952**	**8,789**	**123,959**	**49**	**(7,643)**	**116,365**
Depreciation and amortization	**6,201**	**2,234**	**2,413**	**10,849**	**162**	**3,692**	**14,704**

	Millions of yen						
Year ended August 31, 2010	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
Sales	¥615,149	¥72,792	¥125,200	¥813,142	¥1,668	¥ —	¥814,811
Segment income (loss)	127,701	6,367	7,849	141,918	(241)	(9,298)	132,378
Depreciation and amortization	4,271	2,201	3,601	10,074	209	1,945	12,229

	Thousands of U.S. dollars						
Year ended August 31, 2011	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
Sales	**$7,821,557**	**$1,221,399**	**$1,616,913**	**$10,659,870**	**$31,504**	**$ —**	**$10,691,374**
Segment income	**1,384,296**	**116,674**	**114,555**	**1,615,526**	**649**	**(99,613)**	**1,516,563**
Depreciation and amortization	**80,823**	**29,121**	**31,455**	**141,400**	**2,116**	**48,127**	**191,644**

Notes: 1. "Others" includes real estate leasing business, etc.

2. Adjustments for the year ended August 31, 2011 include a total of ¥6,596 million ($85,968 thousand) in goodwill amortization (unamortized balance of goodwill: ¥21,648 million ($282,139 thousand)) which has not been allocated to each individual segment.

3. The income or loss totals for each business segment are adjusted according to the operating income data on the consolidated balance sheet.

Information by Geographic Area

	Millions of yen	Thousands of U.S. dollars
Net sales for the year ended August 31, 2011:		
Japan	**¥669,040**	**$ 8,719,409**
Countries outside Japan	**151,308**	**1,971,965**
	¥820,349	**$10,691,374**
Property, plant and equipment as of August 31, 2011:		
Japan	**¥ 36,690**	**$ 478,178**
North America	**7,708**	**100,459**
Other countries/ regions outside Japan	**13,618**	**177,479**
	¥ 58,016	**$ 756,117**

Report of Independent Auditors

The Board of Directors
FAST RETAILING CO., LTD.

We have audited the accompanying consolidated balance sheets of FAST RETAILING CO., LTD. and consolidated subsidiaries as of August 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years in the period ended August 31, 2011 and consolidated statement of comprehensive income for the year ended August 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FAST RETAILING CO., LTD. and consolidated subsidiaries at August 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended August 31, 2011, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended August 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon LLC

November 25, 2011

History

1949.3
Men's Shop Ogori Shoji is founded in Ube City, Yamaguchi Prefecture, Japan.

1963.5
Ogori Shoji Co., Ltd., is established with capital of 6 million yen.

1984.6
The first UNIQLO store, the Fukuromachi store in Hiroshima, opens and specializes in casual apparel (closes in August 1991).

1985.6
First UNIQLO roadside store opens. Proving an immediate success, the format is adopted as the new standard.

1991.9
Company name is changed to FAST RETAILING CO., LTD.

1994.7
Company stock is listed on the Hiroshima Stock Exchange.

1998.2
Head office is constructed in Yamaguchi Prefecture, Japan.

1998.10
1,900-yen fleece campaign succeeds in attracting large public attention.

1998.11
First urban UNIQLO store opens in the fashionable Harajuku district of Tokyo.

1999.2
Company stock is listed on the First Section of the Tokyo Stock Exchange.

1999.4
Shanghai office is established to further enhance production management.

2000.4
Headquarter functions move to Tokyo to promote merchandising and marketing.

2000.10
Online sales business launches.

2001.9
First UNIQLO overseas store opens in London.

2002.4
UNIQLO Design Studio (current R&D Center) is established.

2002.9
First UNIQLO China store opens in Shanghai.

2002.11
SKIP brand food business starts (exits the business in April 2004).

2003.10
UNIQLO cashmere campaign generates high level of consumer interest.

2004.1
Fast Retailing invests in Link International Co., Ltd. (now LINK THEORY JAPAN CO., LTD.), developer of Theory brand apparel.

2004.10
First large-scale UNIQLO store opens in Shinsaibashi, Osaka (closes in 2010).

2004.12
UNIQLO Design Studio, New York, Inc. is established.

2004.12
Joint venture with Lotte Shopping Co., Ltd. of South Korea is established to expand UNIQLO business.

2005.3
Footwear retail chain Onezone Corp. becomes a subsidiary (comes under UNIQLO Co., Ltd. in April 2010).

2005.5
Nelson Finance S.A.S. (currently Création Nelson S.A.S.) is acquired as a subsidiary to develop the Comptoir des Cotonniers brand.

2005.9
First UNIQLO South Korea store opens in Seoul.

2005.9
First UNIQLO U.S. store opens in New Jersey (closes in 2006).

2005.9
First UNIQLO Hong Kong store opens in the Tsim Sha Tsui shopping district.

2005.10
Large-scale UNIQLO store opens in Ginza, Tokyo.

2005.11
Holding company structure is adopted at Fast Retailing.

2006.2
PETIT VEHICULE S.A.S. is acquired as a subsidiary to develop the Princesse tam.tam brand.

2006.4
Fast Retailing invests in women's apparel company Cabin Co., Ltd. (Cabin becomes a subsidiary in August 2006, merges with LINK THEORY JAPAN CO., LTD. in September 2010).

2006.6
Strategic business partnership is established between UNIQLO and Toray Industries, Inc.

2006.9
UNIQLO All-Product Recycling Initiative commences.

2006.10
First g.u. store opens in Chiba Prefecture, Japan.

2006.11
Fast Retailing invests in women's shoe specialty chain retailer Viewcompany Co., Ltd. (Viewcompany becomes a subsidiary in February 2008 and comes under UNIQLO Co., Ltd. in April 2010).

2006.11
First UNIQLO global flagship store opens, in Soho, New York City.

2007.3
Largest UNIQLO store, with over 3,300 square meters of floor space, opens in Kobe Harborland.

2007.4
Specialty UNIQLO T-shirt store, UT Store, opens in Harajuku (closes in 2011).

2007.11
Second UNIQLO global flagship store, 311 Oxford Street Store, opens in London.

2007.12
First UNIQLO France store opens in the Paris suburb of La Defense.

2008.9
Subsidiaries G.U. Co., Ltd., Viewcompany Co., Ltd. and Onezone Corp. merge into GOV Retailing Co., Ltd. (footwear business comes under UNIQLO Co., Ltd. in April 2010).

2009.3
g.u. 990-yen jeans are introduced to broad public acclaim.

2009.3
LINK THEORY JAPAN CO., LTD. becomes a subsidiary.

2009.4
First UNIQLO Singapore store opens in the Tampines district.

2009.10
Third UNIQLO global flagship store, Paris Opera Store, opens.

2009.10
+J collection, collaborative line produced with designer Ms. Jil Sander, starts selling at UNIQLO stores worldwide.

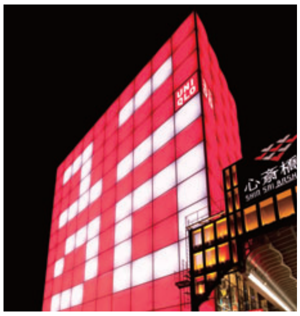
2010.4
First UNIQLO Russia store opens in Moscow.

2010.5
Fourth UNIQLO global flagship store, West Nanjing Road Store, opens in Shanghai.

2010.7
Second five-year plan between UNIQLO and Toray is announced, extending their strategic partnership.

2010.7
Joint venture between UNIQLO and Grameen Bank is agreed, with the aim to pursue a social business in Bangladesh.

2010.10
First UNIQLO global flagship store opens in Japan, in Shinsaibashi, Osaka.



2010.10
First g.u. flagship store opens in Shinsaibashi, Osaka.

2010.10
First UNIQLO Taiwan store opens in Taipei.

2010.11
First UNIQLO Malaysia store opens in Kuala Lumpur.

2011.2
Global Partnership Agreement between Fast Retailing and UNHCR is established, reinforcing All-Product Recycling Initiative.

2011.3
Clothing for Japanese disaster relief is donated by UNIQLO and G.U.

2011.9
First UNIQLO Thailand store opens in Bangkok.

2011.9
Sixth UNIQLO global flagship store, UNIQLO Mingyao Department Store, opens in Taipei.

2011.10
Seventh UNIQLO global flagship store, New York Fifth Avenue Store, opens in New York City.

2011.11
Eighth UNIQLO global flagship store, Myeongdong Central Store, opens in Seoul.

Investor Information (As of August 31, 2011)

Securities Code: 9983

Stock Exchange Listing: Tokyo Stock Exchange (First Section)

Stock Information

Number of shares authorized	300,000,000
Number of issued and outstanding shares (including holders of treasury stock)	106,073,656
Number of shareholders (including holders of treasury stock)	11,825

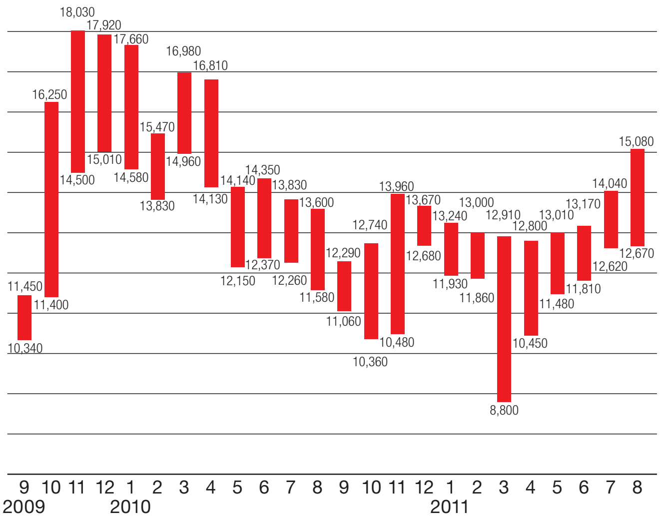
Principal Shareholders

	Number of shares	Percentage of total shares in issue (%)
Tadashi Yanai	28,297,284	26.68
The Master Trust Bank of Japan, Ltd.	7,875,100	7.42
Japan Trustee Services Bank, Ltd.	6,773,300	6.39
Kazumi Yanai	4,781,808	4.51
Koji Yanai	4,780,600	4.51
Fight & Step Co., Ltd.	4,750,000	4.48
Fast Retailing Co., Ltd.	4,257,643	4.01
Mastermind Co., Ltd.	3,610,000	3.40
Teruyo Yanai	2,327,848	2.19
Rabobank Nederland, Tokyo Branch	2,264,000	2.13

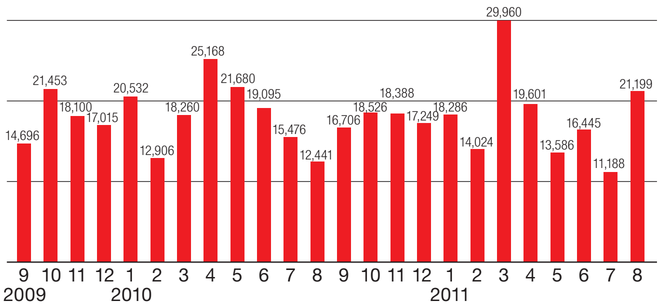
Shareholder Breakdown

	Number of shareholders	Number of shares (Thousands)	Percentage of total shares in issue (%)
Individuals and others	11,059	46,994	44.29
Foreign investors	525	24,794	23.37
Other financial institutions	67	21,730	20.49
Securities companies	44	3,771	3.56
Companies and corporations	130	8,782	8.28
Total	11,825	106,073	100.00

Stock Price (yen)



Trading Volume (thousands of shares)



Information Available in the Investor Relations (IR) Section of Our Website

You can access materials and videos of our latest business results, meetings and press conferences.

Monthly Retail Data: You can view monthly sales for UNIQLO Japan.

IR Library: You can access the latest IR publications, including the Annual Report, Fact Book, Business Review and CSR Report.

IR Calendar: You can access the schedule for monthly announcements, business results meetings and other events.

IR News: You can access the latest IR news releases.

CEO Message: You can access the latest message from the chairman of Fast Retailing.

http://www.fastretailing.com/eng/ir/

Corporate Information

Corporate Data
(As of December 31, 2011)

FAST RETAILING CO., LTD.
Head Office
717-1, Sayama, Yamaguchi City,
Yamaguchi 754-0894, Japan

Tokyo Office
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan

Established
May 1, 1963

Paid-in Capital
¥10,274 million

Line of Business
Control and management of overall Group activities as owner and holding company

Number of Full-time Employees
(Consolidated)
14,612 (As of August 31, 2011)

Settlement Date
August 31

Annual Shareholders' Meeting
End of November

Transfer Agent
The Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-8212,
Japan
Telephone: 0120-232-711
(From Japan)

Number of Shares per Trading Unit
100

Board of Directors
(As of December 31, 2011)

Tadashi Yanai
Chairman, President & CEO

Toru Hambayashi[1]

Nobumichi Hattori[1]

Toru Murayama[1]

Masaaki Shintaku[1]

Board of Auditors
(As of December 31, 2011)

Akira Tanaka

Takaharu Yasumoto[2]

Norihiko Shimizu[2]

Akira Watanabe[2]

Main Group Companies
(As of December 31, 2011)

UNIQLO CO., LTD.
717-1, Sayama, Yamaguchi City,
Yamaguchi 754-0894, Japan

UNIQLO (U.K.) LTD.
3rd Floor 311 Oxford Street,
London, W1C 2HP, U.K.

FAST RETAILING (CHINA) TRADING CO., LTD.
6th Floor, No. 969, West Nangjing Road,
Shanghai, 200041, China

FAST RETAILING USA, Inc.
450 West 14th Street 7th Floor
New York, NY 10014, U.S.A.

FRL Korea Co., LTD.
5th Floor, 24-11 Chungmuro 1ga,
Jung-gu, Seoul, 100-011, Korea

UNIQLO HONG KONG, LIMITED
Room 704-705,
7th Floor, Miramar Tower,
No. 132 Nathan Road, Tsim Sha Tsui,
Kowloon, Hong Kong

UNIQLO TAIWAN LTD.
7FC, No.89, Sung Ren Rd.
Xin Yi District, Taipei City, 11073

UNIQLO (SINGAPORE) PTE. LTD.
107 Tampines Road,
Singapore 535129

UNIQLO (MALAYSIA) SDN. BHD.
Lot 1.01, Level 1, 1, First Avenue,
Bandar Utama 47800 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Limited Liability Company UNIQLO (RUS)
10th floor of Citydel Business Centre,
9 Zemlyanoy Val. Moscow,
105064 Russian Federation

FAST RETAILING FRANCE S.A.S.
Créations Nelson S.A.S.
PETIT VEHICULE S.A.S.
50/52 boulevard Haussmann
75009, Paris, France

UNIQLO (THAILAND) COMPANY LIMITED
968 24th Floor, U-Chuling Foundation Building, Rama 4 Road, Silom, Bangrak,
Bangkok, Thailand 10500

LINK THEORY JAPAN CO., LTD.
COMPTOIR DES COTONNIERS JAPAN CO., LTD.
G.U. CO., LTD.
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan

Notes:
1. External Director
2. Statutory Auditor

Additional copies of this annual report and other information may be obtained by contacting:

http://www.fastretailing.com/eng/

Investor Relations
Corporate Management & Control
FAST RETAILING CO., LTD.
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan
Telephone: +81-3-6862-9983
Facsimile: +81-3-6865-0076

Forward-looking Statements

Statements in this annual report with respect to the Company's plans, strategies, forecasts and other statements that are not historical facts are forward-looking statements that are based on management's judgment in light of currently available information. Factors that could cause actual results to differ materially from our earnings forecasts include, without limitation, global economic conditions, our response to market demand for and competitive pricing pressure on products and services and currency exchange rate fluctuations.

FAST RETAILING CO., LTD.
www.fastretailing.com

UNIQLO New York Fifth Avenue Store
(global flagship store)