FAST RETAILING

ANNUAL REPORT 2012

Year ended August 31, 2012

Changing with Truly

UNIQLO Ultra Stretch Jeans offer unprecedented elasticity

the World
Great Clothing

Contents

Nurturing People to Succeed on the Global Stage

The morning meeting at the new "hotspot" in Shinjuku, the BICQLO Shinjuku East Exit Store

Committed to Corporate Social Responsibility

Children in Kenya wearing clothes donated through the All-Product Recycling Initiative

A New Global Company from Japan

Our first U.S. West Coast store,
the UNIQLO San Francisco Union Square Store

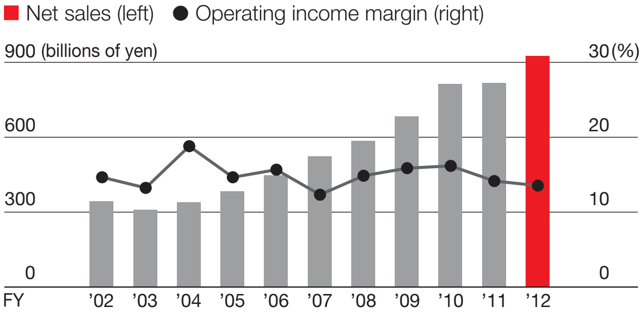
Financial Summary

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

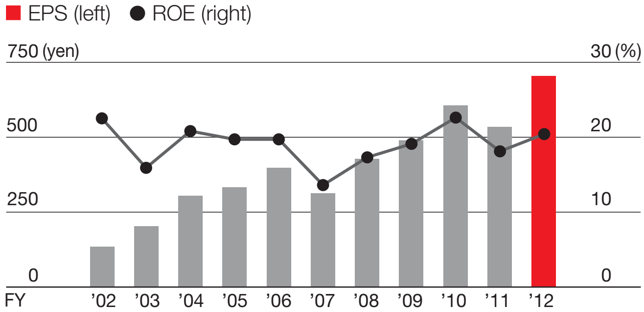
	2002	2003	2004	2005	2006
For the year:					
Net sales	¥ 344,170	¥ 309,789	¥ 339,999	¥ 383,973	¥ 448,819
Operating income	50,418	41,308	63,954	56,692	70,355
EBITDA[1]	52,792	37,447	58,458	60,794	80,166
Net income	27,850	20,933	31,365	33,884	40,437
At year-end:					
Total assets	¥ 210,921	¥ 219,855	¥ 240,897	¥ 272,846	¥ 379,655
Total net assets[2]	123,631	140,504	161,434	182,349	240,479
Interest-bearing debt	5,809	0	52	6,185	22,774
Free cash flow[3]	–29,288	25,651	23,390	–1,425	15,570
Cash and cash equivalents[4]	107,262	123,733	136,461	121,061	141,404
Depreciation and amortization	1,941	2,364	2,737	3,681	5,364
Capital expenditures	11,020	11,633	11,220	11,649	16,261
Reference indices:					
Operating income margin (%)	14.7%	13.3%	18.8%	14.7%	15.7%
ROE (%)	22.5	15.9	20.8	19.7	19.7
Equity ratio (%)	58.6	63.9	67.0	66.8	60.1
Debt-equity ratio (%)	4.7	0.0	0.0	3.4	9.5
Dividend payout ratio (%)	17.7	27.1	37.7	39.2	32.7
Per share data:[5]					
Net income (EPS) (yen)	¥ 134.77	¥ 203.05	¥ 304.92	¥ 331.99	¥ 397.38
Net assets (yen)[2]	1,215.43	1,378.58	1,583.67	1,791.61	2,240.77
Cash dividends (yen)	45.00	55.00	115.00	130.00	130.00
Other data (at fiscal year-end):					
Market value[6]	¥ 3,638	¥ 5,145	¥ 8,380	¥ 8,942	¥ 11,615
Total number of stores[7]	585	622	655	1,232	1,632
Directly-operated stores in Japan	[558]	[582]	[635]	[775]	[1,093]
Directly-operated stores overseas	[15]	[26]	[9]	[157]	[196]
Total sales floor space (m^2)[8]	305,504m^2	335,849m^2	363,901m^2	437,196m^2	536,473m^2
Number of full-time employees[9]	1,853	1,776	1,782	2,668	3,990

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 Income Margin



EPS[5] and ROE

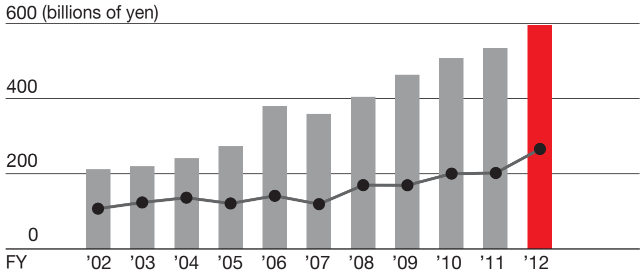


Millions of yen (except per share data and other data)[10]							Thousands of U.S. dollars[6]
2007	2008	2009	2010	2011	2012	YoY	2012
¥ 525,203	¥ 586,451	¥ 685,043	¥ 814,811	¥ 820,349	**¥ 928,669**	+13.2%	**$11,815,131**
64,963	87,493	108,639	132,378	116,365	**126,450**	+8.7	**1,608,786**
75,310	97,467	112,621	137,132	115,714	**148,196**	+28.1	**1,885,455**
31,775	43,529	49,797	61,681	54,354	**71,654**	+31.8	**911,636**
¥ 359,770	¥ 404,720	¥ 463,285	¥ 507,287	¥ 533,777	**¥ 595,102**	+11.5%	**$ 7,571,281**
243,283	264,014	261,413	287,987	319,911	**394,892**	+23.4	**5,024,078**
24,429	20,016	35,400	28,834	28,263	**23,194**	–17.9	**295,100**
–9,936	71,915	24,941	65,234	30,514	**92,329**	+202.6	**1,174,680**
119,216	169,888	169,574	200,462	202,104	**266,020**	+31.6	**3,384,486**
6,567	8,523	9,765	12,229	18,755	**18,573**	–1.0	**236,303**
26,441	21,017	22,601	28,018	33,993	**40,184**	+18.2	**511,248**
12.4%	14.9%	15.9%	16.2%	14.2%	**13.6%**	–0.6 pts.	**13.6%**
13.6	17.3	19.1	22.6	18.1	**20.4**	+2.3	**20.4**
66.7	64.7	56.0	56.3	59.0	**65.0**	+6.0	**65.0**
10.1	7.6	13.6	10.1	9.0	**6.0**	–3.0	**6.0**
41.7	30.4	32.7	38.0	33.7	**37.0**	+3.3	**37.0**
¥ 311.98	¥ 427.38	¥ 488.96	¥ 605.99	¥ 533.93	**¥ 703.62**	+31.8%	**$ 8.95**
2,357.79	2,572.09	2,550.86	2,804.34	3,091.17	**3,797.04**	+22.8	**48.31**
130.00	130.00	160.00	230.00	180.00	**260.00**	+44.4	**3.30**
¥ 7,202	¥ 11,806	¥ 11,827	¥ 12,283	¥ 14,742	**¥ 18,602**	+26.2%	**232,442**
1,828	1,958	2,258	2,203	2,088	**2,222**	+134	**2,222**
[1,233]	[1,310]	[1,454]	[1,370]	[1,213]	**[1,250]**	+[37]	**[1,250]**
[247]	[294]	[397]	[474]	[491]	**[589]**	+[98]	**[589]**
626,998m^2	685,942m^2	740,489m^2	847,523m^2	938,896m^2	**1,170,353m^2**	+231,457m^2	**1,170,353m^2**
6,514	8,054	11,037	11,596	14,612	**18,854**	+4,242	**18,854**

6. Calculations are based on the closing share price of ¥18,270 on August 31, 2012 and an exchange rate of ¥78.60 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.

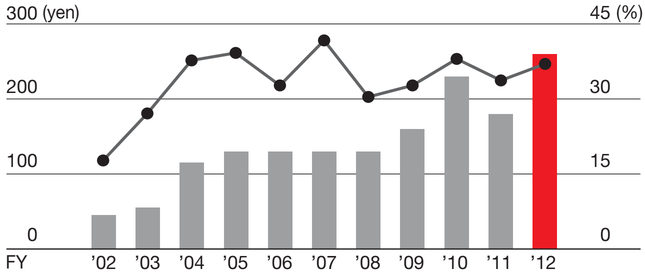
■ Total Assets and Cash and Equivalents

■ Total assets ● Cash and equivalents



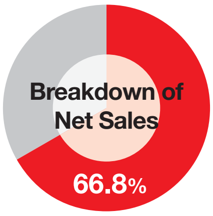
■ Cash Dividends per Share[5] and Dividend Payout Ratio

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



Group Highlights in Fiscal 2012 (Year Ended August 31, 2012)

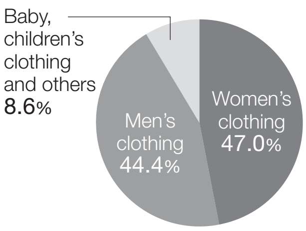
UNIQLO Japan



FY2012	Billions of yen	YoY
Net sales	620.0	+3.3%
Operating income	102.3	–3.6%
Store number*	845 (stores)	+2 (stores)

*Including franchise stores

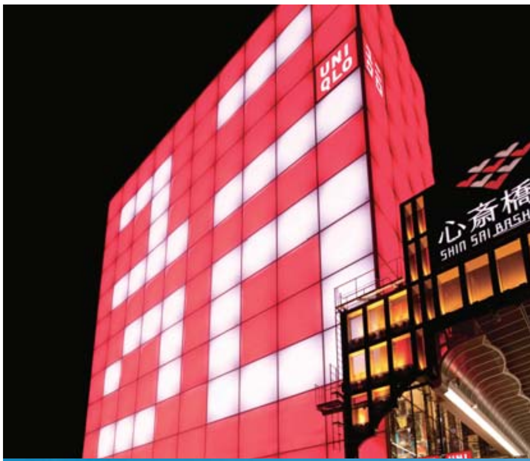
Sales by Product Category



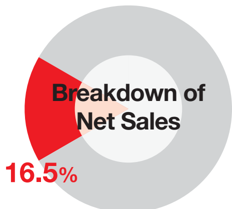
UNIQLO Japan is the nation's largest apparel retailer with a 5.6% share of the 10.7 trillion yen Japanese apparel market, and 845 stores nationwide at the end of fiscal 2012.

UNIQLO Japan sales increased 3.3% year on year in fiscal 2012 to 620.0 billion yen while operating income shrank 3.6% to 102.3 billion yen. In the first half, strong sales of HEATTECH functional innerwear, Ultra Light Down jackets, *danpan* warm pants and other core winter items boosted income. However, in the second half, unseasonably cool weather dampened same-store sales, and larger discounts on summer inventory weighed on profits.

Encouraged by the success of our largest global flagship store, the UNIQLO Ginza Store, which opened in Tokyo in March 2012, we began aggressively increasing our average store size by closing smaller outlets and opening more large-format stores. Going forward, our focus will be on cultivating new consumers by opening large-format stores in Tokyo, Osaka, Nagoya and Fukuoka.



UNIQLO International



FY2012	Billions of yen	YoY
Net sales	153.1	+63.4%
Operating income	10.9	+22.9%
Store number	292 (stores)	+111 (stores)

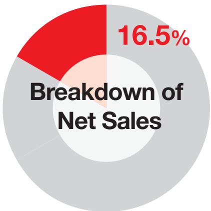
Number of Stores

UNIQLO International generated significant gains in sales and income in fiscal 2012. We expect sales will expand 76.0 billion yen in fiscal 2013 to 229.0 billion yen. Growth has been particularly strong in Asia. UNIQLO operations in Asia are proving highly profitable and currently account for approximately 80% of UNIQLO International's sales.

We plan to increase store numbers in fiscal 2013, mainly in Asia (China: 84, South Korea: 26, Taiwan: 20). By the end of August 2013, we will have opened a total of 155 stores and closed eight. We will also expand UNIQLO's coverage in Asia by building on our existing presence in Malaysia, Thailand and the Philippines, and by opening our first stores in Indonesia and Australia in 2013.

The opening of prominent UNIQLO stores on both New York's Fifth Avenue and 34th Street in fall 2011 boosted awareness of the UNIQLO brand worldwide. UNIQLO gained its first foothold on the West Coast with a San Francisco store that opened in fall 2012.

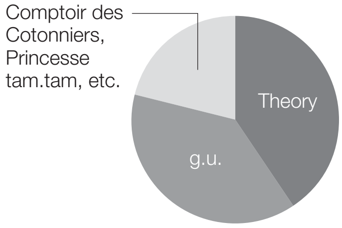
Global Brands



FY2012	Billions of yen	YoY
Net sales	153.0	+23.3%
Operating income	14.5	+65.4%
Store number*	1,085 (stores)	+21 (stores)

*Including franchise stores

Sales by Brands



g.u.

The g.u. brand, offering fashion at fabulously low prices, has become much more widely known since the opening of its Ginza flagship store in March 2012. Sales reached approximately 58 billion yen and operating income 5 billion yen in fiscal 2012.

Theory

The mainstay Theory label, valued for its quality materials and simple, basic design, continues to perform strongly in Japan and the United States. In fiscal 2012, Theory generated record profits, thanks in part to an expanding contribution from the PLST label.

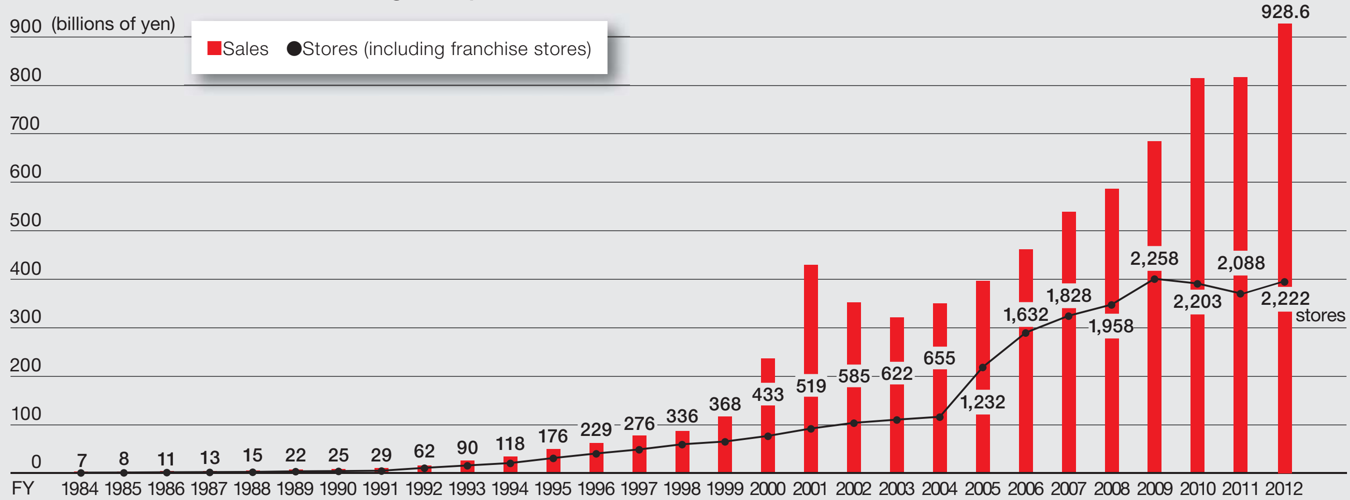
Comptoir des Cotonniers

The chic French label now boasts a total of 383 stores in France, other parts of Europe and Japan. A strong 2012 spring/summer collection boosted sales and income in fiscal 2012.

Princesse tam.tam

The unique corsetry, lounge wear and swimwear brand, known for its creative original prints and bright colors, is sold in an increasing number of well-known department stores in Europe and beyond. Japan's first PTT store opened in fall 2012.

Sales and Stores of Fast Retailing Group



- Fast Retailing Co., Ltd. is a holding company. The specialty retailer UNIQLO is the Group's mainstay operation, and has enjoyed strong growth by offering high-quality casualwear at reasonable prices using 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. After a period of falling sales and income, we quickly boosted performance by expanding our women's wear. Since 2001, UNIQLO has expanded worldwide operations to include the U.K., China, Hong Kong, South Korea, the United States, France, Singapore, Russia, Taiwan, Malaysia, Thailand and the Philippines. At the end of August 2012, UNIQLO boasted 845 stores in Japan and 292 in other markets.
- Since 2004, we have diversified the operational base of the Group through acquisitions, including the French brands Comptoir des Cotonniers (women's fashion) and Princesse tam.tam (corsetry, lounge wear and swimwear) and the U.S. labels Theory (women's fashion) and J Brand (contemporary denim). The low-priced g.u. fashion label, launched in 2006, is steadily becoming a mainstay Group operation.

Transforming UNIQLO into a Truly Global Brand

With Fast Retailing enjoying consistent growth, we will now ensure that UNIQLO is nurtured into a truly global brand. My first priority is to establish UNIQLO as the leading brand in Asia by opening large numbers of stores in Greater China, Southeast Asia and India, all places where the middle-income population is expected to explode during the next 10 years. We will also create a framework to facilitate the opening of 200 to 300 large-format stores worldwide each year, and to support aggressive store openings not only in Asia, but also in the United States. In the U.S., we will establish a chain of 20-30 stores in both New York and San Francisco, developing a highly profitable business that mirrors UNIQLO's existing business in Asia.

The first UNIQLO global flagship store opened in New York's Soho neighborhood in 2006. Since then, we have opened global flagship stores in many major cities around the world. But it was the opening of the New York Fifth Avenue Store in fall 2011 that propelled the UNIQLO brand into the hearts and minds of consumers everywhere. In fall 2012, we coined the term "global hotspot store" for our new BICQLO store in Shinjuku, developed with leading home appliance retailer BIC CAMERA. The global hotspot store is creating an entirely new retail format that offers innovative services and entertainment. We will make the UNIQLO brand even more fun by opening many global hotspot and flagship stores worldwide.

The g.u. brand made great headway in fiscal 2012 thanks to its amazingly low prices and fashionable casualwear. UNIQLO must now regain its own position of price leadership by fighting harder to offer the prices customers want. UNIQLO and g.u. may be different, but I always recall how UNIQLO stunned customers with the 1,900 yen fleece jacket 14 years ago, at the same time we opened our first urban store in fashionable Harajuku. UNIQLO has since satisfied customer needs with HEATTECH and other high-quality items. Now, UNIQLO will focus on achieving global leadership in both fashion and pricing. We will review materials development and procurement costs, and streamline the production process. UNIQLO clothes will be basic items that capture new trends and offer fresh appeal.

As we expand our global operations, I want Fast Retailing to be known as the company that contributes to society through truly great clothing. Our business and CSR activities are like the wheels of a bicycle turning in tandem. We are committed to the employment of people with disabilities, to social business and disaster recovery in northeast Japan, as well as to our All-Product Recycling Initiative. We are a new type of global company from Japan, providing good casualwear to people all worldwide. We relish the challenge.

January 2013

Tadashi Yanai

Tadashi Yanai
Chairman, President & CEO

UNIQLO Growth Opportunities Are Global

Leap in UNIQLO Brand Recognition in the U.S.

When UNIQLO opened a global flagship store on New York's Fifth Avenue and a megastore on 34th Street in fall 2011, we received a far greater response from customers than we ever could have dreamed of. I feel that UNIQLO's profile in the United States received a considerable boost. Owners of U.S. shopping malls now have a greater interest in UNIQLO as an attractive potential tenant and we are frequently approached by developers asking us to open stores in their malls. I believe we now have the opportunity to begin opening UNIQLO stores across the United States.

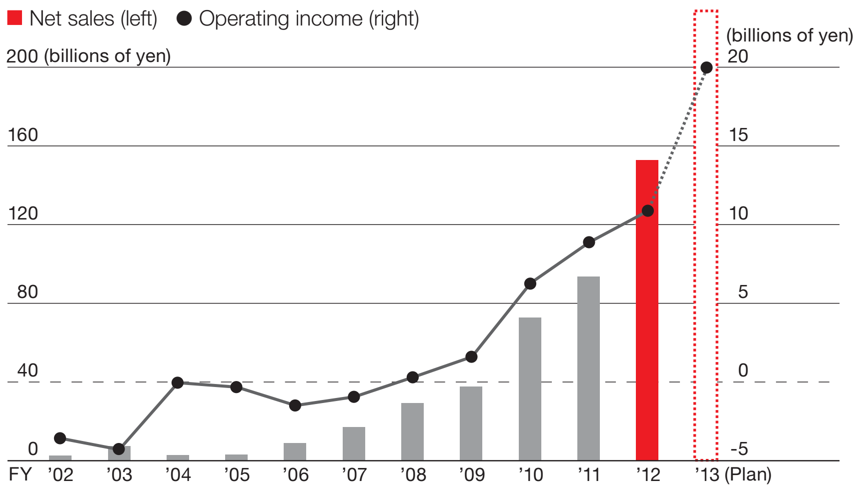
In September 2012, we opened a new store with an impressive shop floor of 3,300 square meters in New Jersey's Garden State Plaza Mall. Garden State Plaza is one of the 10 most popular shopping malls in the U.S., and the fact that we were able to open such a large store there shows that U.S. interest in the UNIQLO brand is growing considerably. The opening of our San Francisco Union Square Store on Powell Street was also extremely successful. The next step in the development of UNIQLO USA will be to establish a chain of between 20 and 30 stores in both the New York and San Francisco metropolitan areas.

Unfortunately, UNIQLO USA reported a loss in fiscal 2012, but we believe we can generate a profit within the next two to three years by increasing the pace of new store openings in shopping malls. We are looking forward to cultivating the same kind of successful UNIQLO business in the United States as we have across Asia.

New York Fifth Avenue Store

■ UNIQLO International Sales, Operating Income/Loss

UNIQLO International sales and income rose strongly in fiscal 2012:
sales ¥153.1 billion (+63.4% YoY), operating income ¥10.9 billion (+22.9% YoY)



China: The Next Great Consumer Nation

UNIQLO operations in Asia are already growing faster than in Japan. Within Asia, the Chinese market harbors the greatest potential. China is likely to transform into a significant consumer nation over the next five to ten years as the government gradually shifts its policy emphasis from export growth to boosting internal demand. China's population of 1.3 billion is 10 times the size of Japan's, so it is one of the most important markets for us.

UNIQLO's reputation in China is on a par with global retailers such as ZARA and H&M. In recent years, we have been approached by multiple shopping malls there to open new stores. In fiscal 2012 we opened 65 new stores in China. In fiscal 2013, I want to open at least 80, possibly even 100. In fact, I want to open 100 stores in China each year for the next 10 years. Our ultimate target is 3,000 UNIQLO stores across China.

We did experience the slowdown in the Chinese economy in early 2012, but we saw this as a good business opportunity. Successful retail companies always expand operations in times of economic slowdown, when terms are more favorable and you can open more stores. Stores with strong sales always attract customers. I believe now is a perfect opportunity to grow our UNIQLO business in China, and that is just what we intend to do.

Explosion in Middle-Income Population to Create Opportunities in Asia


A busy day at our Taipei global flagship store

The size of the middle-income population in China, Southeast Asia and India is predicted to explode over the next 10 years. As a result, there are many attractive markets in Asia, and I want to accelerate the pace of new store openings throughout the region. We may well see in Asia a repeat of Japan's period of rapid economic growth, when consumer demand soared along with the desire to shop for clothes. We believe Asia is likely to experience a similar boom in demand for clothes. The Asian market could expand beyond even our expectations and, if UNIQLO is to become the number one brand in Asia, we feel it is vital to secure a share in it. UNIQLO's reach and popularity now extend to Singapore, Malaysia, Thailand and the Philippines. Each new store in these markets has enjoyed strong sales from the outset and every operation quickly became profitable. We plan to expand into Indonesia and Australia in 2013, and we are also considering the Indian market.

Securing Leadership in the Global Marketplace

Leveraging Unique UNIQLO Strengths to Gain Price Leadership

Our g.u. casualwear brand performed extremely well in fiscal 2012, with sales expanding over 80% year on year and operating income reaching 5.0 billion yen. This breakthrough for g.u. can be attributed to the brand's attractive, trendy fashion items and its fabulously low prices. Now UNIQLO must regain the same momentum it enjoyed after it amazed customers with its 1,900 yen fleece jacket, which set off a fleece boom.

UNIQLO customers and g.u. customers look for clothes in different price ranges. Japanese consumers are extremely sensitive to price, and UNIQLO needs to offer even more attractive prices without sacrificing its renowned high quality. To this end, we are reviewing the procurement and cost of our materials. No other apparel manufacturer uses as much cotton, wool or cashmere as we do. It should be possible to reduce costs further by securing large volumes of materials for our exclusive use. Costs might also be reduced by streamlining the production process and slashing losses on discounted items.

Our aim is to secure price leadership worldwide. In order to develop full-fledged nationwide networks in China and other parts of Asia, we will open stores outside of major cities, which will entail reducing the standard price of UNIQLO products. One of our strategies to meet demand for lower priced garments is opening joint UNIQLO/g.u. stores.

Fashion Leadership Built on Quality Basic Clothes

UNIQLO is determined to gain fashion leadership by offering basic clothes with attractive fashion features, exciting new elements and revolutionary functionality. We want to develop clothes that customers truly desire, clothes that suggest entirely new ways to dress. Fortunately, the Fast Retailing Group boasts stylish women's fashion brands such as Theory, Comptoir des Cotonniers and Princesse tam.tam. We are looking for ways to incorporate their product development strengths into UNIQLO's design process through the creation of Group-wide product development centers in New York and Paris. This will help UNIQLO develop basic clothes that offer both a high-quality finish and fresh appeal.

First down jacket
developed by UNIQLO x theory

Exciting New Developments for UNIQLO Japan

BICQLO: A Collaborative Store That Delights

BICQLO Shinjuku East Exit Store

Investors sometimes ask me if UNIQLO has reached its saturation point in Japan. UNIQLO Japan did achieve sales of 620.0 billion yen in fiscal 2012, but that represents less than 6% of the 10 trillion yen Japanese apparel market. We should be able to increase that share.

To that aim, I want to create megastores to delight customers in Japan's major urban shopping spots, including Shinjuku, Ikebukuro, Harajuku and Shibuya in Tokyo, Umeda in Osaka, and Nagoya. The BICQLO Shinjuku East Exit Store, opened in September 2012, is what we call a "global hotspot store." For the first time, UNIQLO joined forces with BIC CAMERA, a leading consumer electronics retailer, to create an entirely new kind of store that adds entertainment to the shopping experience. If a similar opportunity arises involving a partner in the apparel or manufacturing industry outside of Japan, I would love to try and create new retail experiences in other markets.

Tadashi Yanai wearing his *happi* coat at the opening ceremony

UNIQLO for Women UNIQLO MARCHÉ: Five Brands under One Roof

UNIQLO MARCHÉ Printemps Ginza Store
Five Fast Retailing brands under one roof for the first time

We opened the UNIQLO MARCHÉ Printemps Ginza Store in November 2012 on the sixth and seventh floors of the Printemps Ginza department store. I wanted to make the best use of the beautiful Printemps Ginza environment to create a store for women that shows off five rich and unique Fast Retailing Group brands.

Having UNIQLO, g.u., Princesse tam.tam (the brand's first store in Japan), Comptoir des Cotonniers and Theory's PLST label all under one roof enables customers to compare styles and prices, and enjoy their shopping experience all the more. The store also presents down jackets by UNIQLO x Theory and UNIQLO x Comptoir des Cotonniers, the first garments we have created through inter-brand collaboration.

At our new store we welcome Printemps Ginza's female customers, who are typically working women in their 20s to 40s, as well as the entire range of customers who frequent department stores in Ginza. To me, this space is a vibrant market for fashion—a veritable fashion marché.

Positioning g.u. alongside UNIQLO

Expand g.u. to Conquer the Global Market for Amazingly Low-Priced Clothes

The global apparel companies that have enjoyed the greatest growth are the ones that have focused on extremely low-priced clothing. Such demand has grown strongly in developed nations including in the U.S. and the U.K. I asked myself how we would fare if low-priced brands like Britain's Primark or the U.S.'s Target entered the Japanese market, and I concluded that we had to create a new retail format in Japan for amazingly low-priced clothing—and we had to do it fast! Now, our g.u. operation offers just that: fun fashion at fabulously low prices.

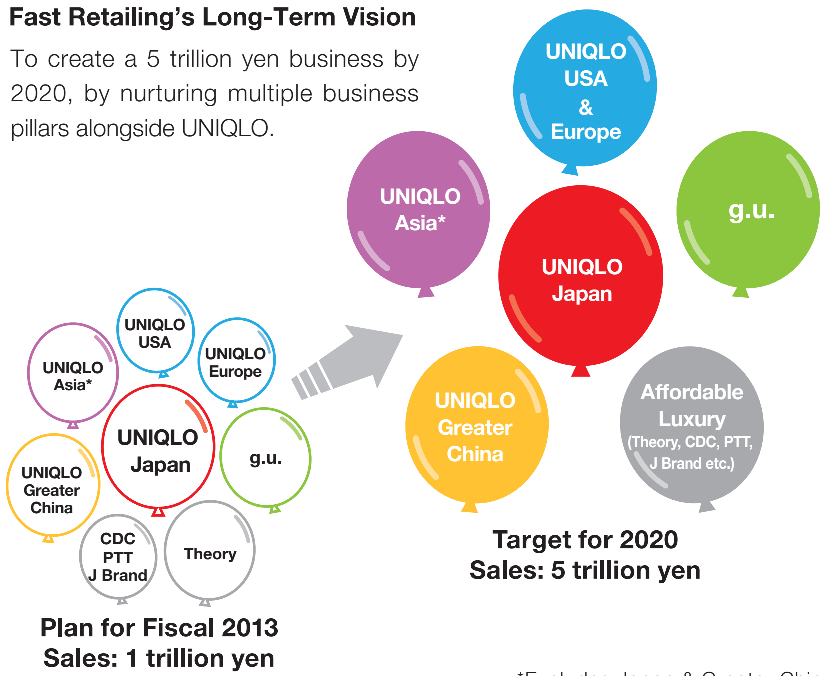
The first g.u. store opened in October 2006. Since then, g.u. has enjoyed great exposure through both TV commercials featuring popular celebrities and the opening of the flagship g.u. Ginza Store in March 2012. The g.u. brand has a loyal following among young women and was highly profitable in fiscal 2012, with sales expanding by over 80% to 58.0 billion yen and operating income rising to 5.0 billion yen. But the bargain-priced apparel market transcends national borders. We should expand the newly empowered g.u. brand outside of Japan as soon as possible to boost its global competitiveness. We could even open g.u. and UNIQLO stores together in foreign markets.

In fiscal 2013, we aim to open 60 g.u. stores and boost g.u. sales to 80 billion yen, and then to 100 billion yen in fiscal 2014. Given its potential for significant global expansion, I want to position g.u. as the second mainstay operation of the Fast Retailing Group after UNIQLO.

Popular young model/singer Kyary Pamyu Pamyu as the 2012 fall/winter brand model

■ Fast Retailing's Long-Term Vision

To create a 5 trillion yen business by 2020, by nurturing multiple business pillars alongside UNIQLO.



*Excludes Japan & Greater China

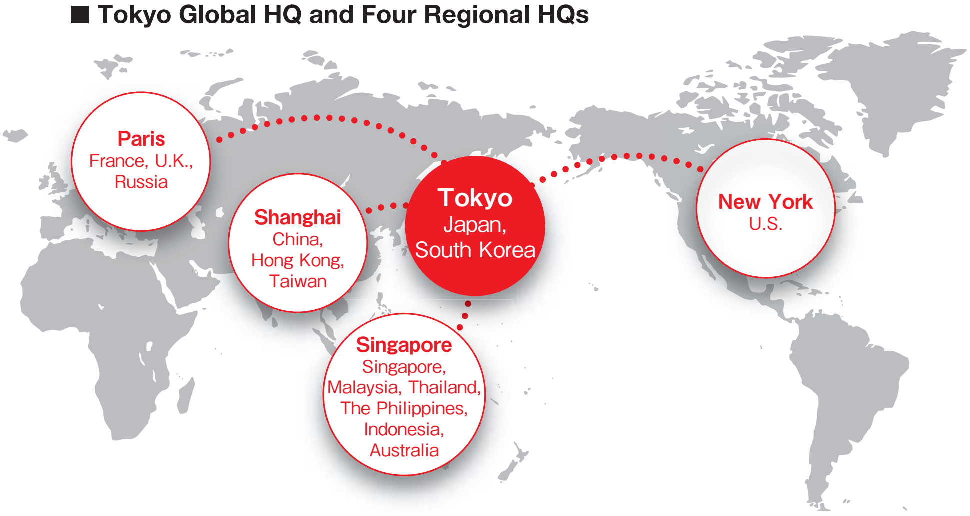
A Universal Employee Training System

Management Training Begins in Earnest

As the scale of the Fast Retailing Group expands, we need to create a new management system. In recent years, we have been expanding our operation in China, but it has proven difficult to hire and train the right managers for new stores. However, UNIQLO is now ranked number one in the apparel industry in popularity surveys taken among recent Chinese university graduates, and we hired approximately 500 new graduates in China, Hong Kong and Taiwan in fall 2012. Today, we attract young people who share our aspirations and want to work in a revolutionary apparel company. We have begun hiring and training these future managers in earnest through four regional headquarters: New York, Paris, Shanghai and Singapore.

New employees are trained in their regional headquarters. In addition, they participate in management training programs and receive practical in-store experience tailored by the Japan-based Fast Retailing Management and Innovation Center (FRMIC). Here they can also learn about our corporate philosophy firsthand and truly take it to heart.

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



Aspiring to Be a Truly Global Company from Japan

When I returned to the position of UNIQLO CEO in 2005, I laid out a three-pronged mission: to strengthen Group management, promote globalization and refocus on entrepreneurial values. I want to conquer global markets by expanding all brands in the Fast Retailing Group. Japanese employees should practice and perfect their skills abroad, and capable employees from all over the world should be able to work in Japan. We also need a group of top managers who can make smart, swift decisions in their operational environments. All of this is vital for our quest to become a truly global company from Japan. Fast Retailing's job is to train employees who constantly keep that goal in mind and strive to achieve it.

Creating the Best Global Corporate Group

Building the Best Together

Our corporate philosophy, the Fast Retailing Way, was designed to help us be a good company. As part of 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 elements of Japanese culture—a passion for fine craftsmanship, an emphasis on superior customer service and a work ethic that values diligence and teamwork.

Fast Retailing encourages every employee to adopt the mindset of a business manager. I want all Group managers and employees to have the same strong ambition. They should aim to be the world’s best, while staying firmly grounded in their immediate surroundings.

As our Group founder, I realized I could not just retire at 65, and I am excited that our global expansion is finally becoming a reality. However, I feel it is important to cultivate a strong senior management team by passing on more responsibility for the day-to-day implementation of the business to younger managers and allowing them to refine their skills and promote their own ideas.

Conducting Business and CSR Activities in Tandem

Our business and CSR activities are like the two wheels of a bicycle turning in tandem. When our customers buy our clothes, we also want them to buy our corporate spirit—who we are and what we stand for. To become a truly global company, we must be a truly good brand.

We continue to help victims of the March 2011 earthquake in northeast Japan, having donated the equivalent of 3.3 billion yen through the UNIQLO Recovery Assistance Project. As of October 2012, we had donated 5.19 million items of clothing to refugees and displaced people in 22 countries through our All-Product Recycling Initiative. In May 2012, we named tennis star Novak Djokovic as our UNIQLO Global Ambassador and in October we helped establish a $10 million fund for children worldwide.

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

Pursuing M&A to Strengthen Our Operational Base

J Brand Holdings is a leading contemporary denim company that enjoys global popularity.

I believe one way of pursuing growth for the Fast Retailing Group is through mergers and acquisitions. M&A can facilitate the expansion of our brand portfolio and help create multiple profit-generating pillars within the Group. M&A can also help us find partners who will facilitate a meaningful expansion of the UNIQLO brand in Europe and the United States.

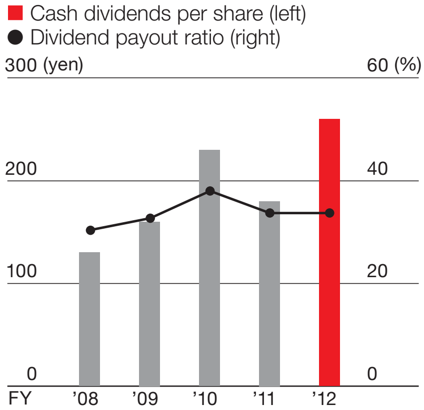
In December 2012, we purchased a majority share in J Brand Holdings, a leading U.S. contemporary denim company. Going forward, we hope to draw on J Brand's expertise to boost Fast Retailing's denim product development across the Group. Our Theory operation, in which we first began investing in 2004, is performing extremely well and is fast developing into a one billion dollar business.

The Theory purchase illustrates how Fast Retailing can use the acquisition of affordable luxury brands to create multiple profit-generating businesses in addition to the UNIQLO brand, and establish an even stronger operational base for the Group. Furthermore, we can utilize the Group's global operational platform to develop newly acquired brands into full-fledged global brands in their own right. I believe that owning a diversified group of companies also brings benefits for the UNIQLO operation in areas such as product and store development. These M&A opportunities are likely to become increasingly important as our global presence continues to expand.

Strong Performance Provides High Shareholder Dividends

I believe that returning profits to shareholders is one of the most important objectives for Fast Retailing management. Our policy is to offer high dividends that closely reflect business performance. Essentially, we use profits to fund future business expansion, with the aim of retaining earnings that will ensure healthy finances and provide good shareholder returns. In fiscal 2012, we paid an annual dividend of 260 yen, generating a consolidated payout ratio of 37.0%.

■ Cash Dividends per Share and Dividend Payout Ratio



Our Approach to Corporate Governance

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

We introduced a system of entrusted operating officers to separate the decision-making and 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 its surveillance ability.

The Group has adopted the corporate auditor governance model, which assigns responsibility for the oversight of corporate governance to a 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 Code of Conduct and business ethics.

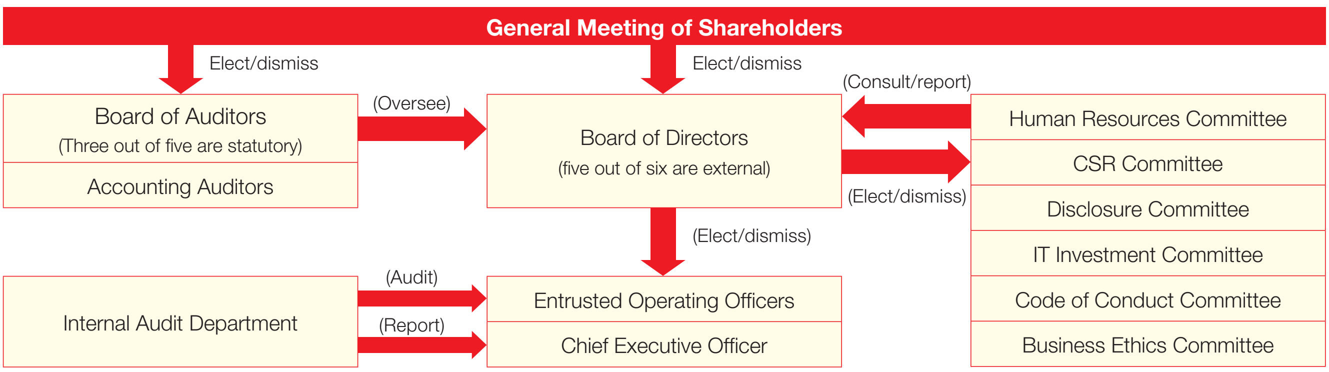
Fast Retailing Head Office, Yamaguchi

Outline of Corporate Governance (Year ending August 31, 2012)

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 2012	Number of Meetings	13
	Director Attendance[1]	98.1%
	Auditor Attendance[2]	97.4%
	Sample Agenda	Fiscal year budget, Approval of corporate results, Issues relating to globalization of business, UNIQLO operation in Australia, Acquisition of J Brand Holdings
Details of Board of Auditors Meetings in Fiscal 2012	Number of Meetings	13
	Auditor Attendance[2]	97.4%
	Sample Agenda	Auditing policy, Auditing planning, Discussion with Executive Board, g.u. business and future issues, Global store openings and future issues, current Production Department 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		Three 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 2012 compensation to the five-member Board of Directors totaled 395 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 2012 compensation to the four auditors totaled 45 million yen, including 30 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 31, 2012)



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 (As of December 31, 2012)

✓ = Committee Members

	Internal Director	External Directors					Full-time Auditors		Statutory Auditors			Officers and Other External Professionals
	Yanai	Hambayashi	Hattori	Murayama	Shintaku	Nawa	Tanaka	Shinjo	Yasumoto	Watanabe	Kaneko	
Human Resources Committee	✓	Chairperson	✓	✓	✓	✓	✓		✓			—
CSR Committee	✓						✓		✓			3
Disclosure Committee	✓							✓				6
IT Investment Committee	Chairperson			Observer	Observer			✓				4
Code of Conduct Committee							✓				✓	7
Business Ethics Committee								✓	✓	✓		3

Notes: 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.
The required notification pertaining to independent directors has been submitted to the Tokyo Stock Exchange for Toru Hambayashi, Nobumichi Hattori, Masaaki Shintaku, Takaharu Yasumoto, Akira Watanabe and Keiko Kaneko.

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

Messages from Our External Directors

Transitioning from 'My Company' to 'Your Company'

Fast Retailing is at the stage where it needs to make the transition from being a 'my company' under founder, CEO and major shareholder Tadashi Yanai, to being 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 Mr. Yanai is undeniably an amazing businessman, he nevertheless sometimes needs to hear frank feedback, regardless of how unpalatable it might be. That is where we five external directors, with our 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 struggle, steadily expanding new store openings in the buoyant Asia region is an important growth strategy. But we also need to create a global training system that instills a spirit of warmth and loyalty among our personnel. The road ahead will undoubtedly be tough as the Group seeks further robust growth both domestically and internationally. That is precisely why it is imperative for Fast Retailing to foster a better corporate culture and push on with its philosophy 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 at Maeda Corp. and Unitika Ltd.

Turning a Losing Investment into a Winner

Mergers and Acquisitions are all about the bidder's premium or added value. In that sense, M&A start from a point of defeat. If we grasp this concept and fully discuss the potential Group synergies to be derived from any particular merger, then we can conduct M&A with minimum risk and the greatest chance of success. Given my background managing M&A activities at a leading U.S. financial institution, I assess the corporate value of Fast Retailing from the perspective of the capital markets and suggest ways to improve that value.

Fast Retailing's experience of M&A to date has proved invaluable. Fast Retailing is now much more adept at conducting in-depth discussions on levels of profit and potential growth that will follow from M&A, as well as potential synergies for the Group and necessary adjustments to its management systems. Fast Retailing's high level of growth is clearly an advantage and has attracted a greater number of potential M&A opportunities, even some large-scale candidates. In such an environment, the Board of Directors has the increasingly important role of resolutely highlighting any potential downsides.

Nobumichi Hattori
External Director

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

Building a Global One Management Platform

To become a truly global retailer, Fast Retailing must stand out as the number one retailer in the Asian market as a whole, not just in Japan. Using the superior UNIQLO business platform as a base, all products, services and employee training must be developed with world markets in mind. The Group needs a management framework that will be effective globally and a management vision that can be shared by all employees.

Recently, the Board has had more frequent and vigorous discussions about how to realize Fast Retailing's global ambitions. The scenarios for growth within the Group are changing and developing rapidly and the Board must respond accordingly. 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. My expertise can help build a management system to 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 at Waseda University.

Ready for Action on FR's Global Strategy

Three years have passed since I became an external director and I can feel how Fast Retailing's globalization strategy is being put into practice full-scale. Top management and employees are united in the same quest to build a successful presence in markets all over the world. The challenges have been clarified, the people and systems put in place. Now the Group is ready to pursue global expansion with speed and conviction. Facing and overcoming difficult issues is a great way to grow and evolve. But the starting line is the toughest place to be. We should all join forces and move forward in a proud and gallant way.

Top managers of fast-growing companies must be aggressive. Mr. Yanai is a strong leader, and he heeds the lively and often heated debate among us external directors, with our different backgrounds. The Board of Directors, as a team, will play a vital role in accelerating the development of Fast Retailing and contributing to its future growth.

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.

Cultivating Next-Generation Managers for Global Growth

Successful sales growth for any company that is expanding into global markets is closely linked to how well that company trains its next generation of managers. As a consultant, I have advised many companies from Japan, the United States, China and South Korea on global development. Here, I want to consider whether Fast Retailing's training systems equip new managers with the innovative approach to corporatization they will need to promote global growth, and whether they are sufficiently diverse.

Given my expertise in working with non-Japanese companies and IT firms both inside and outside Japan, I can also suggest the best global practices in terms of corporate governance. The Fast Retailing Board of Directors is extremely sharp and dynamic. Our exchanges are frank and the debate is lively, and this ultimately enables the Board to make firm decisions on how to move forward. I was newly appointed to the Board in November 2012 and I look forward to supporting Fast Retailing steadily and thoroughly in its pursuit of global growth.

Takashi Nawa
External Director

Appointed November 2012. Previously a director of McKinsey & Company, he is currently professor in the Graduate School of International Corporate Strategy at Hitotsubashi University, senior advisor to the Boston Consulting Group and external director at NEC Capital Solutions.

Auditors

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.

Akira Watanabe
Statutory Auditor

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

Akira Tanaka
Full-time Corporate Auditor

Full-time internal corporate auditor since November 2006. Entered McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings) in September 1972 and rose within the company to become deputy president and advisor.

Keiko Kaneko
Statutory Auditor

Statutory auditor since November 2012. Currently a partner in the Anderson, Mori & Tomotsune law firm and guest associate professor at Tokyo University Graduate School of Law.

Masaaki Shinjo
Full-time Corporate Auditor

Full-time internal corporate auditor since November 2012. Since joining FR in February 1994, he has held the positions of general manager of both FR Group Auditing and FR Group Planning Management and auditor of G.U. Co., Ltd.

Auditor Message

A Fair and Earnest Corporate Approach

As an SPA-style apparel manufacturer and retailer, Fast Retailing outsources the manufacture of its clothes to partner companies. The Business Ethics Committee plays a very important role in this by making fair and neutral judgments on whether orders are achievable and avoiding placing any undue cost burden on a partner factory. It is a revolutionary idea for a company to have external auditors serve on such a committee and we take our job very seriously. In fact, all the committees at Fast Retailing from human resources and CSR to disclosure, IT investment and Code of Conduct are fair and extremely earnest in their recommendations.

I was appointed in 2006 when our global expansion was in the early stages. Now, that goal is becoming a reality. We will need to extend and strengthen the Group's auditing systems in line with its globalization. The first female statutory auditor, Keiko Kaneko, was appointed in November 2012, and the addition of such an experienced professional will help us generate more effective advice. Undoubtedly, top management faces many issues as a company expands. We believe the best form of support is to offer forthright and sincere opinions.

Akira Watanabe
Statutory Auditor

Fast Retailing seeks to consistently improve its corporate ethics and compliance through a number of internal controls, 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 internal control systems for financial reporting and information disclosure. Our Internal Audit Department, which is entirely separate from Group business activities, and our Legal Department, which oversees compliance issues, work to ensure the smooth operation of this system. These departments regularly conduct risk analyses.

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 to 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 23.

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 introduced 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 58, 59.

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 1,100 stores worldwide and orders more than 600 million items annually. Therefore, as a preemptive 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 issues relating to business partners. In fiscal 2012, we received survey responses from 207 business partners. Some responses referred to business-related matters such as issues meeting delivery deadlines when orders were submitted late, or strong demands made 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 issues to the Business Ethics Committee. In fiscal 2012, the committee investigated 79 issues.

3. For more information on the Business Ethics Committee, see page 23.
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

Business Model

Global Expansion

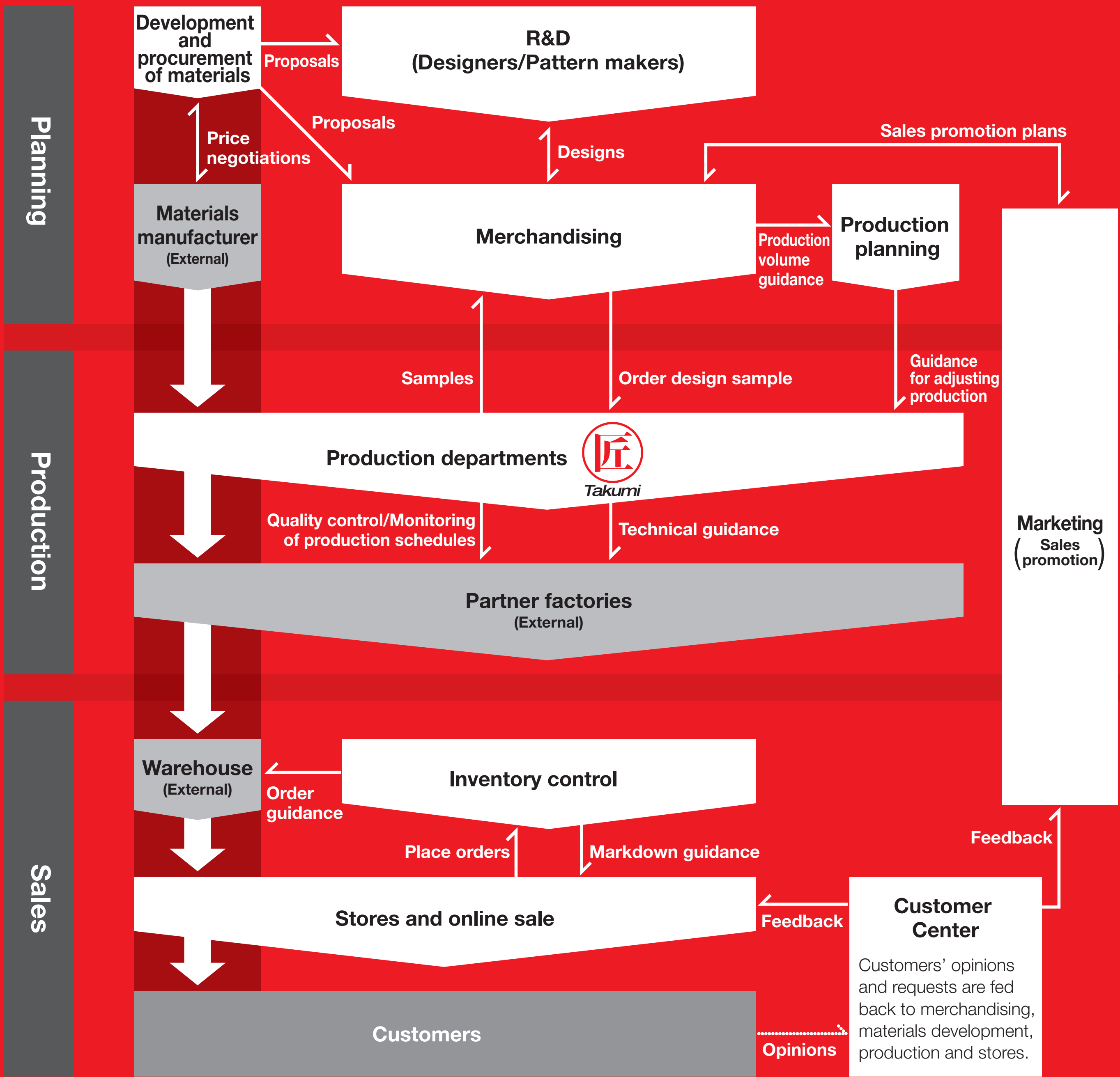
Asia

United States

Japan

UNIQLO Business Model

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

Planning

Product concept → **Material selection** → **Design samples**

Research & Development (Designers/Pattern makers)

UNIQLO's R&D centers continually research the latest fashions and lifestyles from around the world as well as look for new materials.

Concept meetings are held roughly one year before a product's intended launch. On these occasions, R&D designers 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 continue to refine samples until each product is finalized.

Merchandising

Merchandisers play a vital role from product planning through production. After meeting 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 our merchandisers is to decide when to increase or reduce production during a season. Decisions to adjust production in line with demand are made jointly with the product planning department.

R&D prepares and refines samples until each product is finalized.

Planning

Materials procurement | Material development

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. Indeed, because of our large-lot orders of single materials, UNIQLO can negotiate the best procurement terms of any apparel manufacturer.

Since implementing our Global Quality Declaration in September 2004, UNIQLO has become more attentive to the quality of its materials and this has led to the development of new products including HEATTECH, premium down, cashmere and premium cotton shirts. We have placed particular importance on the materials used for our core items. Our persistent, in-depth research and experimentation has generated multi-layered improvements in terms of functionality, feel, silhouette and texture.

Take denim, for example. We source denim to specific spinning standards and dyeing specifications from the industry's reputed Kaihara Corporation.

We have also created new, revolutionary products such as HEATTECH by developing fiber and materials jointly with synthetic fiber manufacturer and strategic partner Toray Industries. We can work with materials manufacturers in this way because we produce over 600 million items annually.

In the eight years since making our Global Quality Declaration, UNIQLO's brand image has been transformed from a retailer of low-priced clothing to a retailer of high-quality clothing made from functional materials and superior fabrics.

The intensity of the dyed fabric is measured and tested.

UNIQLO's Strengths

1 In Search of the World's Best Materials

One of UNIQLO's key strengths is offering reasonably priced garments made with luxury materials such as cashmere, Supima cotton, Merino wool and premium down.

You might expect to pay several hundred dollars for a cashmere turtleneck sweater, but at UNIQLO you can easily find one for under 100 dollars. This UNIQLO strength is underpinned by our ability to negotiate directly with global materials manufacturers and secure mass-volume orders at low costs.

2 New Functional Materials to Create Demand

Another key UNIQLO strength is our ability to develop new functional materials jointly with materials manufacturers and use them to make clothes that everyone can afford.

UNIQLO developed its innovative HEATTECH materials with Toray Industries. Steady improvements over the years have resulted in superb high-quality garments. Today, products such as HEATTECH (which enables you to wear thin, light clothing during cold winters) are transforming people's lives.

Key UNIQLO Strategic Materials and Products

Fleece Jacket (Early item)

HEATTECH

Cashmere

UT
(UNIQLO Printed T-shirt)

Air Tech

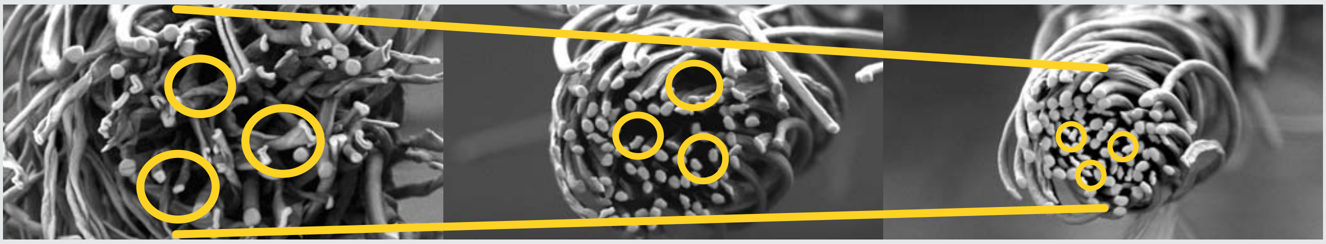
Fleece

1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004

Product materials and design

The Evolution of HEATTECH

HEATTECH thread is made up of a combination of four fibers: acrylic, rayon, polyester and polyurethane. The first HEATTECH items, launched in 2003, were considered by some to be too unyielding for innerwear. By softening the acrylic and rayon fibers, we achieved HEATTECH's renowned soft, silky feel.



2003

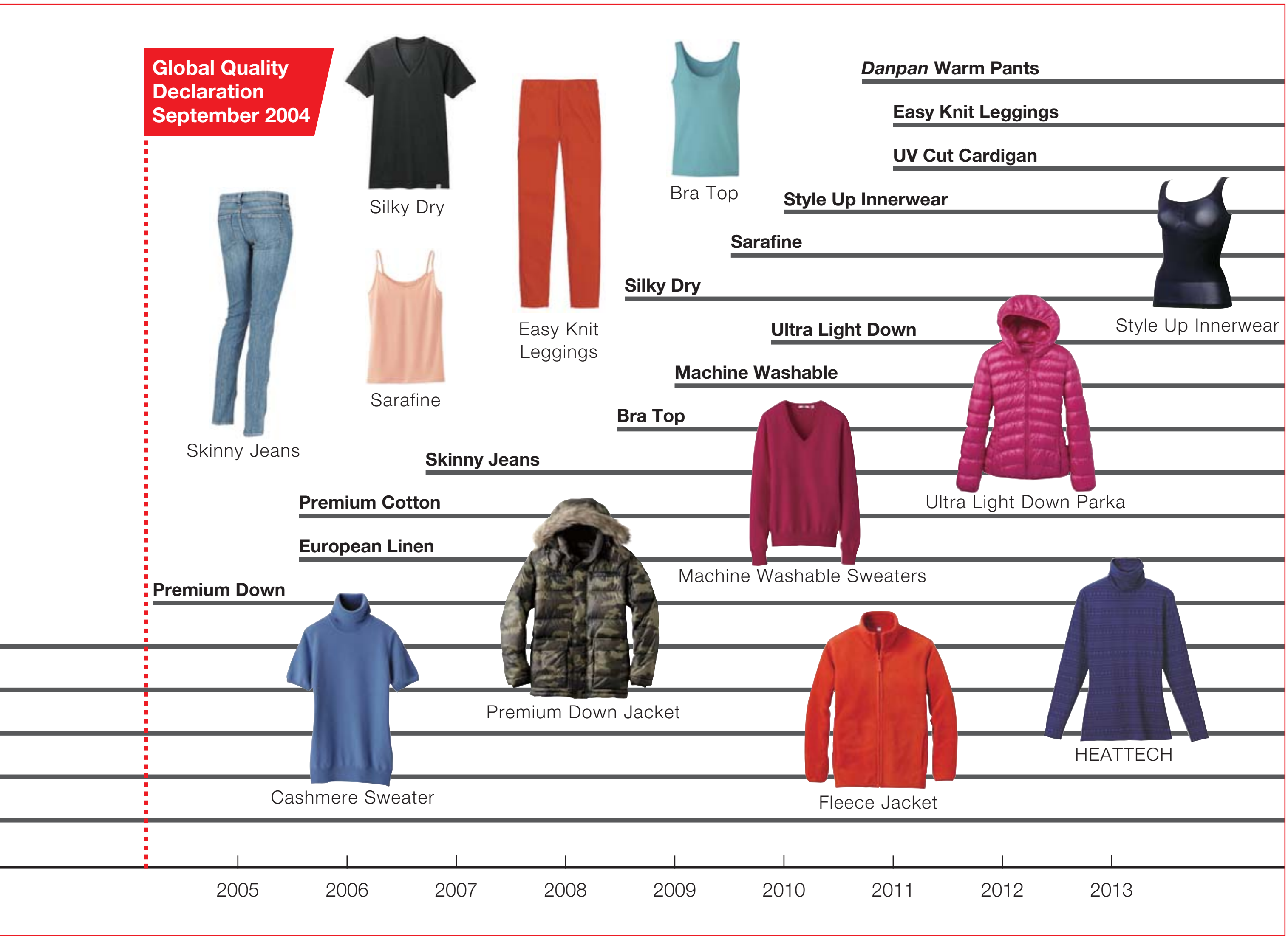
The original HEATTECH combined the moisture-absorbing and fast-drying properties of polyester with macaroni-shaped hollow cotton thread that retained heat in the pockets of air within its fibers.

2006

We replaced the hollow cotton thread with a fiber that combined rayon with micro acrylic ten times thinner than a strand of human hair. The result was a soft, dry feel. The basic HEATTECH material was now complete.

2012

By developing new micro rayon in 2010, we made the thread even thinner and improved the feel. In 2012, we improved HEATTECH's moisture absolution and release functionality and added a new deodorizing function.



Production

Set volume and begin production | **Spinning and dyeing** | **Knitting and sewing**

Quality and Production Control

UNIQLO deploys about 300 staff and *takumi*, or expert textile artisans, to offices in Shanghai, Ho Chi Minh City, Dhaka and Jakarta. Production managers visit partner factories each week to resolve any outstanding issue. Customer concerns regarding quality are communicated immediately to production departments, and improvements made.

UNIQLO *Takumi* Teams

"By offering instruction on dyeing technology at UNIQLO's partner factories, I 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."

匠 Dyer *Takumi*
Kazuaki Iida

Expanding Our Production Network

UNIQLO has around 70 partner factories, and roughly 70% of UNIQLO products are made in China. As our global sales network continues to expand, UNIQLO works to actively expand production in other Asian countries in order to reduce reliance on China and to lower costs. Our aim is to position one-third of production outside China.

UNIQLO Production Offices

Perfecting Products by Shifting to On-site Decision-making

The majority of the Japanese employees in the Production Department have now moved to Shanghai where they can manage the manufacturing process on the spot. 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, Bangladesh and Indonesia.

It is important to revise and perfect samples swiftly at the factory. That gives us a longer lead time before mass production and enables us to sort out any subsequent problems with materials, etc. Facilitating on-site decision-making will become increasingly important as we expand production further outside of China. Shifting the control tower to the factory is certainly helping to perfect our product creation process.

As local employees from China and Bangladesh are promoted and manage the manufacturing process themselves, it will be incumbent upon us to ensure they adhere to a strict UNIQLO control system that is implemented uniformly around the world. Training global personnel is one of my missions.

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

Processing and finishing | Product inspection | Shipped to destination

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.

Sales

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

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 product orders.

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

Promotional flyer

Marketing

Each season, UNIQLO conducts promotional campaigns for core products such as fleece, Ultra Light Down jackets, polo shirts and HEATTECH. During the campaigns, UNIQLO advertises these core products' 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, which is being sold at weekend-only prices.

TV commercial

Online Store

Sales from the UNIQLO Japan Online Store totaled 20.6 billion yen, or 3.3% of total sales for the segment, in fiscal 2012. We also offer online sales in China, Taiwan, South Korea, the U.K. and the U.S.

Customer Center

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

Customer Center

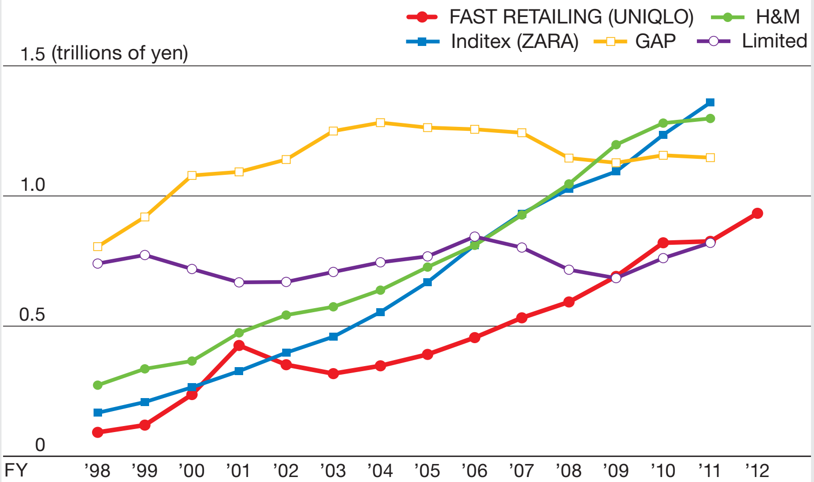
In-store and online sales

UNIQLO Stores

UNIQLO began as a chain of roadside stores with typical sales floors of 500 square meters. We subsequently upgraded most stores to 800 square meters and then focused on opening large-format stores of 1,600 square meters. In fall 2001, UNIQLO began expanding internationally. We started opening global flagship stores in earnest from 2006. By August 2012, approximately 20% of stores were large-format stores, with six stores boasting floor spaces of 3,300 square meters.

Roadside UNIQLO store

■ Sales of Major Global SPA Firms



Note: Compiled using data from annual reports converted at August 31, 2012 exchange rates.

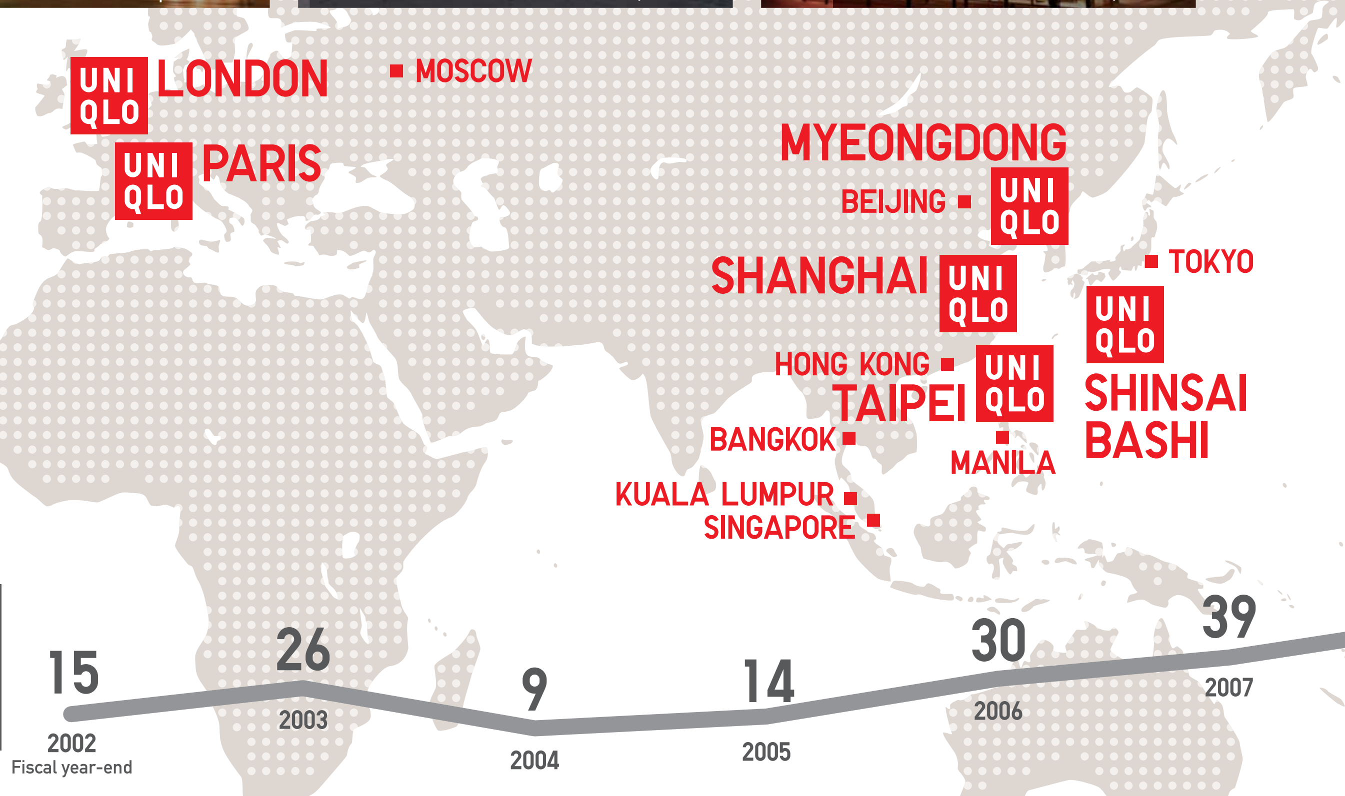
UNIQLO's Global Expansion

UNIQLO
Global Flagship and Hotspot Stores


UNIQLO Paris Opéra Store


UNIQLO 311 Oxford Street Store, London


UNIQLO Shinsaibashi Store, Osaka



UNIQLO International Store Network


UNIQLO Shanghai West Nanjing Road Store


UNIQLO Mingyao Department Store, Taipei


UNIQLO Myeongdong Central Store, Seoul

Driving for Global Expansion and Recognition as a Global Brand


UNIQLO Ginza Store, Tokyo

There are great opportunities for UNIQLO all over the world. We are bringing UNIQLO to the attention of more and more people globally and are offering them the products and services that are just right for them. We are opening flagship stores in major cities worldwide, as well as aggressively opening first stores in markets where UNIQLO currently has no presence. This strategy is fast transforming UNIQLO into the most prominent fashion retailer in the world.


BICQLO Shinjuku East Exit Store, Tokyo


UNIQLO Soho New York Store


UNIQLO New York Fifth Avenue Store

Expanding in Asia, the World's Growth Center

UNIQLO International has been the key driver of the Group's recent growth, with the greatest contribution coming from Greater China (China, Hong Kong and Taiwan) and South Korea where we have pursued an aggressive store-opening policy. This trend is likely to continue, given the fact that two-thirds of the world's population lives in Asia. Our first UNIQLO store in the Philippines, opened in June 2012, was greeted with the same enthusiasm as our first stores in Singapore, Malaysia and Thailand. Sales at the Philippines store in the first three days were some of the highest we have on record. I was struck by how enthusiastically Asia is embracing the UNIQLO brand.

UNIQLO's strength lies in the high quality of its products and the attentiveness of its service, both characteristics for which Japan is renowned. UNIQLO's brand power stems from this reputation along with a high level of popularity in its home market. I believe UNIQLO has destroyed the previously universal conviction that "good clothes are expensive and cheap clothes are bad."

Most people who buy something at UNIQLO become loyal customers. It is not only the feel and the design of our clothes that attracts them, but also our neat and fresh store interiors, the quick and efficient checkout process and the impeccable service. Going forward, we must refine the strengths that are derived from our SPA-business model, but we must also offer more of UNIQLO's uniquely Japanese services to customers worldwide.

Opening stores in global markets involves risk, but the risk of ignoring the fast-growing markets in Asia would be infinitely greater. I want to accelerate our development in countries with growing high- and middle-income populations. I believe the greatest risk of all would be to hesitate.

Creating the Right Production Systems to Tackle New Markets

We have not opened any stores in Indonesia yet, but one out of every two people there already knows UNIQLO. This is strong evidence that interest in the UNIQLO brand has reached a high level in Asia, even in places where we do not have any store presence.

India, currently the second-most populous nation in the world after China, is expected to become the most populous in 2026. Given that assets and power are tending to flow from the world's most advanced nations into rapidly growing emerging nations, UNIQLO should develop a presence within them as soon as possible. To that aim, we are working to establish an appropriate manufacturing infrastructure close to the end market.

Furthermore, plans are already well underway for the opening of our first store in the Southern Hemisphere, in Australia.

We want the UNIQLO brand to be trusted and valued, and our stores to be welcomed the world over. We will work to refine our products and customer service, to ensure that customers in our stores everywhere get to see the very best of UNIQLO.

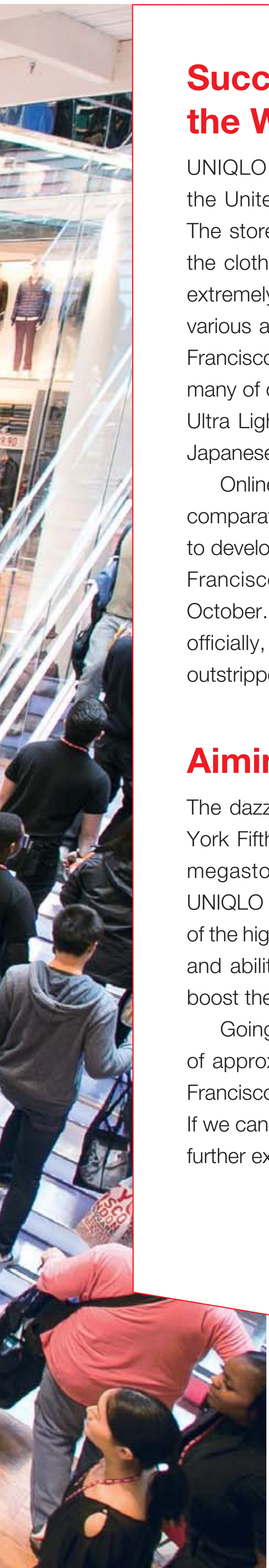
Group Executive Vice President,
Fast Retailing Co., Ltd.
Naoki Otoma

Number One in Asia, Then Number One in the World

UNIQLO in the United States

The broad appeal of the UNIQLO San Francisco Union Square Store

Boosting Brand Visibility by Opening More Shopping Mall Stores



Success in San Francisco and New Jersey Paves the Way for Expansion

UNIQLO opened its first store on the West Coast of the United States in October 2012, in San Francisco. The store attracted great interest from the outset, and the clothes, with their MADE FOR ALL appeal, proved extremely popular with a broad range of customers of various ages, professions, ethnicities and lifestyles. San Francisco is home to many technology companies, and many of our customers honed in on the HEATTECH and Ultra Light Down ranges as examples of sophisticated Japanese technology.

Online sales and other types of digital marketing are comparatively advanced in the United States. We want to develop our own digital marketing business using San Francisco as a base, so we launched online sales in October. Although we have not announced the launch officially, the number of online orders has consistently outstripped our expectations. There are still several issues to resolve, but, as people across the United States hear about our online store, I hope to develop online store sales into a significant revenue-generating business for UNIQLO USA.

In September 2012, we opened a store with a floor space of 3,300 square meters in the popular Garden State Plaza Mall in New Jersey. The store has generated a great deal of interest, with over 1,000 people queuing outside on opening day. Our confidence is growing with every new store. U.S. shopping malls attract large numbers of customers and account for a considerable percentage of the nation's total retail sales. The success of the UNIQLO Garden State Plaza Store has attracted the attention of other developers, and that should make it easier for us to accelerate the opening of new outlets in other shopping malls in the United States.

Aiming for a Highly Profitable Chain Network

The dazzling openings in fall 2011 of the flagship New York Fifth Avenue Store and the New York 34th Street megastore dramatically increased awareness of the UNIQLO brand. These New York stores generate some of the highest sales per store, but, in view of their location and ability to attract customers, we should be able to boost their performance further.

Going forward, I would first like to establish chains of approximately 30 stores in both New York and San Francisco by opening 10 stores annually in each location. If we can achieve that, then we should be able to pursue further expansion by considering each city in turn.

Both effective training of personnel and store development are key to future growth. Customers have grown to love UNIQLO's superior customer service, and so we diligently train personnel who share UNIQLO's core values derived from Japanese culture. On the store development side, I want to create a highly profitable network by developing efficient, low-cost stores, just as in Japan. We have been approached by many developers asking us to open new stores, and we will likely open them at a faster pace from now on. For us, the ballgame is just beginning.

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

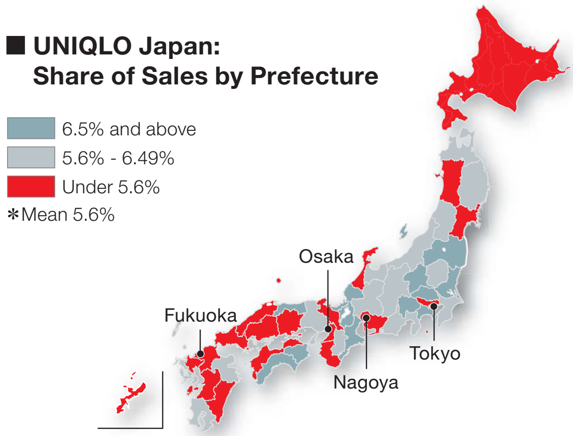
Boosting Our Urban Market Share with Unique Retail Formats

In 2009, UNIQLO began opening more stores in prime urban locations and in high-end department stores. Such establishments have proved popular, generating strong sales, broadening UNIQLO's customer base and raising its brand value.

In September 2012, we joined with leading consumer electronics retailer BIC CAMERA to open the BICQLO Shinjuku East Exit Store. This first "global hotspot store" is fast becoming a popular landmark in Shinjuku, and we have been providing plenty of exciting in-store entertainment to ensure that it really is a "hotspot."

According to statistics from 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 5.6% share of this overall market, including a 9.0% share of men's wear and a 4.0% share of women's wear.

■ UNIQLO Japan: Share of Sales by Prefecture



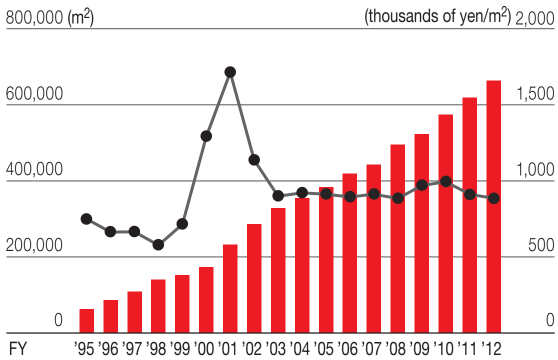
Large-scale Store Business Model: Total Shop Floor Space Continues to Rise

UNIQLO became Japan's leading apparel retailer by developing a network of primarily regional roadside stores. We began opening stores inside shopping centers in earnest in 2004, and then large-scale stores of over 1,600 square meters from 2005. Today, we are gradually expanding our total sales space by focusing almost exclusively on large-scale stores and avoiding any cannibalization of business through the closing of regular-sized locations.

In the apparel industry, sales and profitability per square meter in a given store typically decrease as sales floor area increases. However, UNIQLO has developed a successful business model for profitable large-scale stores.

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 a spike in sales per square meter, as shown in the graph opposite. Since then, we have managed to maintain a high sales per square meter of approximately one million yen per year.

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



Expanding Our Urban Presence to Become Japan's Top Brand

UNIQLO Ginza Store, the largest global flagship, opened in March 2012

Customer

Shopping at UNIQLO is great because the sales assistants offer the same polite, heartfelt service as in Japan.

33-year-old woman, U.K.

UNIQLO has the coolest stores in New York.

27-year-old woman, U.S.

The quality of the backstitch and lining are amazing for the price.

24-year-old woman, South Korea

It is hot all year round in Thailand so you don't need to display seasonal ranges to match those in Japan.

45-year-old man, Thailand

There are clothes to suit all ages. My whole family are big fans.

58-year-old woman, China

HEATTECH has kept me really warm in the cold weather.

23-year-old man, South Korea

I love wearing the bra tops every day because there are so many different colors.

30-year-old woman, Hong Kong

Alterations are free and only take 20 minutes. Wow!

37-year-old woman, U.K.

It would be easier to buy things if the sizes were written in centimeters and inches.

32-year-old man, Singapore

Voices are UNIQLO's Power Spreading Satisfaction around the Globe

The assistant at the counter was so great when I came in to return some clothes. It made me want to buy something else.

22-year-old woman, Malaysia

There are only ever small sizes left. I want larger sizes—a Russia size 50, please.

48-year-old woman, Russia

I love UNIQLO jeans. This is my second pair and I'm really happy with them.

17-year-old woman, France

It is amazing that you can put the washable cotton knit clothes in the washing machine. I love the colors and quality as well.

39-year-old man, South Korea

The assistants are so kind and cheerful. I always feel good when I shop here.

27-year-old man, China

I am impressed by the clean feel of the store, and the displays are so neat and organized.

28-year-old woman, U.S.

It's a shame that there are only two stores in Paris. When will we be able to buy things online?

48-year-old woman, France

The summers are hot and humid in Hong Kong. I wish you had some women's Easy Leggings pants with special drying functionality.

34-year-old woman, Hong Kong

g.u.

Global Brands

g.u.

Theory

Comptoir des Cotonniers

Princesse tam.tam

theory

PLST

HELMUT LANG

COMPTOIR DES COTONNIERS

PRINCESSE tam•tam PARIS

g.u.'s Fun Fashion and Fabulously Low Prices Fuel Growth

The flagship g.u. Ginza Store

Business Overview

The g.u. brand develops fashionable apparel at amazingly low prices, harnessing UNIQLO's many years of experience as an SPA (Specialty-store retailer of Private-label Apparel). As a result, g.u. has become a full-fledged apparel-making business, from product planning through design and manufacture, inventory control and production adjustment, all the way to store operation. This represents an entirely new business model for a company in Japan offering extremely low-priced clothing.

The flagship g.u. Ginza Store opened in March 2012 in Tokyo's exclusive Ginza shopping district, home to many of the world's top fashion brands. Our 2012 fall advertising campaign, featuring popular model and recording artist Kyary Pamyu Pamyu, also helped propel the g.u. brand into the limelight.

In fiscal 2012, the number of g.u. stores expanded to 176 (including the flagship stores in Shinsaibashi in Osaka, and in Ikebukuro and Ginza in Tokyo), while sales expanded to approximately 58 billion yen and operating income to approximately 5 billion yen. In fiscal 2013, we aim to open 60 g.u. stores and boost g.u. sales to 80.0 billion yen. Then, in fiscal 2014, we aim to achieve sales of over 100.0 billion yen.

Rapid Japan Expansion for Fast Fashion Brand g.u.

In March 2012, we opened the g.u. flagship store on Ginza's main shopping street, home to many of the world's top fashion brands. From the outset, this store attracted large numbers of customers, many of whom were stylish people sensitive to trends in the fashion industry. The g.u. brand's reputation got an instant boost from being seen next to international fast fashion labels such as H&M, FOREVER 21 and ZARA. The popularity of the Ginza flagship store proved infectious, boosting performance at other g.u. stores around Japan.

The g.u. brand captured the attention of consumers with a stream of new lines sold at half the price of similar items at UNIQLO, including 990 yen jeans, 990 yen polo shirts, 490 yen T-shirts and 490 yen fleece tops. Then, during the 2012 spring/summer season, g.u. attracted young, female customers with 990 yen loose pants and 990 yen maxi dresses, trendsetting garments that have turned into hit products.

The strength of the g.u. brand lies in its ability to provide the latest fun fashion at fabulously low prices. Fast-fashion retail chains are rare in Japan, and so we expect the g.u. business to continue to expand rapidly.

Our fall 2012 advertising campaign featured the unique, highly popular young model and recording artist Kyary Pamyu Pamyu. As the g.u. brand model, she appeared in TV commercials singing the original g.u. advertising song Fashion Monsters. These commercials were so popular that the song made it on to the Japanese singles charts.

In fiscal 2013, g.u. plans to open an impressive 60 new stores, many of them in prominent regional roadside locations. We have also begun planning an expansion of the g.u. brand outside Japan.

LINK THEORY JAPAN CO., LTD. http://www.link-theory.com/

A Leading Contemporary Brand That's Captivating Women

Theory Aoyama 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 basic, fashionable clothes to 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 a number of entrepreneurs including Andrew Rosen, and introduced into Japan by the late Ricky C. Sasaki (former President and CEO of Link Theory Japan) in 1999. Quickly winning the hearts of Japanese working women, Theory expanded swiftly.

Fast Retailing first invested in Link Theory Japan in January 2004, subsequently making it a fully owned subsidiary in March 2009. In fiscal 2012, the company generated combined sales of about 60 billion yen from 373 stores located primarily in Japan and the United States.

Theory Achieves Record Profits in Fiscal 2012

Designer Olivier Theyskens has been the artistic director for Theory since the 2011 fall/winter collection. Theysens first made a name for himself at Paris Fashion Week and has subsequently won many awards for his work. As a designer in the global fashion spotlight, Theyskens has successfully maintained the essence of Theory, while further heightening the brand's appeal by injecting a fresh sense of luxury.

In Japan, the Theory and Theory Luxe brands have been selling well in department stores. The PLST women's fashion and accessories label is positioned between the Theory and UNIQLO brands in Japan. In fiscal 2012, the PLST brand, now increasingly popular with young women, generated higher sales than ever before and made a contribution to profits within Fast Retailing. PLST boasted 43 stores in Japan at the end of August 2012.

In the United States, the "theyskens' theory" capsule collection and the newly invigorated Theory brand have both proved extremely popular. The HELMUT LANG label is also selling well.

In Europe, we opened the flagship Theory Paris Store in September 2012 on Rue Saint-Honoré, the city's most prominent fashion street. With its modern, stylish appeal, Rue Saint-Honoré is home to a host of venerable brands as well as the "brick and click" select shop Colette. All the stores on the street showcase the very latest retail innovations, and the Theory brand has clearly been equal to the task, attracting considerable customer interest.

Thanks to this favorable expansion, the Theory operation achieved a record operating income in fiscal 2012. Next, we will be looking to expand the Theory brand even further, not only in the United States and Japan, but also in Europe and Asia. Our ultimate aim is to develop Theory into a 100 billion yen (approximately U.S. $1.3 billion) business in terms of sales by extending the brand's reach across Europe and Asia.

Comptoir des Cotonniers

Créations Nelson S.A.S.
http://www.comptoirdescotonniers.com/

COMPTOIR DES COTONNIERS

Fashion and Style Full of French Spirit

Comptoir des Cotonniers Rue Pavée Store, Paris

The Comptoir des Cotonniers (CDC) women's fashion brand emerged from boutiques that opened in 1995 in Paris, and in Toulouse in the south of France. CDC, a uniquely inspired brand known for its quality fabrics and sharp silhouettes, designs timeless collections full of French spirit for the modern woman.

CDC's "Madame, Mademoiselle, etc." campaign for 2012 fall/winter centered on promoting fun fashion by drawing out the different facets of an individual woman's personality, and creating fashions and styles that perfectly complement a woman's changing tastes and moods.

CDC became a consolidated subsidiary of Fast Retailing in fiscal 2005. At the end of fiscal 2012, the brand had 383 stores: 229 in France, 105 in other parts of Europe, 42 in Japan and seven in the United States.

Princesse tam.tam

PETIT VEHICULE S.A.S.
http://www.princessetamtam.com/

PRINCESSE tam•tam
PARIS

Popular, Elegant French Collections Enjoy a Loyal Following

Princesse tam.tam Saint-Honoré Store, Paris

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

Benefitting 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. PTT continues to develop its three lines: corsetry, lounge wear, and swimwear.

PTT joined the Fast Retailing Group in fiscal 2006. At the end of August 2012, the brand boasted a network of 1,000 stores spanning 40 countries, anchored by a strong presence in leading department stores and boutiques in France such as Galeries Lafayette and Printemps. In November 2012, the first store in Japan opened inside Printemps Ginza.

All-Product Recycling Initiative

Monitoring of Labor Conditions

Environmental Protection

Corporate Social Responsibility (CSR)

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

All-Product Recycling Initiative

Collecting secondhand clothing for distribution to refugee camps worldwide.

Social Business

Establishing and operating a social business in Bangladesh.

Employing People with Disabilities

Actively hiring people with disabilities in UNIQLO and g.u. stores worldwide.

Monitoring of Labor Conditions

Consistently monitoring working conditions at partner factories.

Environmental Protection

Consistently monitoring our environmental impact.

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. We find it meaningful to conduct CSR activities within the framework of our core business, namely the production and sale of clothing.

Fast Retailing is committed to making a long-term social contribution in the five areas listed above.

Maximizing the Value of Clothes: 3 Million Items Sought 3 Million Items Found

Fast Retailing's first recycling initiative, the Fleece Recycling Campaign, was launched in October 2001. In September 2006, this campaign was expanded to create the All-Product Recycling Initiative. To date, we have collected 18.3 million items of clothing donated by customers.

In March 2012, Fast Retailing delivered its largest-ever clothing donation to any one country: one million items to Kenya. Kenya, a country which actively welcomes refugees from its neighbors, currently has approximately 6.3 million evacuees living in refugee camps in towns including Kakuma and Dadaab. After this one million item donation, Fast Retailing was approached by the United Nations High Commissioner for Refugees (UNHCR) who wanted to gather three million items of clothing for distribution to refugees worldwide. We immediately got to work, launching a global donation drive called "Three Million Items Sought" on June 1, 2012. The response from UNIQLO and g.u. customers worldwide was overwhelming. By October 7, 2012, we had collected 3,043,114 items. We would like to thank everyone who donated clothing to this campaign.

Clothes not only protect against the heat and the cold, but also against injury and infection. Clothes enable children to go to school and motivate women to participate in their local community. Fast Retailing will continue to work tirelessly to find clothing for all those around the world who need it.

18.3 Million Items Collected

(as of October 2012)


Two smiling women in a refugee camp in Kenya wearing clothes donated through the recycling initiative

Focused Seminars and Personal Visits to Partner Factories Generating Concrete Solutions

In 2004, Fast Retailing introduced its Code of Conduct for Production Partners based on recommendations from the International Labour Organization. Twice a year we use external institutions to inspect labor conditions, primarily at partner factories that have pledged to uphold the Code. These visits are designed to detect any unlawful child or forced labor, enhance safety in the workplace and restrict overtime. In fiscal 2012, we monitored 229 partner factories.

Fast Retailing's CSR personnel often visit partner factories directly. In China, we have begun holding seminars on specific topics, as well as seminars for Group companies where we can probe into issues and find practical solutions.

■ Monitoring Results as of August 31, 2012

Grade	Description	Fiscal 2011		Fiscal 2012	
		FR Group	UNIQLO	FR Group	UNIQLO
A	No violations	6	(6)	9	(8)
B	One or more minor violations	66	(56)	87	(59)
C	One or more major violations	91	(63)	69	(51)
D	One or more severe violations	25	(19)	56	(34)
E	Highly unethical, serious offense (subject to immediate review of contract)	0	(0)	8	(7)
Number of factories monitored		188	(144)	229	(159)

Note: The number of D grades increased in fiscal 2012, as a result of an increase in partnerships with new factories. We hold seminars and implement strict guidelines to ensure improvements are made at offending factories. In response to the increase in E grades, FR is working to instill both the Code and FR's overall high standards through preventive measures that include notifications, seminars, discussions and factory visits.

■ Examples in Fiscal 2012

Grade E: Child Labor (China)

A female worker told a visiting CSR employee that she used her elder sister's ID card in order to join the company (children under 16 are not allowed to work in China). Later, we discovered that when this card was checked, the family resemblance was so strong that no one noticed. We dismissed the child worker after paying her full wages through her 16th birthday, and then checked all the personnel files. As a result of this serious negligence, we reduced our orders to this factory.

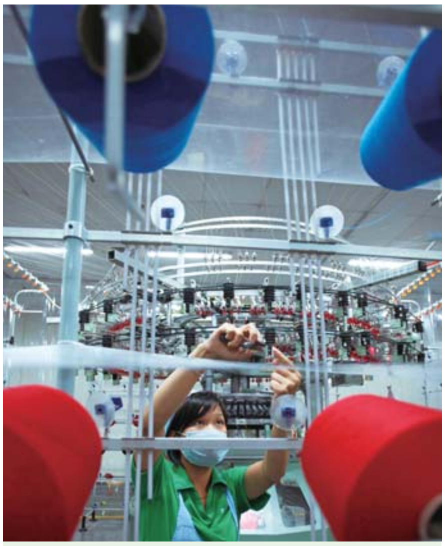
Grade E: False Reporting (China)

During a regular inspection, discrepancies were noted between employee interviews and the records on file regarding hours worked. Clock-in times and salary slips showed four hours worked on Saturdays for four employees who said that they actually worked eight hours. Our CSR team visited and discovered that the personnel manager had falsified the records to meet our standards and kept handwritten notes of additional overtime to be paid separately. We took this very seriously and ended all relations with the factory.

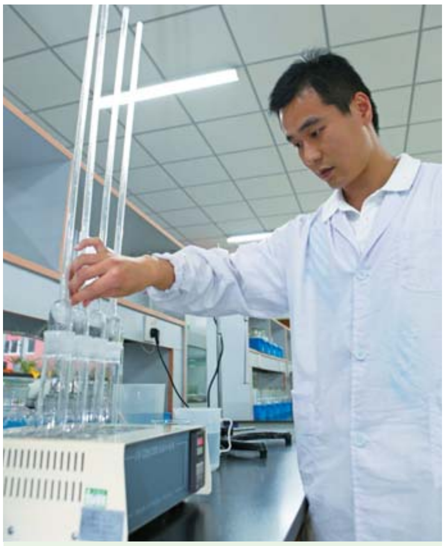
Improvements: Ensuring One Day Off per Week (Thailand)

After a delay in new hires forced some engineers to work on their holidays, we realized they were working 13 consecutive days with no breaks. The factory pledged that all employees would have one day off per week, and we subsequently monitored this commitment.

100% Compliance at Fabric Manufacturing Plants by 2015



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



Enforcing proper legal management of effluents

Frequent checks for appropriate effluent disposal

In 2010, Fast Retailing created its own Environmental Guidebook for Fabric Producers. It began inspecting not only sewing factories, but also fabric manufacturers, whose dyeing processes tend to have a harmful impact on the environment. We set and carefully monitor the appropriate standards for: management and disposal of waste products; measurement and disposal of asbestos, PCB, discharged water and other effluents; and the health and safety of the workforce.

From June 2010 through March 2011, external specialists conducted initial inspections of fabric manufacturers, and follow-up inspections at 17 factories. We have subsequently worked with the external inspectors to introduce training programs at two factories with persistent problems, and we have also held group seminars at six other factories in order to share information and ensure that any issue is satisfactorily resolved.

Most fabric producers are large and manufacture materials for many different customers. Nevertheless, as a major player in the apparel industry, Fast Retailing is determined to take a leading role in training and cooperating with partner factories in order to establish aggressive environmental standards. Our ultimate aim is to ensure 100% compliance with the Fast Retailing Environmental Guidebook for Fabric Producers by 2015.

■ Compliance with FR Environmental Guidebook for Fabric Producers (as of August 2012)

Category	Compliance	Required Improvements
Environmental Management	88%	●Appointing Environmental Officers ●Training on environmental management ●Environmental management planning
Chemicals Management	48%	●Creating detailed lists of chemicals used ●Safe storage of chemicals (e.g. installing containers to prevent leakage, labeling, appointing Chemicals Management Officers, compiling and sharing of safety information)
Waste Materials Management & Disposal	45%	●Delivering waste materials to certified contractors ●Separate treatment (e.g. of chemical and other waste), labeling ●Safe storage of waste materials
Asbestos & PCB	100%	●Appropriate confirmation and management of asbestos and PCB
Measurement & Management of Effluents (Discharged Water, etc.)	87%	●Obtaining emissions permits and other licenses from the authorities ●Measuring effluents from facilities and complying with legal standards
Worker Health & Safety	50%	●Wearing protective clothing (masks, earplugs, gloves, etc.) ●Ensuring existence of emergency exits and fire safety equipment ●Conducting health checks for occupational diseases

Note: Data from 60 fabric manufacturers

The Clothes for Smiles
U.S. $10 Million Fund for Children Gets Underway

UNIQLO appointed tennis star Novak Djokovic as Global Brand Ambassador in May 2012, and together we are striving to make the world a better place. The first result of our partnership is the successful launch of the Clothes for Smiles project.

The aim of this initiative is to establish a U.S. $10 million fund and use it to bring smiles to children all over the world, nurturing their dreams and giving them the tools to build a better and brighter future. Clothes for Smiles comprises two programs. One program accepts ideas submitted online from around the world on how to give children a better tomorrow. The second provides support to initiatives aimed at improving children's education through a global alliance agreement between the United Nations Children's Fund (UNICEF) and Fast Retailing.

The $10 million fund has been established using part of the revenue from sales of HEATTECH and Ultra Light Down items during the 2012 fall/winter season. Customers can support this project by continuing to purchase items in these two ranges.

You can find out more about the Clothes for Smiles project at **http://www.uniqlo.com/smiles/**

UNIQLO-sponsored Star Athletes Excite the World

On October 7, 2012, two professional tennis players sponsored by UNIQLO, Novak Djokovic and Kei Nishikori, won convincing victories at two different tournaments. Djokovic took the men's singles title at the China Open, and Nishikori won the men's singles title at the Rakuten Japan Open Tennis Championships. Djokovic was ranked number one on the ATP World Tour in 2012, for two years in a row.

Shingo Kunieda defended his 2008 Beijing Paralympic title, winning the wheelchair tennis men's singles tournament at the 2012 London Paralympic Games. He became the first player to win consecutive gold medals in the men's singles.

UNIQLO designs and develops exclusive tennis wear to suit each of these players' individual styles.

"I'm really pleased to be the first Japanese person to win such a historic tournament."

Kei Nishikori

"I'm so happy to have won the gold medal as a representative of Japan, and as an ambassador for UNIQLO."

Shingo Kunieda

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)					
	2012	2011	2010	2009	2008	2007
For the year:						
Net sales	**¥928,669**	¥820,349	¥814,811	¥685,043	¥586,451	¥525,203
Operating income	**126,450**	116,365	132,378	108,639	87,493	64,963
EBITDA[1]	**148,196**	115,714	137,132	112,621	97,467	75,310
Income before income taxes and minority interests	**123,390**	93,881	116,867	95,487	81,994	62,713
Net income	**71,654**	54,354	61,681	49,797	43,529	31,775
Net cash provided by operating activities	**127,643**	57,158	88,623	59,214	87,336	18,847
Net cash used in investing activities	**(35,313)**	(26,643)	(23,389)	(34,273)	(15,421)	(28,783)
Free cash flow[2]	**92,329**	30,515	65,234	24,941	71,915	(9,936)
Net cash used in financing activities	**(29,056)**	(26,156)	(28,897)	(16,847)	(19,054)	(12,759)
Cash and cash equivalents[3]	**266,020**	202,104	200,462	169,574	169,888	119,216
Depreciation and amortization	**18,573**	18,755	12,229	9,765	8,523	6,567
Capital expenditures	**40,184**	33,993	28,018	22,601	21,017	26,441
At year-end:						
Total assets	**¥595,102**	¥533,777	¥507,287	¥463,285	¥404,720	¥359,770
Total net assets	**394,892**	319,911	287,987	261,413	264,014	243,283
Interest-bearing debt	**23,194**	28,263	28,834	35,400	20,016	24,429
Reference indices:						
Operating income margin (%)	**13.6**	14.2	16.2	15.9	14.9	12.4
ROE (%)	**20.4**	18.1	22.6	19.1	17.3	13.6
Equity ratio (%)	**65.0**	59.0	56.3	56.0	64.7	66.7
Debt-equity ratio (%)	**6.0**	9.0	10.1	13.6	7.6	10.1
Dividend payout ratio (%)	**37.0**	33.7	38.0	32.7	30.4	41.7
Per share data:						
Net income (EPS) (yen)	**¥ 703.62**	¥ 533.93	¥ 605.99	¥ 488.96	¥ 427.38	¥ 311.98
Net assets (yen)	**3,797.04**	3,091.17	2,804.34	2,550.86	2,572.09	2,357.79
Cash dividends (yen)	**260.00**	180.00	230.00	160.00	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	**91**	98	90	96	21	21
Total number of stores	**2,222**	2,088	2,203	2,258	1,958	1,828
Directly-operated stores in Japan	**[1,250]**	[1,213]	[1,370]	[1,454]	[1,310]	[1,233]
Directly-operated stores overseas	**[589]**	[491]	[474]	[397]	[294]	[247]
Franchise stores	**[383]**	[384]	[359]	[407]	[354]	[348]
Commercial complexes	**4**	4	4	4	4	1
Total sales floor space (m^2)[4]	**1,170,353m^2**	938,896m^2	847,523m^2	740,489m^2	685,942m^2	626,998m^2
Number of full-time employees	**18,854**	14,612	11,596	11,037	8,054	6,514

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 cash 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.

Highlights of Group Performance in Fiscal 2012 (Year to End August 2012)

- **Consolidated sales and income both rise: net sales ¥928.6 billion (+13.2% YoY), operating income ¥126.4 billion (+8.7% YoY)**
- **Net earnings per share (EPS) ¥703.62 (+31.8% YoY)**
- **Annual dividend per share ¥260 (up ¥80 YoY), consolidated dividend payout ratio 37.0%**

1 Operating Environment and Management Strategy

During fiscal 2012, the Japanese economy recovered gradually, despite the adverse impact of the March 2011 disaster in northeast Japan. However, many issues continued to cloud the horizon, including the risk of a global economic downturn brought about by the European debt crisis, and a slowdown in the Japanese economy caused by a strong yen. The business environment for the apparel industry remains challenging as the cost of manufacturing clothing in China continues to increase.

Nevertheless, against this background the Fast Retailing Group recorded gains in both sales and income in fiscal 2012. Consolidated net sales totaled ¥928.6 billion (+13.2% YoY), operating income ¥126.4 billion (+8.7%), ordinary income ¥125.2 billion (+16.9%) and net income ¥71.6 billion (+31.8%). This strong overall performance was underpinned by the considerable gains in sales and profit generated by the UNIQLO International and Global Brands segments. UNIQLO International achieved sales of ¥153.1 billion (+63.4% YoY) and operating income of ¥10.9 billion (+22.9%), while Global Brands attained sales of ¥153.0 billion (+23.3%) and operating income of ¥14.5 billion (+65.4%).

By contrast, the mainstay UNIQLO Japan operation generated an increase in total sales but reported a slight contraction in operating income in fiscal 2012: sales totaled ¥620.0 billion (+3.3% YoY) and operating income ¥102.3 billion (-3.6%). In the first half (September 2011-February 2012), same-store sales picked up and operating income expanded. However, in the second half (March-August 2012), sales of spring garments proved sluggish, and then unseasonably cool weather delayed the launch of our summer ranges. Both these factors dampened same-store sales, and subsequent discounts on summer inventory weighed on profits.

Aiming to become the world's number one apparel retailer, the Fast Retailing Group continues to promote globalization, strengthen Group management and refocus itself 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, Malaysia, Thailand and the Philippines. Furthermore, the opening of global flagship stores in major cities worldwide has strengthened UNIQLO's operational base, and we are now seeking to expand our g.u. and Theory labels.

■ Number of Stores by Group Operation

FY	2012			2011
Unit: Stores	**Term end**	Stores opened	Stores closed	Term end
UNIQLO Japan:	**845**	25	23	843
Directly-operated	**824**	24	22	822
Large-scale	**147**	20	2	129
Standard	**677**	4	20	693
Franchise	**21**	1	1	21
UNIQLO International:	**292**	115	4	181
China	**145**	65	0	80
Hong Kong	**16**	1	0	15
Taiwan	**17**	16	0	1
South Korea	**80**	18	0	62
Singapore	**7**	2	0	5
Malaysia	**5**	3	0	2
Thailand	**4**	4	0	—
Philippines	**1**	1	0	—
U.K.	**10**	2	3	11
U.S.	**3**	2	0	1
France	**2**	1	0	1
Russia	**2**	0	1	3
Global Brands:	**1,085**	76	55	1,064
g.u.	**176**	35	7	148
Theory*	**373**	27	25	371
Comptoir des Cotonniers*	**383**	12	15	386
Princesse tam.tam*	**153**	2	8	159
Cabin	**—**	—	—	0
Total	**2,222**	216	82	2,088

*Including franchise stores

■ Performance by Group Operation

FY	2012			2011		
	Billions of yen	YoY change Billions of yen	% change	Billions of yen	YoY change Billions of yen	% change
UNIQLO Japan:						
Net sales	**¥620.0**	**¥19.9**	**+3.3**	¥600.1	–¥15.0	–2.4
Operating income	**102.3**	**–3.9**	**–3.6**	106.2	21.4	–16.8
UNIQLO International:						
Net sales	**153.1**	**59.4**	**+63.4**	93.7	20.9	+28.7
Operating income	**10.9**	**2.0**	**+22.9**	8.9	2.5	+40.6
Global Brands*:						
Net sales	**153.0**	**28.9**	**+23.3**	124.0	–1.1	–0.9
Operating income	**14.5**	**5.8**	**+65.4**	8.7	0.9	+12.0

* Global Brands includes g.u., Theory, Comptoir des Cotonniers and Princesse tam.tam operations.

Note: Consolidated sales comprises sales from all of the business segments listed above, and also items reported by the holding company, Fast Retailing Co., Ltd., such as real estate leasing, etc. Consolidated operating income comprises profits generated by the business segments listed above, and also operating income and depreciation of goodwill from the holding company, Fast Retailing Co., Ltd.

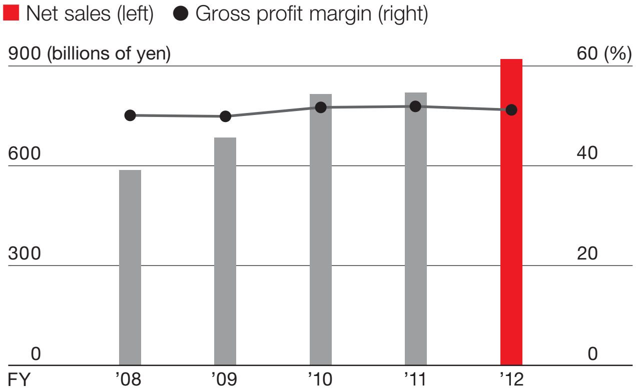
2 Net Sales

Consolidated net sales rose 13.2% year on year to ¥928.6 billion. Breaking down the ¥108.3 billion increase in sales: UNIQLO Japan sales expanded ¥19.9 billion, UNIQLO International sales increased ¥59.4 billion and Global Brands sales expanded ¥28.9 billion. Sales at UNIQLO International grew strongly, in line with the aggressive expansion of its store network.

3 Gross Profit Margin

Gross profit rose 11.7% year on year to ¥475.4 billion while the gross profit margin contracted 0.7 point to 51.2%. The decline in the gross margin was due mainly to the 0.8 point deterioration in the gross margin at UNIQLO Japan.

■ Net Sales and Gross Profit Margin



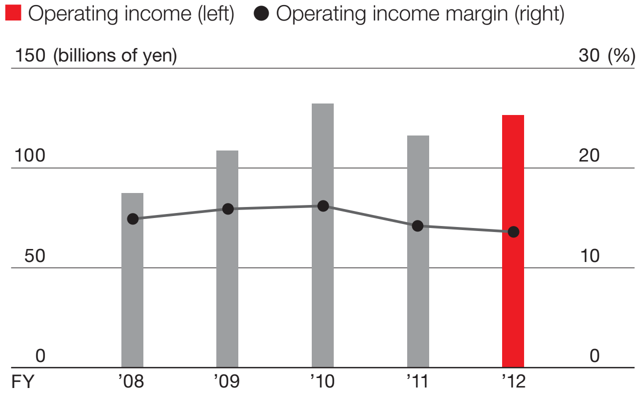
4 Selling, General and Administrative Expenses

SG&A expenses totaled ¥349.0 billion, and the SG&A to net sales ratio fell 0.1 point year on year to 37.6%, as each Group company maintained firm control over business expenses.

5 Operating Income

Operating income increased 8.7% year on year to ¥126.4 billion. The operating income margin decreased 0.6 point to 13.6%.

■ Operating Income and Operating Income Margin



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

Non-operating expenses fell ¥7.8 billion, from ¥11.1 billion in fiscal 2011 to ¥3.3 billion in fiscal 2012. This was due to the sharp contraction in foreign exchange losses from ¥8.3 billion in fiscal 2011 to ¥1.1 billion in fiscal 2012.

The Group also experienced a sharp reduction in extraordinary losses of ¥11.2 billion, from ¥13.4 billion in fiscal 2011 to ¥2.1 billion in fiscal 2012. The extraordinary loss total for fiscal 2011 had included a ¥9.6 billion lump sum relating to changes in the Group's accounting practices.

7 Income Taxes and Other Taxes

Income taxes totaled ¥48.9 billion. Corporate income taxes, resident taxes and enterprise taxes made up ¥45.8 billion of that total, and deferred income accounted for ¥3.0 billion. The effective tax rate was 39.7%, 0.8 point lower than the statutory income tax rate of 40.5%. This is due mainly to the growing contribution to Group profits made by operations outside Japan, mainly in Asia, where effective tax rates are low.

■ Breakdown of SG&A Expenses

FY	2012			2011			2010		
	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change
Personnel	**¥112,238**	**12.1**	**+10.6**	¥101,459	12.4	+0.2	¥101,303	12.4	+19.5
Advertising and promotion	**43,694**	**4.7**	**+21.8**	35,871	4.4	–4.8	37,665	4.6	+22.7
Rent	**93,010**	**10.0**	**+13.3**	82,060	10.0	+3.7	79,136	9.7	+33.5
Depreciation/amortization	**18,573**	**2.0**	**+26.3**	14,704	1.8	+20.2	12,229	1.5	+25.2
Others	**81,501**	**8.8**	**+8.2**	75,307	9.2	+29.5	58,170	7.1	+20.3
Total	**¥349,016**	**37.6**	**+12.8**	¥309,401	37.7	+7.2	¥288,503	35.4	+23.9

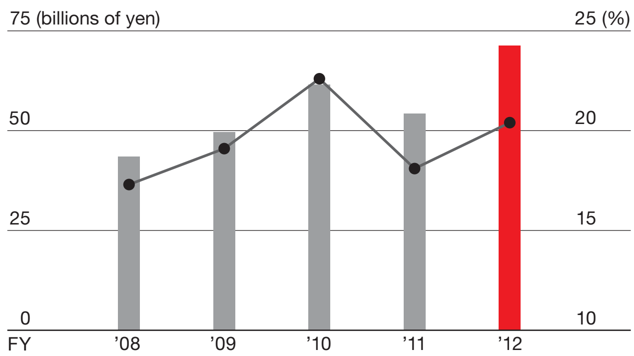
Note: The portion of product storage and warehouse-to-store costs previously accounted under cost of sales has been standardized as an SG&A expense from fiscal 2011.

8 Net Income

Net income for fiscal 2012 rose 31.8% year on year to ¥71.6 billion. Net earnings per share totaled ¥703.62, up ¥169.69 year on year.

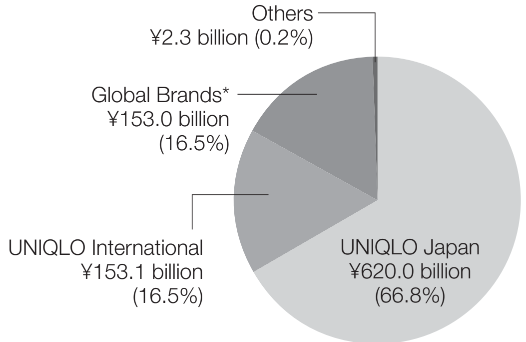
The annual dividend increased by ¥80 per share to ¥260, and the consolidated dividend payout ratio of 37.0% was maintained at over one third of net earnings. ROE expanded 2.3 points to 20.4%.

■ Net Income and ROE



9 Results by Group Operation

■ Breakdown of Net Sales by Operation



* Global Brands includes g.u., Theory, Comptoir des Cotonniers and Princesse tam.tam.

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 66.8% of consolidated sales, rose 3.3% year on year to ¥620.0 billion in fiscal 2012. While same-store sales contracted 0.5% year on year, the total number of directly operated stores increased by two, and so overall revenue actually expanded. The total sales floor area expanded by 4.8% year on year to 665,935 square meters.

Breaking down the 0.5% fall in same-store sales: the number of customer visits to UNIQLO Japan stores fell by 5.3% year on year, but the average purchase price per customer increased by 5.1%. Revenue lost some momentum from September through November due to sluggish sales of fall/winter garments. But from December onwards, sales of core winter ranges such as HEATTECH functional innerwear, Ultra Light Down jackets and *danpan* warm pants picked up sharply, generating growth of 2.3% in same-store sales for the first half as a whole (September 2011-February 2012). In contrast, same-store sales slipped 4.3% year on year in the second half (March-August 2012) as our spring ranges proved disappointing, and unseasonably cool weather through mid-July delayed the full launch of our summer ranges.

UNIQLO Japan is concentrating on large-scale stores to drive growth by gradually replacing regular-sized stores with large-scale ones. UNIQLO Japan opened 24 directly operated stores and closed 22 for a net increase of two, bringing the total number of stores, including franchises, to 845 at the end of fiscal 2012. Of this total, the number of large-scale stores with a shop floor of around 1,600 square meters increased by 18 to 147 stores, and the average per-store floor space rose 4.5% to 808 square meters.

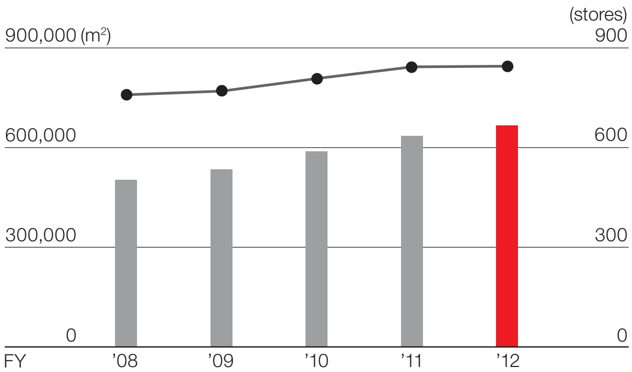
The gross profit margin fell 0.8 point year on year to 48.3%. In the first half, the gross margin contracted 1.3 points year on year as the rising cost of raw materials and higher processing fees boosted the cost of sales ratio. We also increased the number of limited-period sales for the HEATTECH range to attract customers. In the second half, the gross margin contracted 0.2%, mainly due to increased offloading of surplus summer inventory in the fourth quarter.

The ratio of SG&A expenses to sales increased 0.4 point to 31.8%. An aggressive advertising drive resulted in higher advertising and promotion costs. Store rents and depreciation costs rose in line with the opening of new urban stores in prominent locations, such as the UNIQLO Ginza Store, and the increase in the average size of our stores. The increase in service fees paid to the holding company, Fast Retailing Co., Ltd., also fueled the rise in the SG&A ratio.

As a result, operating income at UNIQLO Japan contracted 3.6% to ¥102.3 billion and the operating income margin declined 1.2 points to 16.5%.

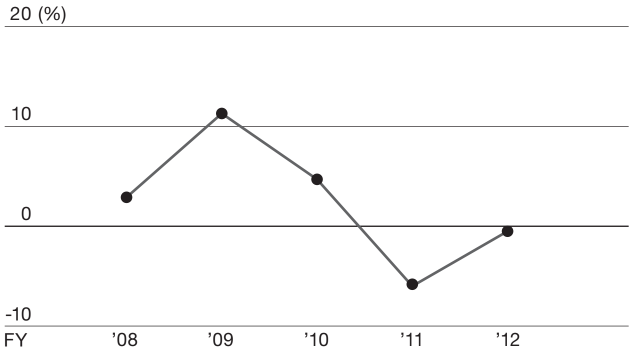
■ **Number of Stores and Sales Floor Space (UNIQLO Japan)***

■ Sales floor space (left) ● Number of stores (right)



* Directly-operated stores only; numbers at end of fiscal year

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



* Directly-operated stores only

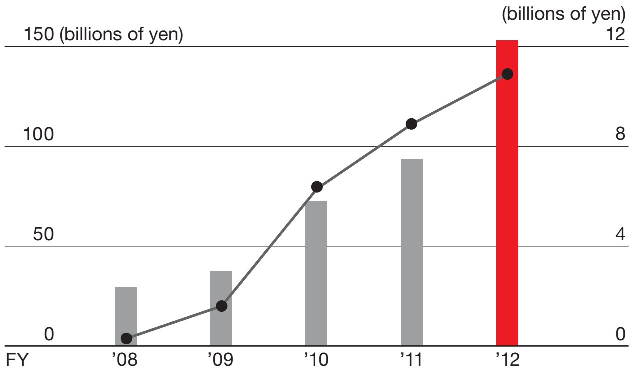
UNIQLO International

UNIQLO International achieved significant gains in both revenue and operating income, with sales expanding an impressive 63.4% year on year to ¥153.1 billion, and operating income expanding 22.9% to ¥10.9 billion. The total number of UNIQLO International stores increased by 111 to 292 stores. We have been actively pursuing international expansion opportunities within Asia, and the 275 stores in Asia currently constitute roughly 80% of UNIQLO International's sales.

UNIQLO operations in China and Hong Kong generated gains in both sales and profit thanks to strong same-store sales growth and the opening of 66 new stores. However, we discounted prices of summer goods early in anticipation of a slowdown in the Chinese economy. As a result, operating income for UNIQLO International as a whole fell below target in the fourth quarter (June – August 2012). UNIQLO Taiwan reported the expected gains in both sales and profit as 16 new stores opened for business. UNIQLO South Korea also generated gains in sales and profit with the opening of 18 new stores. However, same-store sales in South Korea fell year on year in the fourth quarter as the nation's economy slowed down. UNIQLO operations in Singapore and Malaysia generated the expected rise in sales and profit with the opening of five new stores. UNIQLO Thailand also fulfilled targets, reporting continued strong sales growth as four new stores opened for business. In June 2012, the opening of our first store in the Philippines proved a great success. Across the Pacific, heavy leading investment into the flagship New York Fifth Avenue Store and other brand-building initiatives resulted in a large operating loss for UNIQLO USA. In Europe, UNIQLO France performed largely to plan, although the expansion of the UNIQLO La Défense Store knocked operating income marginally lower. Sales continued to underperform at UNIQLO U.K., which reported a small operating loss. Improved profitability at UNIQLO Russia meant that it was able to report an operating income for fiscal 2012 as a whole.

■ **UNIQLO International Sales, Operating Income/Loss**

■ Net sales (left) ● Operating income (right)



Global Brands

Global Brands reported large gains in both sales and profit in fiscal 2012, with sales expanding 23.4% year on year to ¥153.0 billion and operating income rising 65.4% to ¥14.5 billion.

Our low-priced g.u. casualwear brand enjoyed considerable gains in sales and profit, with sales reaching approximately ¥58 billion and operating income approximately ¥5 billion. This extremely strong performance by g.u. was underpinned both by the opening of 35 new stores, and by an impressive 35% growth in same-store sales. The g.u. brand is now much more widely known thanks to a string of hit products including loose pants and maxi dresses, and also thanks to effective TV commercials featuring popular Japanese celebrities. At the end of August 2012, the g.u. network had grown to 176 stores.

Our Theory women's fashion brand recorded its highest ever level of operating income in fiscal 2012, thanks mainly to a strong performance by the Theory operation in Japan. Same-store sales continue to grow in Japan, and the PLST brand is beginning to make a contribution to overall profits for the Global Brands segment.

French women's fashion brand Comptoir des Cotonniers generated the expected rise in sales and profit after the 2012 spring/summer collection successfully reinvigorated sales growth. French corsetry, lounge wear and swimwear brand Princesse tam.tam reported a flat performance, which was in line with our expectations.

10 Balance Sheet

Total assets at the end of fiscal 2012 stood at ¥595.1 billion, ¥61.3 billion higher than at the end of fiscal 2011. Current assets increased ¥54.5 billion to ¥424.5 billion, primarily due to increased operating cash flows at all three business segments, which boosted total cash and cash equivalents by ¥63.9 billion to ¥266.0 billion. In addition, inventory assets increased ¥6.2 billion year on year to ¥98.9 billion. Inventory assets at UNIQLO Japan decreased by ¥4.6 billion to ¥48.8 billion, mainly due to the following: a rundown of spring and fall inventory of ¥5.2 billion; a reduction in summer inventory of ¥0.6 billion; and an increase in inventory of ¥1.0 billion related to the expansion of our average store size and the opening of new stores. At UNIQLO International, inventory assets increased by ¥7.8 billion as the total number of stores increased by 111 (including three global flagship stores). And at Global Brands, inventory assets expanded by ¥3.5 billion as we actively expanded the g.u. and Theory operations.

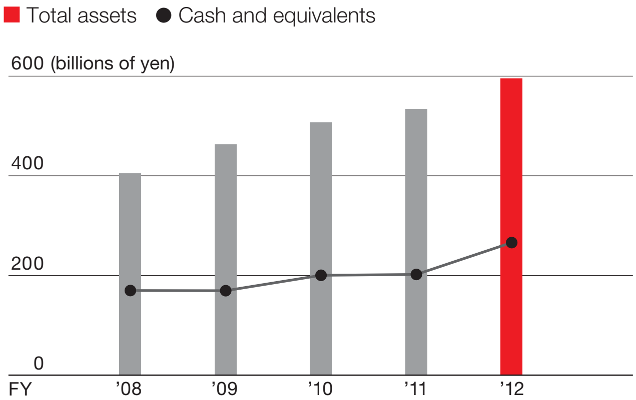
Fixed assets grew ¥6.7 billion to ¥170.5 billion as the Group's store network was expanded by 215 stores, including the four UNIQLO global flagship stores in New York, Taipei, Seoul and Ginza in Tokyo, and the flagship g.u. Ginza Store.

Current liabilities fell ¥9.4 billion year on year to ¥173.3 billion. This was primarily due to a large reduction in our forward foreign exchange contracts after the spread between the average exchange rate of our contract holdings and the period-end exchange rate narrowed. Please note that forward exchange contracts are treated under hedge accounting, and so they do not impact the profit and loss account.

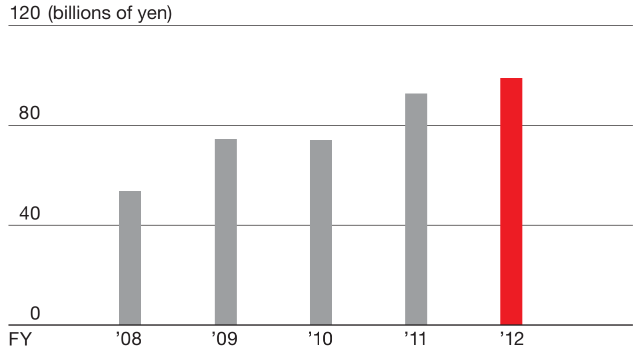
Fixed liabilities fell ¥4.1 billion year on year to ¥26.8 billion. Total short-term and long-term interest-bearing liabilities fell ¥5.0 billion to ¥23.1 billion.

Net assets increased ¥74.9 billion to ¥394.8 billion. This included a ¥71.6 billion increase that came from net income and a ¥22.1 billion decrease following dividend payments on retained earnings. As a result, the equity ratio rose 6.0 points to 65.0%.

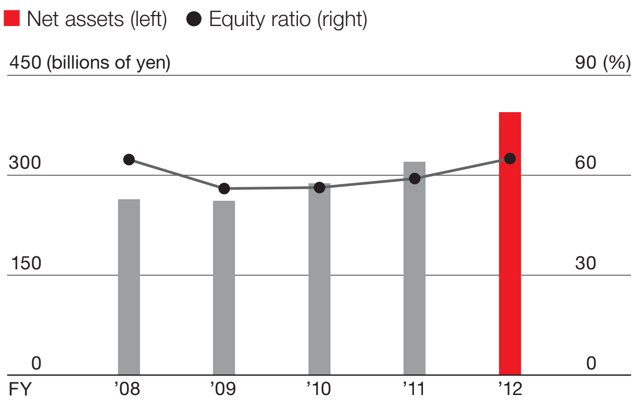
Total Assets and Cash and Equivalents



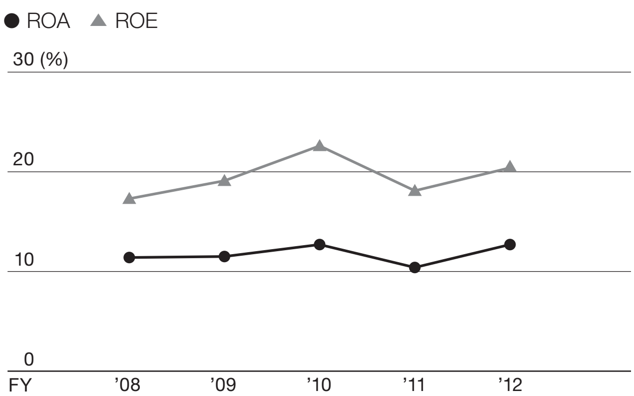
Inventory Assets



Net Assets and Equity Ratio



ROA and ROE



11 Cash Flows

In fiscal 2012, net cash from operating activities totaled ¥127.6 billion, net cash used in investing activities totaled ¥35.3 billion and net cash used in financing activities totaled ¥29.0 billion. As a result, total free cash flow from both operating and investing activities amounted to ¥92.3 billion, and at the end of fiscal 2012 the balance of cash and cash equivalents had increased by ¥63.9 billion to ¥266.0 billion.

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

Net Cash Inflow from Operating Activities: ¥127.6 Billion

Inflows for fiscal 2012 included net income before income taxes and minority interest of ¥123.3 billion, depreciation and amortization of ¥18.5 billion, and amortization of goodwill of ¥5.6 billion. Among outflows, working capital, inventories and increased purchasing debt together accounted for ¥2.4 billion, while net income taxes paid totaled ¥32.6 billion.

Net Cash Outflow for Investing Activities: ¥35.3 Billion

Cash used to purchase property and equipment, primarily to increase UNIQLO's global store network, totaled ¥23.9 billion, while payments for lease deposits totaled ¥7.9 billion. On a consolidated basis, capital expenditures totaled ¥40.1 billion, with UNIQLO Japan accounting for ¥10.0 billion of the total.

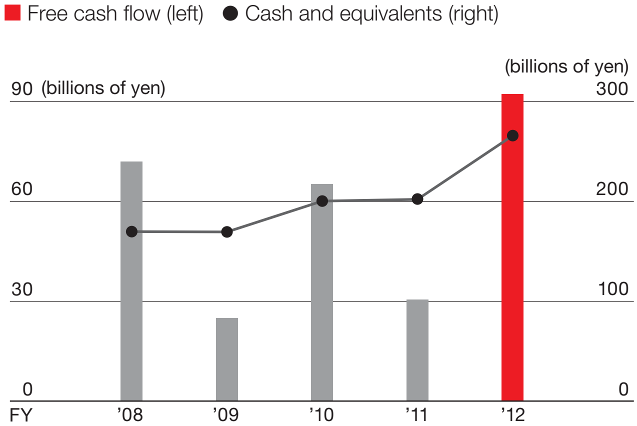
Net Cash Outflow for Financing Activities: ¥29.0 Billion

Dividends paid amounted to ¥22.1 billion. In addition, ¥1.2 billion was spent on reducing short-term debt, and ¥5.6 billion on repayment of long-term debt.

Consolidated Subsidiaries (at end of August 2012)

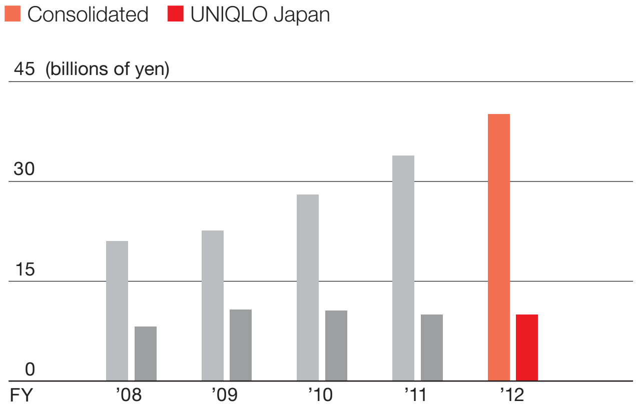
Company name	Share ownership
Holding Companies	
FAST RETAILING CO., LTD.	—
Fast Retailing USA, Inc.	100.0%
FAST RETAILING FRANCE S.A.S.	100.0%
UNIQLO Business	
UNIQLO CO., LTD.	100.0%
FAST RETAILING (CHINA) TRADING CO., LTD.	100.0%
UNIQLO HONG KONG, LIMITED	100.0%
FRL Korea Co., Ltd.	51.0%
UNIQLO (SINGAPORE) PTE. LTD.	51.0%
UNIQLO (U.K.) LIMITED	100.0%
UNIQLO FRANCE S.A.S.	100.0%
LLC 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%
G.U. CO., LTD.	100.0%

Free Cash Flow and Cash and Equivalents



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

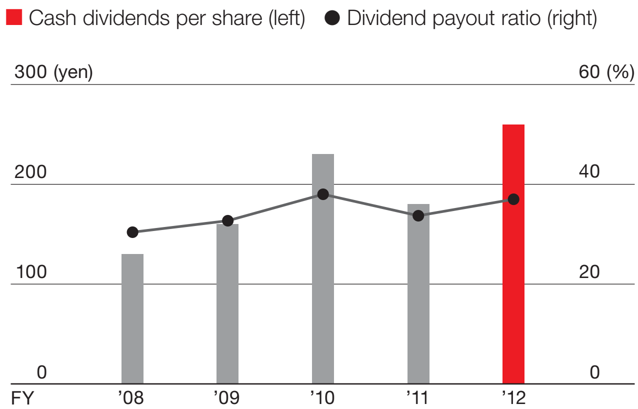
Capital Expenditures (Consolidated and UNIQLO Japan)



12 Dividend Policy

One of Fast Retailing's top priorities is to return a portion of its profits to shareholders. As such, the Group has adopted a basic policy of supporting consistent improvements in Group performance and, depending on that performance, allocating an appropriate amount of profit to shareholders on a continuing basis. Fast Retailing's policy is to pay high dividends linked to performance after considering the funds required to expand Group operations, increase profits and maintain financial soundness. The Group paid an annual dividend of ¥260 per share in fiscal 2012. This translates into an annual dividend payout ratio of 37.0%, or over one third of consolidated net income for fiscal 2012.

Cash Dividends per Share and Dividend Payout Ratio



13 Outlook for Fiscal 2013 (as of January 10, 2013)

We forecast rises in consolidated sales and profit, with sales topping one trillion yen for the first time (sales ¥1.069 trillion (+15.1% YoY), operating income ¥147.5 billion (+16.6%) and net income ¥87.0 billion (+21.4%)). We forecast net earnings per share (EPS) of ¥854.14, and an annual dividend per share of ¥280 (¥140 interim and year-end dividends).

■ Outlook of Sales by Group Operation

FY	2013 (Plan)			2012
	Billions of yen	YoY change Billions of yen	YoY change %	Billions of yen
UNIQLO Japan:				
Net sales	**¥653.0**	¥33.0	+5.3	¥620.0
Operating income	**109.0**	6.7	+6.5	102.3
UNIQLO International:				
Net sales	**229.0**	75.9	+49.5	153.1
Operating income	**20.0**	9.1	+81.8	10.9
Global Brands:				
Net sales	**185.0**	32.0	+20.9	153.0
Operating income	**18.5**	4.0	+27.2	14.5

■ Fiscal 2013 Store Forecast by Business

FY	2013 (plan)				2012
Units : Stores	Open	Close	Net increase	End Aug.	End Aug.
UNIQLO Japan:	53	44	+9	**854**	845
Directly-operated	52	41	+11	**835**	824
Large-scale	34	2	+32	**179**	147
Standard	18	39	–21	**656**	677
Franchise	1	3	–2	**19**	21
UNIQLO International:	155	8	+147	**439**	292
China	84	4	+80	**225**	145
Hong Kong	3	1	+2	**18**	16
Taiwan	20	0	+20	**37**	17
South Korea	26	3	+23	**103**	80
Singapore	4	0	+4	**11**	7
Malaysia	3	0	+3	**8**	5
Thailand	5	0	+5	**9**	4
Philippines	5	0	+5	**6**	1
U.K.	0	0	0	**10**	10
U.S.	4	0	+4	**7**	3
France	1	0	+1	**3**	2
Russia	0	0	0	**2**	2
Global Brands:	122	34	+88	**1,173**	1,085
g.u.	60	20	+40	**216**	176
Theory*	40	1	+39	**412**	373
Comptoir des Cotonniers*	15	8	+7	**390**	383
Princesse tam.tam*	7	5	+2	**155**	153
Total	330	86	+244	**2,466**	2,222

* Including franchise stores

UNIQLO Japan

UNIQLO Japan is anticipating a 5.3% year-on-year growth in sales to ¥653.0 billion and a 6.5% growth in operating income to ¥109.0 billion.

Same-store sales are forecast to expand 0.9%, and the total number of stores including franchises is expected to increase by 11 to 854 stores. We plan to increase the number of large-scale stores (those with sales space of around 1,600 square meters) by 32, for a total of 179 stores. Going forward, UNIQLO will aggressively open new stores in prime locations, including high streets in city centers, inside department stores and shopping malls, and in roadside suburban locations. This strategy is designed to boost market share in major cities including Tokyo, Osaka and Nagoya.

The gross profit margin is forecast to expand 0.3 point year on year to 48.6%. While we forecast the gross margin will hold flat in the first half (September 2012–February 2013), we expect that modified discount controls will enable the margin to expand 1.0 point in the second half (March–August 2013). The SG&A to net sales ratio is forecast to hold flat at 31.9%.

UNIQLO International

Our forecasts for continued strong gains at UNIQLO International include an expansion in sales of 49.5% year on year to ¥229.0 billion and an 81.8% expansion in operating income to ¥20.0 billion. We will accelerate new store openings in Asia, with 87 new stores planned for China and Hong Kong, 26 stores for South Korea, and 20 stores for Taiwan. We plan to add 147 new stores to bring the total to 439 by the end of fiscal 2013.

Global Brands

Both sales and operating income are expected to increase significantly at the Global Brands segment. Anticipated strong performances from g.u. and Theory should help boost sales to ¥185.0 billion (+20.9% YoY) and operating income to ¥18.5 billion (+27.2%).

We forecast considerable gains in sales and profit for g.u., with sales topping ¥80 billion as both same-store sales and the overall store network continue to expand.

Our Theory operation is also expected to generate strong rises in sales and profit based on continued buoyant sales trends and an expansion of the PLST store network in Japan. As for Comptoir des Cotonniers, in the wake of its

2012 spring/summer collection, which sparked a recovery in sales, we expect sales and profit will expand further in fiscal 2013. We anticipate a steady year-on-year performance from Princesse tam.tam.

14 Risk Factors

The Fast Retailing management regards the following to be the principal risk factors associated with the operations of Fast Retailing and other members of the Group, taking into account the potential of these factors to materially impact the decisions of investors. Fast Retailing engages in rigorous risk avoidance and risk management, and strives to respond appropriately to adverse circumstances.

Fast Retailing judges and anticipates future risks based on its latest financial report (November 26, 2012) as well as on 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 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, cases where the Group is unable to realize the expected profit and benefits from M&A activities could potentially have an adverse impact on business results.

(b) Management personnel risk

Members of the Group's management team, led by Chairman, President and CEO Tadashi Yanai, play a major role in their respective areas of responsibility. Any member of management's becoming unable to fulfill his or her duties could have an adverse impact on 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 intense competition with other companies in the industry, both in Japan and in other markets. Should the relative competitive strength of the Group deteriorate, this could have an adverse impact on 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 any of these countries could have an impact on the Group's ability to supply products.

(e) Risk of operations outside Japan

The Group is developing its business activities 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 non-Japan sales to overall net sales is expected to rise. In conjunction with this, we recognize several factors that could have an adverse impact on the Group's business results, including changes in market needs and product trends, economic fluctuations, political and social turbulence, changes in legal regulations or other conditions in markets outside Japan, or difficulties in employing and training appropriate management and local employees.

(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/or lawsuits, and (6) changes in economic conditions and/or consumption trends.

Consolidated Balance Sheets

FAST RETAILING CO., LTD. and consolidated subsidiaries
August 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2012	2011	2012
Current assets:			
Cash and deposits (Note 3)	**¥132,238**	¥ 64,386	**$1,682,428**
Notes and accounts receivable — trade	**19,920**	17,796	**253,445**
Less — allowance for doubtful accounts	**(268)**	(307)	**(3,410)**
Net trade receivables	**19,652**	17,488	**250,035**
Short-term investment securities (Notes 3 and 5)	**133,788**	137,728	**1,702,138**
Inventories (Note 4)	**98,963**	92,750	**1,259,078**
Deferred tax assets (Note 6)	**16,987**	31,802	**216,131**
Income taxes receivable	**10,628**	10,453	**135,220**
Other	**12,256**	15,361	**155,939**
Total current assets	**424,516**	369,971	**5,400,972**
Noncurrent Assets:			
Property, plant and equipment:			
Buildings and structures	**95,686**	76,961	**1,217,380**
Furniture and equipment	**15,723**	9,453	**200,042**
Land	**3,879**	3,881	**49,358**
Leased assets (Note 17)	**12,184**	9,499	**155,013**
Construction in progress	**1,947**	6,913	**24,777**
Total	**129,420**	106,709	**1,646,573**
Less-accumulated depreciation	**(60,197)**	(48,692)	**(765,874)**
Net property, plant and equipment	**69,222**	58,016	**880,698**
Intangible assets:			
Goodwill	**15,992**	21,648	**203,466**
Other (Note 12)	**22,224**	19,102	**282,750**
Total intangible assets	**38,216**	40,751	**486,216**
Investments and other assets:			
Investment securities (Note 5)	**354**	529	**4,511**
Deferred tax assets (Note 6)	**4,057**	7,417	**51,621**
Lease and guarantee deposits (Note 12)	**42,883**	39,310	**545,585**
Construction assistance fund receivables	**14,232**	15,331	**181,075**
Other	**2,456**	3,184	**31,254**
Less — allowance for doubtful accounts	**(837)**	(735)	**(10,654)**
Total investments and other assets	**63,146**	65,038	**803,393**
Total noncurrent assets	**170,586**	163,806	**2,170,308**
Total assets	**¥595,102**	¥533,777	**$7,571,281**

See accompanying notes to consolidated financial statements.

LIABILITIES	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current liabilities:			
Notes and accounts payable — trade	**¥ 71,142**	¥ 59,395	**$ 905,125**
Short-term loans payable	**2,505**	3,978	**31,874**
Current portion of long-term loans payable (Notes 7 and 12)	**3,410**	3,243	**43,391**
Forward exchange contracts	**22,625**	59,640	**287,854**
Income taxes payable (Note 6)	**27,738**	14,721	**352,911**
Provisions	**8,430**	6,987	**107,253**
Other	**37,525**	34,878	**477,421**
Total current liabilities	**173,378**	182,846	**2,205,832**
Noncurrent liabilities:			
Long-term loans payable (Notes 7 and 12)	**9,129**	13,688	**116,152**
Provisions	**64**	63	**815**
Other (Note 12)	**17,638**	17,268	**224,402**
Total noncurrent liabilities	**26,831**	31,020	**341,369**
Total liabilities	**200,210**	213,866	**2,547,202**
Net assets:			
Capital stock (Note 9)	**10,273**	10,273	**130,711**
Capital surplus (Note 9)	**5,541**	5,223	**70,503**
Retained earnings (Note 10)	**419,093**	369,717	**5,331,976**
Treasury stock, at cost (Note 11)	**(16,003)**	(16,144)	**(203,608)**
Valuation difference on available-for-sale securities	**(16,434)**	(16,541)	**(209,091)**
Deferred gains or losses on hedges	**(14,532)**	(35,583)	**(184,895)**
Foreign currency translation adjustment	**(1,193)**	(2,215)	**(15,181)**
Subscription rights to shares	**755**	510	**9,608**
Minority interests	**7,392**	4,670	**94,056**
Total net assets	**394,892**	319,911	**5,024,078**
Commitments and contingencies (Note 13)			
Total liabilities and net assets	**¥595,102**	¥533,777	**$7,571,281**

Consolidated Statements of Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended August 31, 2012, 2011, and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Net sales	**¥928,669**	¥820,349	¥814,811	**$11,815,131**
Cost of sales	**453,202**	394,581	393,930	**5,765,937**
Gross profit	**475,466**	425,767	420,881	**6,049,194**
Selling, general and administrative expenses (Note 14)	**349,016**	309,401	288,503	**4,440,407**
Operating income	**126,450**	116,365	132,378	**1,608,786**
Other income (expenses):				
Interest and dividends income	**690**	408	344	**8,785**
Interest on refund of income taxes and other	**525**	72	108	**6,680**
Penalty income	**79**	143	137	**1,012**
Interest expenses	**(568)**	(532)	(500)	**(7,238)**
Foreign exchange losses	**(1,148)**	(8,382)	(7,559)	**(14,610)**
Gain on sales of noncurrent assets	**327**	134	—	**4,160**
Reversal of allowance for doubtful accounts	**—**	7	62	**—**
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)	—	**—**
Non-recurring depreciation on noncurrent assets	**—**	(4,050)	—	**—**
Loss on retirement of noncurrent assets	**(1,028)**	(567)	(772)	**(13,085)**
Loss on closure of stores	**—**	—	(447)	**—**
Impairment loss (Note 15)	**(116)**	(832)	(4,433)	**(1,483)**
Loss on disaster	**—**	(999)	—	**—**
Provision for loss on business liquidation	**—**	(800)	(985)	**—**
Loss on business withdrawal	**—**	—	(395)	**—**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	(2,913)	—	**—**
Loss on valuation of investment securities	**(281)**	—	—	**(3,584)**
Other, net	**(1,538)**	(1,474)	(1,710)	**(19,571)**
Total	**(3,060)**	(22,484)	(15,510)	**(38,936)**
Income before income taxes and minority interests	**123,390**	93,881	116,867	**1,569,850**
Income taxes (Note 6)**:**				
Current	**45,879**	41,906	54,363	**583,708**
Deferred	**3,084**	(4,336)	(147)	**39,246**
Total	**48,964**	37,569	54,215	**622,954**
Income before minority interests	**74,426**	56,311	—	**946,895**
Minority interests	**2,771**	1,956	971	**35,259**
Net income	**¥ 71,654**	¥ 54,354	¥ 61,681	**$ 911,636**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended August 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Income before minority interests	**¥74,426**	¥56,311	**$ 946,895**
Other comprehensive income:			
Valuation difference on available-for-sale securities	**106**	(2,624)	**1,360**
Deferred gains or losses on hedges	**21,050**	(642)	**267,815**
Foreign currency translation adjustment	**918**	(797)	**11,685**
Total other comprehensive income	**¥22,075**	¥ (4,064)	**$ 280,862**
Comprehensive income	**¥96,501**	¥52,246	**$1,227,757**
Comprehensive income attributable to:			
Comprehensive income attributable to shareholders of FAST RETAILING CO., LTD.	**93,833**	50,328	**1,193,816**
Comprehensive income attributable to minority interests	**2,667**	1,918	**33,941**

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, 2012, 2011, and 2010

	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 September 1, 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
Net income	**—**	**—**	**71,654**	**—**	**—**	**—**	**—**	**—**	**—**	**71,654**
Dividends from surplus (Note 10)	**—**	**—**	**(21,893)**	**—**	**—**	**—**	**—**	**—**	**—**	**(21,893)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(5)**	**—**	**—**	**—**	**—**	**—**	**(5)**
Decrease in treasury stock (Note 11)	**—**	**—**	**—**	**146**	**—**	**—**	**—**	**—**	**—**	**146**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**317**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**317**
Change of scope of consolidation	**—**	**—**	**(384)**	**—**	**—**	**—**	**—**	**—**	**—**	**(384)**
Net change during the year	**—**	**—**	**—**	**—**	**106**	**21,050**	**1,022**	**244**	**2,722**	**25,145**
Balance at August 31, 2012	**¥10,273**	**¥5,541**	**¥419,093**	**¥(16,003)**	**¥(16,434)**	**¥(14,532)**	**¥(1,193)**	**¥755**	**¥7,392**	**¥394,892**

	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, 2011	$130,711	$66,461	$4,703,779	$(205,396)	$(210,452)	$(452,711)	$(28,185)	$6,494	$59,419	$4,070,121
Net income	**—**	**—**	**911,636**	**—**	**—**	**—**	**—**	**—**	**—**	**911,636**
Dividends from surplus (Note 10)	**—**	**—**	**(278,548)**	**—**	**—**	**—**	**—**	**—**	**—**	**(278,548)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(73)**	**—**	**—**	**—**	**—**	**—**	**(73)**
Decrease in treasury stock (Note 11)	**—**	**—**	**—**	**1,861**	**—**	**—**	**—**	**—**	**—**	**1,861**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**4,041**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,041**
Change of scope of consolidation	**—**	**—**	**(4,890)**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,890)**
Net change during the year	**—**	**—**	**—**	**—**	**1,360**	**267,815**	**13,003**	**3,114**	**34,637**	**319,931**
Balance at August 31, 2012	**$130,711**	**$70,503**	**$5,331,976**	**$(203,608)**	**$(209,091)**	**$(184,895)**	**$(15,181)**	**$9,608**	**$94,056**	**$5,024,078**

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, 2012, 2011, and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Net cash provided by (used in) operating activities:				
Income before income taxes and minority interests	**¥123,390**	¥ 93,881	¥116,867	**$1,569,850**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	**18,573**	18,755	12,229	**236,303**
Impairment loss	**116**	832	4,433	**1,483**
Amortization of goodwill	**5,664**	6,596	7,534	**72,062**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	2,913	—	**—**
Increase in allowance for doubtful accounts	**166**	62	510	**2,123**
Increase (decrease) in provision for retirement benefits	**0**	18	(245)	**9**
Increase in other provisions	**1,534**	371	3,932	**19,526**
Interest and dividends income	**(690)**	(408)	(344)	**(8,785)**
Interest expenses	**568**	532	500	**7,238**
Foreign exchange losses	**491**	314	5,237	**6,251**
Loss on retirement of noncurrent assets	**1,028**	567	772	**13,085**
Increase in notes and accounts receivable — trade	**(2,290)**	(2,097)	(578)	**(29,143)**
Increase in inventories	**(6,899)**	(21,051)	(1,478)	**(87,778)**
Increase (decrease) in notes and accounts payable — trade	**11,670**	5,767	(1,878)	**148,483**
Decrease (increase) in other assets	**4,404**	2,067	(2,177)	**56,041**
Increase in other liabilities	**3,760**	3,455	829	**47,842**
Other, net	**(1,319)**	1,563	1,051	**(16,781)**
Subtotal	**160,172**	114,141	147,197	**2,037,812**
Interest and dividends income received	**695**	408	347	**8,847**
Interest expenses paid	**(590)**	(526)	(521)	**(7,515)**
Repayments of debt associated with reorganizing subsidiary	**—**	(916)	(475)	**—**
Income taxes paid	**(42,913)**	(69,043)	(62,810)	**(545,977)**
Income taxes refund	**10,280**	13,093	4,886	**130,795**
Net cash provided by (used in) operating activities	**127,643**	57,158	88,623	**1,623,963**
Net cash provided by (used in) investing activities:				
Decrease (increase) in time deposits	**—**	1,465	(1,299)	**—**
Proceeds from sales and redemption of short-term and long-term investment securities	**—**	498	14	**—**
Purchase of property, plant and equipment	**(23,980)**	(18,902)	(17,150)	**(305,093)**
Proceeds from sales of property, plant and equipment	**229**	164	6	**2,919**
Purchase of intangible assets	**(7,451)**	(6,636)	(4,172)	**(94,796)**
Payments for lease and guarantee deposits	**(7,900)**	(7,080)	(5,689)	**(100,509)**
Proceeds from collection of lease and guarantee deposits	**3,260**	5,002	4,538	**41,486**
Payments for construction assistance fund receivables	**(852)**	(1,373)	(1,005)	**(10,849)**
Collection of construction assistance fund receivables	**1,876**	2,137	2,247	**23,876**
Increase in loans receivable	**(63)**	(812)	—	**(809)**
Other, net	**(432)**	(1,105)	(880)	**(5,506)**
Net cash provided by (used in) investing activities	**(35,313)**	(26,643)	(23,389)	**(449,283)**
Net cash provided by (used in) financing activities:				
Net decrease in short-term loans payable	**(1,288)**	(3,814)	(3,647)	**(16,392)**
Proceeds from long-term loans payable	**2,381**	11,484	—	**30,296**
Repayments of long-term loans payable	**(5,626)**	(10,608)	(2,811)	**(71,590)**
Payment for treasury stocks, net	**(5)**	(2)	(5)	**(73)**
Cash dividends paid	**(21,892)**	(21,370)	(20,350)	**(278,535)**
Other, net	**(2,623)**	(1,845)	(2,081)	**(33,382)**
Net cash provided by (used in) financing activities	**(29,056)**	(26,156)	(28,897)	**(369,677)**
Effect of exchange rate changes on cash and cash equivalents	**68**	(3,142)	(5,449)	**868**
Net increase in cash and cash equivalents	**63,341**	1,215	30,887	**805,871**
Cash and cash equivalents at beginning of period (Note 3)	**202,104**	200,462	169,574	**2,571,303**
Increase in cash and cash equivalents from newly consolidated subsidiary	**574**	427	—	**7,312**
Cash and cash equivalents at end of period (Note 3)	**¥266,020**	¥202,104	¥200,462	**$3,384,486**

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 (IFRS), 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, 2012 and 2011 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either IFRS or accounting principles generally accepted in the United States as adjusted for certain items. 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 ¥78.60=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of August 31, 2012. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars at that or any other rate.

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 91 subsidiaries (98 in 2011) over which the Company has power of control through substantial ownership of majority voting rights.

UNIQLO (THAILAND) COMPANY LIMITED accounted for as a non-consolidated subsidiary in the year ended August 31, 2011, commenced operations and thus increased in importance during the fiscal year ended August 31, 2012. This company has therefore been included within the scope of consolidation from the fiscal year under review.

The main subsidiaries are as follows:

Consolidated Subsidiaries As of August 31	Ownership percentage 2012	 2011
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%
G.U. 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%**	55%
UNIQLO TAIWAN LTD.	**100%**	100%
UNIQLO (THAILAND) COMPANY LIMITED	**75%**	75%
FAST RETAILING PHILIPPINES, Inc.	**75%**	—
FAST RETAILING (SINGAPORE) PTE. LTD.	**100%**	—

FAST RETAILING PHILIPPINES, Inc. and FAST RETAILING (SINGAPORE) PTE. LTD. were established during the fiscal year ended August 31, 2012. These companies have therefore been included within the scope of consolidation from the fiscal year under review.

In the fiscal year ended August 31, 2012, Theory Europe GmbH & Co. KG and UNIQLO Studio GmbH were absorbed by Theory Europe Management GmbH and Link Theory Holdings (Europe) GmbH, respectively. Therefore, these companies were removed from the scope of consolidation in the fiscal year under review.

In the fiscal year ended August 31, 2012, Theory Round Rock LLC, UNIQLO Design Studio, New York, Inc., DECLIC S.A.S. and other five subsidiaries were liquidated. Therefore, these 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 include its six other subsidiaries in the scope of consolidation, 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 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.

The amount is included in "Provisions" of the consolidated balance sheets.

(f) Inventories

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

(g) Property, plant 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 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 useful life.

(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.

The amount is included in "Provisions" of the consolidated balance sheets.

(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) Reclassifications

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

(o) Additional Information

Effective September 1, 2011, the Company adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009).

3 Cash and Cash Equivalents

Cash and cash equivalents as of August 31, 2012, 2011 and 2010 consist of the following:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	**2012**
Cash	**¥132,238**	¥ 64,386	¥ 62,466	**$1,682,428**
Time deposits with maturities over three months	**(6)**	(10)	(1,476)	**(79)**
Short-term investment securities	**133,788**	137,728	139,472	**1,702,138**
Cash and cash equivalents	**¥266,020**	¥202,104	¥200,462	**$3,384,486**

4 Inventories

Inventories as of August 31, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Merchandise	**¥96,725**	¥90,195	**$1,230,605**
Supplies	**2,237**	2,555	**28,472**
Total	**¥98,963**	¥92,750	**$1,259,078**

5 Short-Term Investment Securities and Investment Securities

Investment securities as of August 31, 2012 and 2011 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, 2012 and 2011:

	Millions of yen		
As of August 31, 2012	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	**149**	**147**	**(2)**
Other	**134,440**	**133,830**	**(609)**
Total	**¥134,589**	**¥133,977**	**¥(612)**

	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)

	Thousands of U.S. dollars		
As of August 31, 2012	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	**1,906**	**1,873**	**(32)**
Other	**1,710,432**	**1,702,675**	**(7,757)**
Total	**$1,712,339**	**$1,704,549**	**$(7,789)**

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, 2012, 2011 and 2010.

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 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Statutory income tax rate:	**—%**	—%	40.5%
Increase in reserves for valuation changes	**—**	—	4.3
Amortization of goodwill	**—**	—	2.6
Impairment of goodwill	**—**	—	1.0
Lower income tax rates applicable to income in certain foreign countries	**—**	—	(1.2)
Other	**—**	—	(0.8)
Effective income tax rates	**—%**	—%	46.4%

Reconciliations for the years ended August 31, 2012 and 2011 have not been presented as the difference between the statutory income tax rate and the effective income tax rates 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, 2012 and 2011 are presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred tax assets—current	**¥16,987**	¥31,802	**$216,131**
Total gross deferred tax assets:			
Accrued business tax	**1,967**	932	**25,028**
Allowance for bonuses	**2,203**	2,147	**28,038**
Allowance for doubtful accounts	**104**	100	**1,333**
Loss on impairment	**130**	998	**1,665**
Valuation difference on available-for-sale securities	**5,822**	6,697	**74,078**
Excess depreciation	**4,068**	4,181	**51,762**
Operating loss carryforward	**7,348**	14,617	**93,489**
Deferred losses on hedges	**8,840**	23,888	**112,471**
Other	**11,562**	8,219	**147,109**
	42,049	61,784	**534,975**
Valuation allowance	**(17,984)**	(21,798)	**(228,813)**
	24,064	39,985	**306,162**
Total gross deferred tax liabilities:			
Loss on considered transfer for shares of subsidiary	**(2,190)**	(2,503)	**(27,871)**
Allowance on excess depreciation	**(2,136)**	—	**(27,181)**
Other	**(1,278)**	(1,023)	**(16,270)**
	(5,606)	(3,526)	**(71,324)**
Net deferred tax assets	**¥18,458**	¥36,458	**$234,838**

A breakdown of net deferred tax assets as of August 31, 2012 and 2011 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred tax assets—current	**¥16,987**	¥31,802	**$216,131**
Deferred tax assets—non-current	**4,057**	7,417	**51,621**
Deferred tax liabilities—current	**(33)**	(131)	**(425)**
Deferred tax liabilities—non-current	**(2,553)**	(2,630)	**(32,488)**
Net deferred tax assets	**¥18,458**	¥36,458	**$234,838**

The "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Change in Economic and Social Structures" (Act No. 114 of 2011) and the "Act for Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011 and the staged reduction of the national corporate tax rate and a special reconstruction corporate tax will apply to corporate taxes effective for the years beginning on or after September 1, 2012.

7 Long-Term Debt

Long-term debt as of August 31, 2012 and 2011 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Unsecured loans mainly from Japanese financial institutions, with weighted average interest of 1.62% due 2013 through 2018	**¥12,540**	¥16,931	**$159,544**
Less: current portion	**3,410**	3,243	**43,391**
Total	**¥ 9,129**	¥13,688	**$116,152**

The annual maturities of long-term debt subsequent to August 31, 2012 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 3,410	$ 43,391
2014	2,796	35,582
2015	2,766	35,195
2016	2,766	35,195
2017	800	10,178
Thereafter	—	—
Total	¥12,540	$159,544

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, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Projected benefit obligations	**¥64**	¥63	**$815**
Less: Plan assets	**—**	—	**—**
Unfunded benefit obligations	**64**	63	**815**
Unrecognized actuarial loss	**—**	—	**—**
Accrued retirement and severance obligations	**¥64**	¥63	**$815**

The components of net retirement benefit costs for the years ended August 31, 2012, 2011 and 2010 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	**2012**
Service cost	**¥ 0**	¥ 18	¥147	**$ 5**
Interest cost	**—**	—	60	**—**
Expected return on plan assets	**—**	—	(69)	**—**
Expenses related to defined contribution plans	**374**	335	324	**4,763**
Others	**—**	—	29	**—**
Total	**¥374**	¥354	¥491	**$4,769**

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, 2012. Issued and outstanding shares were 106,073,656 shares for each of the three years in the period ended August 31, 2012.

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 ¥130 ($1.65) per share, aggregating to ¥13,241 million ($168,461 thousand). These dividends were approved at the meeting of the Board of Directors held on November 5, 2012 in respect of the fiscal year ended August 31, 2012.

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, 2012, 2011 and 2010 are summarized as follows:

	Number of shares	Millions of yen	Thousands of U.S. dollars
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	
Repurchase of common stock	216	2	
Issuance of treasury stock, net	(31,331)	(118)	
Balance as of August 31, 2011	4,257,643	16,144	$205,396
Repurchase of common stock	372	5	73
Issuance of treasury stock, net	(38,581)	(146)	(1,861)
Balance as of August 31, 2012	**4,219,434**	**¥16,003**	**$203,608**

12 Pledged Assets

As of August 31, 2012 and 2011, the following assets are pledged as collateral for debts and other liabilities:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Pledged assets:			
Other intangible assets	**¥109**	¥268	**$1,394**
Lease and guarantee deposits	**—**	—	**—**
Total	**¥109**	¥268	**$1,394**
Corresponding liabilities:			
Portion of long-term debt due within one year	**¥ 79**	¥152	**$1,007**
Long-term debt	**30**	116	**386**
Other long-term liabilities	**—**	—	**—**
Total	**¥109**	¥268	**$1,394**

13 Commitments and Contingencies

The Company had the following contingent liabilities as of August 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Loan guarantees for:			
Employees' benefit society	**¥12**	¥20	**$159**

14 Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended August 31, 2012, 2011 and 2010 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	**2012**
Advertising and promotion	**¥43,694**	¥35,871	¥37,665	**$ 555,914**
Salaries	**83,970**	77,003	76,408	**1,068,328**
Rent	**90,509**	78,891	74,825	**1,151,516**
Depreciation	**18,573**	14,704	12,229	**236,303**
Amortization of goodwill	**5,664**	6,596	7,534	**72,062**

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 ¥116 million ($1,483 thousand), ¥255 million and ¥1,395 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, 2012, 2011 and 2010, respectively. These assets consisted of the following:

	Millions of yen			Thousands of U.S. dollars
Assets	**2012**	2011	2010	**2012**
Buildings and structures	**¥ 57**	¥234	¥ 953	**$ 731**
Furniture and equipment	**—**	20	135	**—**
Leased assets	**—**	—	97	**—**
Other	**59**	—	208	**752**
Total	**¥116**	¥255	¥1,395	**$1,483**

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.

16 Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the year ended August 31, 2012:

	Millions of yen	Thousands of U.S. dollars
Amount arising during the year	¥ (57)	$ (735)
Reclassification adjustments for gains and losses included in net income	164	2,097
Valuation difference on available-for-sale securities	106	1,360
Reclassification adjustments for gains and losses included in net income	36,093	459,204
Deferred gains or losses on hedges	36,093	459,204
Reclassification adjustments for gains and losses included in net income	918	11,685
Foreign currency translation adjustment	918	11,685
Tax effects	(15,043)	(191,391)
Total other comprehensive income	¥22,075	$280,862

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 transactions is as follows.

	Millions of yen		
	2012		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	¥2,519	¥134	¥2,653
Accumulated depreciation	2,296	119	2,416
Impairment	188	—	188
Net balance	¥ 33	¥ 15	¥ 48

	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

	Thousands of U.S. dollars		
	2012		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	$32,049	$1,709	$33,759
Accumulated depreciation	29,220	1,518	30,738
Impairment	2,403	—	2,403
Net balance	$ 425	$ 191	$ 617

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Lease payments	¥1,062	¥1,871	¥2,428	$13,514
Reversal of allowance for loss on impairment of leased assets	14	13	40	178
Depreciation expenses	905	1,765	2,293	11,524
Interest expenses	15	46	92	191

Future minimum lease payments relating to finance leases accounted for as operating leases as of August 31, 2012 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2013	¥242	$3,081
2014 and thereafter	—	—
Total	¥242	$3,081

Future minimum lease payments relating to operating leases as of August 31, 2012 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2013	¥12,142	$ 154,481
2014 and thereafter	69,808	888,153
Total	¥81,951	$1,042,634

18 Per Share Data

Net income per share for the years ended August 31, 2012, 2011 and 2010 is as follows:

	Yen			U.S. dollars
	2012	2011	2010	2012
Basic	¥703.62	¥533.93	¥605.99	$8.95
Diluted	703.06	533.66	—	8.94

Under "Earnings Per Share" issued by the ASBJ, 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 has been presented because there was no item with dilutive effect for that year.

Net assets per share as of August 31, 2012 and 2011 are as follows:

	Yen		U.S. dollars
	2012	2011	2012
Basic	¥3,797.04	¥3,091.17	$48.30

19 Related Party Transactions

There were no related party transactions during the years ended August 31, 2012, 2011 and 2010.

20 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

Investment securities mainly consist of 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 investment 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 is 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.

Carrying values of financial instruments, their fair values and the difference between them as of August 31, 2012 and 2011 are as follows:

	Millions of yen		
	2012		
	Carrying value	Fair value	Difference
Cash and deposits	**¥132,238**	**¥132,238**	**¥ —**
Short-term investment securities	**133,788**	**133,788**	**—**
Lease and guarantee deposits	**42,883**	**42,073**	**(809)**
Notes and accounts payable-trade	**(71,142)**	**(71,142)**	**—**
Income taxes payable	**(27,738)**	**(27,738)**	**—**
Derivatives transactions	**(22,625)**	**(22,625)**	**—**
Derivatives transactions not applicable under hedge accounting criteria	**(144)**	**(144)**	**—**
Derivatives transactions applicable under hedge accounting criteria	**(22,481)**	**(22,481)**	**—**

	Millions of yen		
	2011		
	Carrying value	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 transactions not applicable under hedge accounting criteria	(170)	(170)	—
Derivatives transactions applicable under hedge accounting criteria	(59,470)	(59,470)	—

	Thousands of U.S. dollars		
	2012		
	Carrying value	Fair value	Difference
Cash and deposits	**$1,682,428**	**$1,682,428**	**$ —**
Short-term investment securities	**1,702,138**	**1,702,138**	**—**
Lease and guarantee deposits	**545,585**	**535,292**	**(10,293)**
Notes and accounts payable-trade	**(905,125)**	**(905,125)**	**—**
Income taxes payable	**(352,911)**	**(352,911)**	**—**
Derivatives transactions	**(287,854)**	**(287,854)**	**—**
Derivatives transactions not applicable under hedge accounting criteria	**(1,833)**	**(1,833)**	**—**
Derivatives transactions applicable under hedge accounting criteria	**(286,021)**	**(286,021)**	**—**

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

[Assets]

• Cash and deposits

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

[Derivatives transactions]

For information on derivatives transactions, please refer to Note 21.

21 Derivatives

Derivatives transactions not applicable under hedge accounting criteria as of August 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Contract value	**¥16,776**	¥10,304	**$213,447**
Portion of contract value exceeding one year	**—**	—	**—**
Fair value	**(144)**	(170)	**(1,833)**
Unrealized gain (loss)	**(144)**	(170)	**(1,833)**

Derivatives transactions applicable under hedge accounting criteria as of August 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Contract value	**¥619,510**	¥546,979	**$7,881,812**
Portion of contract value exceeding one year	**349,719**	324,210	**4,449,361**
Fair value	**(22,481)**	(59,470)	**(286,021)**

22 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 six-year period of potential use from acquisition to end of serviceable life and uses a discount rate of 0.37% when calculating total asset retirement obligations.

(c) Change in total asset retirement obligations

	Millions of yen	Thousands of U.S. dollars
Balance as of August 31, 2010	¥5,190	
Increase due to acquisition of tangible fixed assets	787	
Accretion adjustment	24	
Decrease on settlement of asset retirement obligations	(288)	
Other	9	
Balance as of August 31, 2011	¥5,722	$72,810
Increase due to acquisition of tangible fixed assets	**682**	**8,677**
Accretion adjustment	**26**	**332**
Decrease on settlement of asset retirement obligations	**(205)**	**(2,613)**
Other	**(29)**	**(370)**
Balance as of August 31, 2012	**¥6,196**	**$78,837**

23 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 11, 2012, 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 13, 2012.

24 Segment Information

Segments of the Company are district 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 operations within Japan

UNIQLO International: UNIQLO clothing operations outside of Japan

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

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

The Company does not assign assets and liabilities to individual business segments.

Information by Business Segment

	Millions of yen						
Year ended August 31, 2012	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
Sales	**¥620,063**	**¥153,176**	**¥153,031**	**¥926,271**	**¥2,397**	**¥ —**	**¥928,669**
Segment income	**102,347**	**10,999**	**14,539**	**127,886**	**123**	**(1,559)**	**126,450**
Depreciation and amortization	**7,109**	**4,579**	**2,595**	**14,284**	**166**	**4,122**	**18,573**

	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

	Thousands of U.S. dollars						
Year ended August 31, 2012	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
Sales	**$7,888,850**	**$1,948,815**	**$1,946,965**	**$11,784,630**	**$30,501**	**$ —**	**$11,815,131**
Segment income	**1,302,126**	**139,947**	**184,979**	**1,627,054**	**1,569**	**(19,837)**	**1,608,786**
Depreciation and amortization	**90,454**	**58,257**	**33,019**	**181,732**	**2,119**	**52,450**	**236,303**

Notes: 1. "Global Brands" does not include Cabin operations, which had been included until year ended August 31, 2011, based on the withdrawal from the business in February, 2011.
2. "Others" includes real estate leasing business, etc.
3. Adjustments for the year ended August 31, 2012 include a total of ¥5,664 million ($72,062 thousand) in goodwill amortization (unamortized balance of goodwill: ¥15,992 million ($203,466 thousand) which has not been allocated to individual segments.
4. Total of segment income is adjusted from the operating income on consolidated statement of income.

Information by Geographic Area

	Millions of yen	Thousands of U.S. dollars
Net sales for the year ended August 31, 2012:		
Japan	**¥716,625**	**$ 9,117,373**
Countries outside Japan	**212,043**	**2,697,758**
Total	**¥928,669**	**$11,815,131**
Property, plant and equipment as of August 31, 2012:		
Japan	**¥ 37,281**	**$ 474,321**
China	**8,034**	**102,226**
North America	**10,532**	**133,996**
Other countries/ regions outside Japan	**13,374**	**170,153**
Total	**¥ 69,222**	**$ 880,698**

	Millions of yen
Net sales for the year ended August 31, 2011:	
Japan	¥669,040
Countries outside Japan	151,308
Total	¥820,349
Property, plant and equipment as of August 31, 2011:	
Japan	¥ 36,690
North America	7,708
Other countries/ regions outside Japan	13,618
Total	¥ 58,016

Report of Independent Auditors

The Board of Directors
FAST RETAILING Co., Ltd.

We have audited the accompanying consolidated financial statements of FAST RETAILING Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at August 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FAST RETAILING Co., Ltd. and its consolidated subsidiaries as at August 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation
We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1, page 77.

Ernst & Young ShinNihon LLC

November 26, 2012
Tokyo, Japan

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
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.

2007.11
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 Défense.

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 Opéra 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 United Nations High Commissioner for Refugees (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.

2012.3
Ninth UNIQLO global flagship store, UNIQLO Ginza, opens in Tokyo.

2012.3
Third g.u. flagship store opens in Ginza, Tokyo.

2012.5
UNIQLO appoints tennis star Novak Djokovich as Global Brand Ambassador.

2012.6
First UNIQLO Philippines store opens in Manila.

2012.9
First global hotspot store, BICQLO Shinjuku East Exit Store, opens in Tokyo.

2012.10
First U.S. West Coast store, UNIQLO Union Square Store, opens in San Francisco.

Investor Information (As of August 31, 2012)

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)	8,146

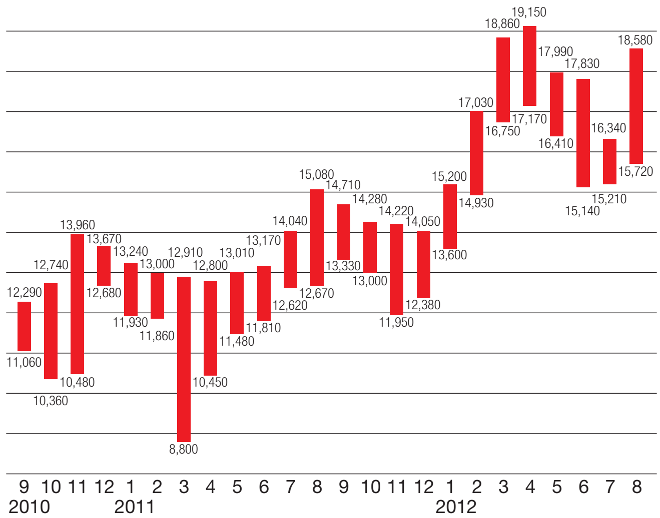
Principal Shareholders

	Number of shares	Percentage of total shares in issue (%)
Tadashi Yanai	22,987,284	21.67
The Master Trust Bank of Japan, Ltd.	9,088,900	8.57
Japan Trustee Services Bank, Ltd.	6,383,100	6.02
TTY Management B.V.	5,310,000	5.01
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.	4,219,434	3.98
Mastermind Co., Ltd.	3,610,000	3.40
Teruyo Yanai	2,327,848	2.19

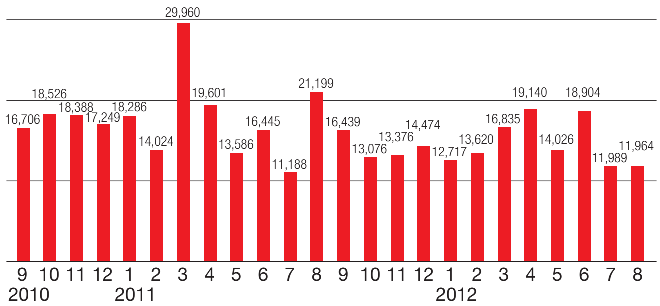
Shareholder Breakdown

	Number of shareholders	Number of shares (Thousands)	Percentage of total shares in issue (%)
Individuals and others	7,427	40,996	38.65
Other financial institutions	61	21,965	20.71
Foreign investors	529	28,153	26.54
Companies and corporations	91	8,683	8.19
Securities companies	38	6,275	5.92
Total	8,146	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 and releases.

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

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

Corporate Information

Corporate Data
(As of December 31, 2012)

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)
18,854 (As of August 31, 2012)

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, 2012)

Tadashi Yanai
Chairman, President & CEO
Toru Hambayashi*
Nobumichi Hattori*
Toru Murayama*
Masaaki Shintaku*
Takashi Nawa*

Board of Auditors
(As of December 31, 2012)

Takashi Nawa*
Akira Tanaka
Masaaki Shinjo
Takaharu Yasumoto**
Akira Watanabe**
Keiko Kaneko**

Main Group Companies
(As of December 31, 2012)

UNIQLO CO., LTD.
LINK THEORY JAPAN CO., LTD.
COMPTOIR DES COTONNIERS JAPAN CO., LTD.
G.U. 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

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
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FAST RETAILING PHILIPPINES, INC.
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Notes:
* External Director
** Statutory Auditor

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

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

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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.

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(global flagship store)