



**FAST RETAILING**

**FAST RETAILING CO., LTD.**

**迅銷有限公司**

**Third Quarterly Report 2014/15**

**2015.3.1–2015.5.31**

**Stock Code: 6288**

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## Corporate Profile

### Board of Directors

#### Executive Director

Mr. Tadashi Yanai (*Chairman of the Board, President and Chief Executive Officer*)

#### Non-Executive Directors

Mr. Toru Murayama (*External Director*)

Mr. Takashi Nawa (*External Director*)

#### Independent Non-Executive Directors

Mr. Toru Hambayashi (*External Director*)

Mr. Nobumichi Hattori (*External Director*)

Mr. Masaaki Shintaku (*External Director*)

#### Statutory Auditors

Mr. Akira Tanaka (*Kansayaku*) (*Standing Statutory Auditor*)

Mr. Masaaki Shinjo (*Kansayaku*) (*Standing Statutory Auditor*)

Mr. Takaharu Yasumoto (*Shagai Kansayaku*) (*External Statutory Auditor*)

Mr. Akira Watanabe (*Shagai Kansayaku*) (*External Statutory Auditor*)

Ms. Keiko Kaneko (*Shagai Kansayaku*) (*External Statutory Auditor*)

#### Joint Company Secretaries

Japan: Mr. Mitsuru Ohki

Hong Kong: Ms. Choy Yee Man

#### Auditors

Ernst & Young ShinNihon LLC

#### Principal Banks

Sumitomo Mitsui Banking Corporation

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Mizuho Bank, Ltd.

The Hong Kong and Shanghai Banking Corporation Limited

#### Registered Office and Headquarters

717-1 Sayama

Yamaguchi City

Yamaguchi 754-0894

Japan

#### Principal Place of Business in Japan

Midtown Tower 9-7-1

Akasaka Minato-ku

Tokyo 107-6231

Japan

#### Principal Place of Business in Hong Kong

704-705, 7th Floor, Miramar Tower,

No. 132 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

#### HDR Registrar and HDR Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

#### Stock Code

Hong Kong: 6288

Japan: 9983

#### Website Address

<http://www.fastretailing.com>

## Financial Highlights

### Financial Summary

Term	Third Quarter of 53rd Year	Third Quarter of 54th Year	53rd Year
Accounting period	Nine months ended 31 May 2014	Nine months ended 31 May 2015	Year ended 31 August 2014
Revenue (Millions of yen)	1,088,032	1,348,114	1,382,935
Operating profit (Millions of yen)	139,704	189,274	130,402
Profit before income taxes (Millions of yen)	142,930	210,282	135,470
Profit attributable to owners of the parent (Millions of yen)	87,344	132,364	74,546
Comprehensive income attributable to owners of the parent (Millions of yen)	84,890	233,428	75,517
Equity attributable to owners of the parent (Millions of yen)	625,987	820,414	618,381
Total assets (Millions of yen)	978,833	1,270,600	992,307
Basic earnings per share for the period (year) (Yen)	857.12	1,298.60	731.51
Diluted earnings per share for the period (year) (Yen)	856.29	1,296.99	730.81
Ratio of equity attributable to owners of the parent to total assets (%)	64.0	64.6	62.3
Net cash from operating activities (Millions of yen)	112,406	181,105	110,595
Net cash used in investing activities (Millions of yen)	(37,995)	(60,800)	(56,323)
Net cash used in financing activities (Millions of yen)	(35,785)	(41,118)	(44,060)
Cash and cash equivalents at end of the period (year) (Millions of yen)	339,427	424,081	314,049

Accounting period	Three months ended 31 May 2014	Three months ended 31 May 2015
Revenue (Millions of yen)	323,654	398,429
Profit attributable to owners of the parent (Millions of yen)	20,265	27,611
Basic earnings per share for the period (Yen)	198.85	270.86

- (Notes)
1. The Company has prepared interim condensed consolidated financial statements, and therefore has not included information regarding changes in key management indices for the submitting company.
  2. Revenue does not include consumption taxes, etc.
  3. The financial figures are quoted from interim condensed consolidated financial statements or consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

## Business Description

There were no significant changes in the nature of business engaged in by the Group (the Company and its subsidiaries) during the nine months ended 31 May 2015.

Important changes concerning subsidiaries are as follows:

(UNIQLO International)

Newly consolidated subsidiary:

UNIQLO Washington LLC  
UNIQLO CANADA INC.

Excluded from consolidation:

UNIQLO (Germany) GmbH

(Global Brands)

Newly consolidated subsidiary:

THEORY CANADA INC.

Excluded from consolidation:

COMPTOIR DES COTONNIERS FRANCE S.A.S.  
A.M.B. S.A.S.

(Others)

Newly consolidated subsidiary:

FAST RETAILING CANADA INC.

## Management Discussion and Analysis

### Business Review

#### 1. Business and Operational Risks

No new business-related risks have arisen during the nine months ended 31 May 2015.

There have been no important changes concerning business-related risks as stated in the annual report for the preceding consolidated fiscal year.

#### 2. Significant Contract in Business Operation

None.

#### 3. Financial Analysis

##### (1) Results of Operations

The Fast Retailing Group reported increases in both revenue and profit during the first nine months of fiscal year 2015, or the period spanning 1 September 2014 to 31 May 2015. Consolidated revenue totaled ¥1.3481 trillion (+23.9% year-on-year), consolidated operating profit reached ¥189.2 billion (+35.5% year-on-year), consolidated profit before income taxes stood at ¥210.2 billion (+47.1% year-on-year) and profit attributable to owners of the parent totaled ¥132.3 billion (+51.5% year-on-year). All Group operations reported increases in revenue and profit, while UNIQLO International performed particularly strongly during the nine-month period. Consolidated profit before income taxes and profit attributable to owners of the parent both increased by a greater margin than consolidated operating profit. This was due largely to the depreciation of the Japanese yen over the nine months ended 31 May 2015, which boosted the carrying amount of foreign-currency denominated assets, generating net finance income of ¥21.0 billion.

The Group's medium-term vision is to become the world's number one apparel manufacturer and retailer. In pursuit of this aim, we are committed to promoting corporate globalization, Group-wide cooperation, and renewed entrepreneurial spirit. We have focused much of our efforts on building up our global UNIQLO operations, by accelerating the pace of new store openings outside of Japan. We have also opened global flagship stores, hotspot stores, and large-format stores in major cities around the world, in order to boost awareness and visibility of the UNIQLO brand, and to strengthen our global operational base. Within our Global Brands segment, we have been actively expanding our low-priced GU casualwear brand, and our Theory fashion label.

##### UNIQLO Japan

UNIQLO Japan generated stronger-than-expected increases in both revenue and profit in the nine months from 1 September 2014 to 31 May 2015. Revenue expanded to ¥638.1 billion (+12.0% year-on-year), and operating profit increased to ¥113.7 billion (+21.6% year-on-year). Same-store sales expanded a strong 8.8% year-on-year during the nine-month period. In addition, operating profit increased significantly, thanks to a 1.0% improvement in the gross profit to revenue margin and a 0.6% fall in the selling, general and administrative expenses to revenue ratio.

The strong rise in same-store sales at UNIQLO Japan was largely attributable to firm sales of core Fall Winter ranges such as HEATTECH and Ultra Light Down, followed by strong sales of Spring Summer ranges such as bottom wear and AIRism innerwear.

The total number of UNIQLO Japan directly-run stores, excluding the 30 franchise outlets, decreased by 27 to 814 stores at the end of May 2015, reflecting our "scrap and build" strategy to increase average store size by replacing smaller, less efficient stores with larger ones. Of these 27, 9 were converted from directly-run stores to employee-franchise outlets.

## **UNIQLO International**

UNIQLO International reported increases in both revenue and profit that were roughly in line with our expectations for the nine months from 1 September 2014 to 31 May 2015. Revenue increased to ¥481.8 billion (+47.0% year-on-year), and operating profit expanded to ¥51.9 billion (+55.0% year-on-year). Within the UNIQLO International framework, Greater China (Mainland China, Hong Kong, and Taiwan) and South Korea reported higher-than-expected increases in revenue and profit thanks to continued strong growth in same-store sales in the third quarter from March to May 2015. The total number of UNIQLO International stores expanded to 767 stores at the end of May 2015, a net addition of 169 stores compared to the end of May 2014.

Breaking down the UNIQLO International results into individual operations, UNIQLO Greater China exceeded expectations in terms of revenue and profit growth in the nine months to 31 May 2015. During that time, the operation opened 78 new stores and closed 10 stores, bringing the total number of UNIQLO stores in Greater China to 442 at the end of May 2015. UNIQLO South Korea also reported higher-than-expected increases in revenue and profit. Profits at UNIQLO Europe (United Kingdom, France, Russia and Germany) declined in the third quarter after the 311 Oxford Street global flagship store closed for refurbishment from March. However, UNIQLO Europe did report a rise in revenue and profits for the full nine-month period through to the end of May 2015. Operating losses expanded at UNIQLO USA after persistently sluggish sales led to greater discounting. While slightly below target, UNIQLO Southeast Asia (Singapore, Malaysia, Thailand, the Philippines and Indonesia) did report rises in both revenue and profit. Meanwhile, UNIQLO's operation in Australia performed roughly to plan.

## **Global Brands**

Global Brands reported increases in revenue and profit in the first nine months of fiscal year 2015. Revenue increased to ¥225.9 billion (+19.6% year-on-year) and operating profit expanded to ¥19.7 billion (+37.8% year-on-year). Our low-priced GU fashion casualwear brand exceeded our expectations by reporting significant increases in both revenue and profit. Powerful advertising campaigns for winter items such as skirts, knitwear items and winter outerwear, and then summer items such as gaucho pants and our comfortable but beautiful "yurukire" ranges all generated strong sales. This helped boost GU's same-store sales and operating profit margin. By contrast, the Theory fashion label fell short of our target, reporting a contraction in profits on the back of the continued slump in the US luxury market. Our Comptoir des Cotonniers label and Princesse tam.tam label reported flat year-on-year performances. Finally, J Brand reported persistent operating losses, despite a rise in sales.

## **Corporate Social Responsibility ("CSR") and Environmental Protection**

The basic policy underlying the Group's CSR activities consists of fulfilling our social responsibility, addressing social issues and creating new value, both globally and locally.

To ensure responsible purchasing practices, we conduct Work Environment Monitoring for partner garment factories and Environment Monitoring for fabric manufacturers. We also started introducing Work Environment Monitoring for fabric manufacturers. We will continue strengthening our activities to uphold human rights and safe working conditions in manufacturing facilities.

In April we launched the Factory Worker Empowerment Project, an initiative that supports female garment workers by donating part of the proceeds from a new women's capsule collection inspired by Bangladesh traditional dress. In Bangladesh, an important production base for the company, basic educational opportunities are particularly limited for women. The project supports around 20,000 working women to acquire a range of living skills in nutrition and household management.

The Power of Clothing Project strives to broaden children's awareness and promote the collection of clothing for children in need, as part of the All-Product Recycling Initiative for schools. In 2015, the third year of this project, around 25,000 students from 238 schools throughout Japan are expected to participate. UNIQLO employees visit participating schools to give presentations on the role of clothing and refugee issues and students conduct a clothing drive on their own. We then delivers donated items to refugee camps.

(2) Financial Positions

Total assets as at 31 May 2015 were ¥ 1,270.6 billion, which was an increase of ¥278.2 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥ 114.6 billion in derivative financial assets, an increase of ¥ 22.5 billion in property, plant and equipment and an increase of ¥ 110.0 billion in cash and cash equivalents.

Total liabilities as at 31 May 2015 were ¥423.6 billion, which was an increase of ¥67.4 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥3.6 billion in trade and other payables, an increase of ¥5.5 billion in income taxes payable and an increase of ¥35.9 billion in deferred tax liabilities.

Total net assets as at 31 May 2015 were ¥846.9 billion, which was an increase of ¥210.8 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥101.0 billion in other components of equity and an increase of ¥99.2 billion in retained earnings.

(3) Cash Flows Information

Cash and cash equivalents as at 31 May 2015 had increased by ¥84.6 billion from the nine months ended 31 May 2014, to ¥424.0 billion.

Net cash from operating activities for the nine months ended 31 May 2015 was ¥181.1 billion, which was an increase of ¥68.6 billion (+61.1 % year-on-year) from the nine months ended 31 May 2014. The principal factors were ¥210.2 billion in profit before income taxes, ¥36.5 billion decrease in inventories and ¥66.5 billion in income taxes paid.

Net cash used in investing activities for the nine months ended 31 May 2015 was ¥60.8 billion, which was an increase of 22.8 billion (+60.0 % year-on-year) from the nine months ended 31 May 2014. The principal factors were ¥32.4 billion for purchases of property, plant and equipment, and ¥17.3 billion for increase in bank deposits with maturity over 3 months.

Net cash used in financing activities for the nine months ended 31 May 2015 was ¥41.1 billion, which was an increase of ¥5.3 billion (+14.9% year-on-year) from the nine months ended 31 May 2014. The principal factor was ¥33.1 billion for cash dividends paid.

(4) Operational and Financial Assignment

There has been no important changes during the nine months ended 31 May 2015 concerning issues that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Important Facilities

The following are the important facilities that were newly completed during the nine months ended 31 May 2015.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO CO., LTD	UNIQLO Japan Stores	UNIQLO Kichijoji Store	Musashino-city, Tokyo	October 2014
UNIQLO CO., LTD	UNIQLO Japan Stores	UNIQLO OSAKA	Osaka-city, Osaka	October 2014

<Overseas Subsidiaries>

Not applicable.



## Information about the Reporting Entity

### 1. Stock Information

#### (1) Number of Shares

##### (i) Total number of shares

Type	Total number of authorised shares (shares)
Common stock	300,000,000
Total	300,000,000

(Note) There are no provisions for preemptive rights under the Companies Act of Japan, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

##### (ii) Shares Issued

Type	As at 31 May 2015	Number of shares issued as of submission date (Shares) (As at 15 July 2015)	Name of financial instrument exchange of listing, or authorised financial instruments firms association	Details
Common stock	106,073,656	106,073,656	First section of the Tokyo Stock Exchange and the Main board of The Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	106,073,656	106,073,656	—	—

(Note) Hong Kong Depository Receipts are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

#### (2) Share Subscription Rights

Not applicable.

#### (3) Exercise of convertible bonds with conditional permission for adjustment of exercise price

Not applicable.

#### (4) Content of Rights Plan

Not applicable.

#### (5) Change in Total Number of Shares Issued, Capital Stock, Etc.

Date	Increase/decrease of total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase/decrease of capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/decrease of capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 March 2015 to 31 May 2015	—	106,073,656	—	10,273	—	4,578

(Note) There was no increase or decrease in the total number of shares issued, capital stock or capital reserve during the three months ended 31 May 2015.

#### (6) Principal Shareholders

There are no items to state, as the accounting period under review is the third quarter accounting period.

## (7) Voting Rights

Concerning "Voting Rights" as at the end of the third quarterly accounting period ended 31 May 2015, it has not been possible to confirm and state the details entered in the register of shareholders. Therefore, the stated details are based on the register of shareholders as of the immediately preceding record date (28 February 2015).

### (i) Shares issued

As at 31 May 2015

Class	Number of shares (Shares)	Number of voting rights (Number)	Remarks
Non-voting shares	—	—	—
Shares subject to restrictions on voting rights (treasury stock)	—	—	—
Shares subject to restrictions on voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Shares held as treasury stock) Common stock 4,139,400	—	—
Shares with full voting rights (others)	Common stock 101,887,200	1,018,872	(Note) 1
Shares less than one unit	Common stock 47,056	—	(Notes) 1,2
Total number of shares issued	106,073,656	—	—
Total number of voting rights of all shareholders	—	1,018,872	—

- (Notes) 1. The columns for the number of shares of "Shares with full voting rights (others)" and "Shares less than one unit" respectively include 2,700 shares and 84 shares held in the name of Japan Securities Depository Center, Inc.
2. Common stock in the "Shares less than one unit" row includes 73 shares of treasury stock held by the Company.

### (ii) Treasury Stock

As at 31 May 2015

Name or trade name of holder	Holder's address	Number of shares held in own name (Shares)	Number of shares held in other's name (Shares)	Total number of shares held (Shares)	Percentage of total number of shares issued (%)
FAST RETAILING CO., LTD.	717-1 Sayama, Yamaguchi City, Yamaguchi	4,139,400	—	4,139,400	3.90
Total	—	4,139,400	—	4,139,400	3.90

## 2. Board of Directors

Since the submission of the annual report for the preceding consolidated fiscal year, there has been no change of directors during the nine months ended 31 May 2015.

## **Financial Section**

### **1. Preparation of Interim Condensed Consolidated Financial Statements**

The interim condensed consolidated financial statements of the Group were prepared in compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”), pursuant to Article 93 of the “Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements” (2007 Cabinet Office Ordinance No. 64, hereinafter referred to as “Consolidated Quarterly Financial Statements Rules”).

### **2. Review Certification**

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, the quarterly and interim condensed consolidated financial statements of the Group for the three months and nine months ended 31 May 2015, respectively, are reviewed by Ernst & Young ShinNihon LLC.

(Amounts in millions of Japanese Yen and are rounded down to the nearest million unless otherwise stated)

## 1. Interim Condensed Consolidated Financial Statements

### (1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2014	As at 31 May 2015
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		314,049	424,081
Trade and other receivables		47,428	78,137
Other current financial assets	13	9,119	30,242
Inventories	6	223,223	200,152
Derivative financial assets	13	99,125	213,769
Income taxes receivable		11,951	228
Others		12,139	13,921
Total current assets		717,037	960,533
Non-current assets			
Property, plant and equipment	7	114,398	136,908
Goodwill		26,715	28,840
Other intangible assets		46,968	51,352
Non-current financial assets	13	71,293	76,681
Deferred tax assets		11,257	11,444
Others		4,636	4,839
Total non-current assets		275,270	310,066
Total assets		992,307	1,270,600
<b>Liabilities and equity</b>			
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables		185,119	188,747
Derivative financial liabilities	13	1,012	75
Other current financial liabilities	13	12,696	13,514
Income taxes payable		32,750	38,268
Provisions		16,154	12,659
Others		25,462	45,805
Total current liabilities		273,196	299,070
Non-current liabilities			
Non-current financial liabilities	13	27,604	28,689
Provisions		7,694	9,805
Deferred tax liabilities		37,387	73,297
Others		10,383	12,820
Total non-current liabilities		83,069	124,612
Total liabilities		356,265	423,683
<b>EQUITY</b>			
Capital stock		10,273	10,273
Capital surplus		9,803	11,459
Retained earnings		525,722	624,960
Treasury stock, at cost		(15,790)	(15,714)
Other components of equity		88,371	189,434
Equity attributable to owners of the parent		618,381	820,414
Non-controlling interests		17,660	26,502
Total equity		636,041	846,916
Total liabilities and equity		992,307	1,270,600

(2) Interim Condensed Consolidated Statement of Profit or Loss and Interim Condensed Consolidated Statement of Comprehensive Income

Interim Condensed Consolidated Statement of Profit or Loss

Nine months ended 31 May 2015

(Millions of yen)

	Notes	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Revenue		1,088,032	1,348,114
Cost of sales		(539,343)	(661,656)
Gross profit		548,688	686,458
Selling, general and administrative expenses	9	(411,606)	(502,805)
Other income	10	4,166	9,641
Other expenses	10	(1,544)	(4,020)
Operating profit		139,704	189,274
Finance income	11	3,949	21,840
Finance costs	11	(723)	(833)
Profit before income taxes		142,930	210,282
Income taxes		(50,945)	(70,272)
Profit for the period		91,984	140,009
Attributable to:			
Owners of the parent		87,344	132,364
Non-controlling interests		4,640	7,645
Profit for the period		91,984	140,009
Earnings per share			
Basic (Yen)	12	857.12	1,298.60
Diluted (Yen)	12	856.29	1,296.99

	Notes	Three months ended 31 May 2014	Three months ended 31 May 2015
Revenue		323,654	398,429
Cost of sales		(152,455)	(191,489)
Gross profit		171,199	206,940
Selling, general and administrative expenses		(139,096)	(166,471)
Other income		1,263	1,566
Other expenses		(692)	(2,838)
Operating profit		32,674	39,197
Finance income		316	7,717
Finance costs		(622)	(298)
Profit before income taxes		32,367	46,615
Income taxes		(11,194)	(17,577)
Profit for the period		21,173	29,038
Attributable to:			
Owners of the parent		20,265	27,611
Non-controlling interests		908	1,427
Profit for the period		21,173	29,038
Earnings per share			
Basic (Yen)	12	198.85	270.86
Diluted (Yen)	12	198.65	207.51

## Interim Condensed Consolidated Statement of Comprehensive Income

Nine months ended 31 May 2015

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Profit for the period	91,984	140,009
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss	—	—
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Net gain/(loss) on revaluation of available-for-sale investments	42	(517)
Exchange differences on translation of foreign operations	5,553	26,002
Cash flow hedges	(7,385)	77,820
Other comprehensive income, net of taxes	(1,789)	103,306
Total comprehensive income for the period	90,195	243,316
Attributable to:		
Owners of the parent	84,890	233,428
Non-controlling interests	5,305	9,888
Total comprehensive income for the period	90,195	243,316

Three months ended 31 May 2015

(Millions of yen)

	Three months ended 31 May 2014	Three months ended 31 May 2015
Profit for the period	21,173	29,038
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss	—	—
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Net gain/(loss) on revaluation of available-for-sale investments	(25)	171
Exchange differences on translation of foreign operations	182	8,714
Cash flow hedges	(7,475)	21,758
Other comprehensive income, net of taxes	(7,318)	30,644
Total comprehensive income for the period	13,854	59,682
Attributable to:		
Owners of the parent	12,379	57,336
Non-controlling interests	1,474	2,346
Total comprehensive income for the period	13,854	59,682



## (3) Interim Condensed Consolidated Statement of Changes in Equity

For nine months ended 31 May 2014

(Millions of yen)

	Note	Other components of equity						Equity attributable		Total equity		
		Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve	Total		to owners of the parent	Non-controlling interests
As at 1 September 2013		10,273	6,859	481,746	(15,851)	731	16,452	70,215	87,399	570,428	19,298	589,726
Net changes during the period												
Comprehensive income												
Profit for the period		—	—	87,344	—	—	—	—	—	87,344	4,640	91,984
Other comprehensive income		—	—	—	—	42	4,671	(7,167)	(2,454)	(2,454)	665	(1,789)
Total comprehensive income		—	—	87,344	—	42	4,671	(7,167)	(2,454)	84,890	5,305	90,195
Transactions with the owners												
Acquisition of treasury stock		—	—	—	(25)	—	—	—	—	(25)	—	(25)
Disposal of treasury stock		—	401	—	79	—	—	—	—	481	—	481
Dividends	8	—	—	(30,571)	—	—	—	—	—	(30,571)	(633)	(31,204)
Share-based payments		—	782	—	—	—	—	—	—	782	—	782
Others		—	—	—	—	—	—	—	—	—	134	134
Total transactions with the owners		—	1,184	(30,571)	54	—	—	—	—	(29,332)	(498)	(29,830)
Total net changes during the period		—	1,184	56,773	54	42	4,671	(7,167)	(2,454)	55,558	4,806	60,365
As at 31 May 2014		10,273	8,043	538,520	(15,797)	774	21,123	63,048	84,945	625,987	24,104	650,091

For nine months ended 31 May 2015

(Millions of yen)

	Note	Other components of equity							Equity		Total equity	
		Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve	Total	attributable to owners of the parent		Non-controlling interests
As at 1 September 2014		10,273	9,803	525,722	(15,790)	798	23,035	64,536	88,371	618,381	17,660	636,041
Net changes during the period												
Comprehensive income												
Profit for the period		—	—	132,364	—	—	—	—	—	132,364	7,645	140,009
Other comprehensive income		—	—	—	—	(517)	23,935	77,645	101,063	101,063	2,242	103,306
Total comprehensive income		—	—	132,364	—	(517)	23,935	77,645	101,063	233,428	9,888	243,316
Transactions with the owners												
Acquisition of treasury stock												
		—	—	—	(5)	—	—	—	—	(5)	—	(5)
Disposal of treasury stock												
		—	557	—	80	—	—	—	—	638	—	638
Dividends	8	—	—	(33,126)	—	—	—	—	—	(33,126)	(1,226)	(34,352)
Share-based payments		—	1,098	—	—	—	—	—	—	1,098	—	1,098
Others		—	—	—	—	—	—	—	—	—	180	180
Total transactions with the owners		—	1,655	(33,126)	75	—	—	—	—	(31,394)	(1,046)	(32,441)
Total net changes during the period		—	1,655	99,238	75	(517)	23,935	77,645	101,063	202,033	8,841	210,874
As at 31 May 2015		10,273	11,459	624,960	(15,714)	281	46,971	142,181	189,434	820,414	26,502	846,916

## (4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Profit before income taxes	142,930	210,282
Depreciation and amortization	21,645	27,549
Increase/(decrease) in allowance for doubtful accounts	11	(3)
Increase/(decrease) in other provisions	(4,001)	(4,915)
Interest and dividend income	(643)	(1,013)
Interest expenses	723	829
Foreign exchange losses/(gains)	(3,305)	(20,035)
Losses on retirement of property, plant and equipment	151	2,085
Decrease/(increase) in trade and other receivables	(23,739)	(28,197)
Decrease/(increase) in inventories	2,634	36,524
Increase/(decrease) in trade and other payables	(3,272)	(8,313)
Decrease/(increase) in other assets	(433)	(4,189)
Increase/(decrease) in other liabilities	24,555	23,159
Others, net	(1,588)	(277)
Subtotal	155,668	233,484
Interest and dividend income received	640	1,013
Interest paid	(633)	(751)
Income taxes paid	(53,223)	(66,522)
Income taxes refund	9,954	13,881
Net cash from operating activities	112,406	181,105
Decrease/(increase) in bank deposits with maturity over 3 months	—	(17,394)
Purchases of property, plant and equipment	(30,656)	(32,469)
Proceeds from sales of property, plant and equipment	1,399	230
Purchases of intangible assets	(4,673)	(5,710)
Payments for lease and guarantee deposits	(4,224)	(7,927)
Proceeds from collection of lease and guarantee deposits	579	3,442
Increase in construction assistance fund receivables	(2,337)	(1,937)
Decrease in construction assistance fund receivables	1,459	1,352
Increase in guarantee deposits received	178	49
Decrease in guarantee deposits received	(276)	(83)
Others, net	553	(351)
Net cash used in investing activities	(37,995)	(60,800)

	Note	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Net increase/(decrease) in short-term loans payable		876	(878)
Repayment of long-term loans payable		(2,351)	(2,977)
Cash dividends paid	8	(30,544)	(33,105)
Cash dividends paid to non-controlling interests		(633)	(1,226)
Repayments of lease obligations		(2,550)	(3,355)
Others, net		(582)	425
Net cash used in financing activities		(35,785)	(41,118)
Effect of exchange rate changes on cash and cash equivalents		4,093	30,845
Net increase/(decrease) in cash and cash equivalents		42,718	110,032
Cash and cash equivalents at beginning of period		296,708	314,049
CASH AND CASH EQUIVALENTS AT END OF PERIOD		339,427	424,081

## Notes to the Interim Condensed Consolidated Financial Statements

### 1. Reporting Entity

FAST RETAILING CO., LTD. (the “Company”) is a company incorporated in Japan. The locations of the registered headquarters and principal offices of the Company are disclosed on the Group’s website (<http://www.fastretailing.com/eng/>).

The principal activities of the Company and its consolidated subsidiaries (the “Group”) are the UNIQLO business (casual wear retail business operating under the “UNIQLO” brand in Japan and overseas) and GU business, Theory business (apparel designing and retail business in Japan and overseas), etc.

### 2. Basis of Preparation

The interim condensed consolidated financial statements of the Group have been prepared in compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The Group adopted Article 93 of Consolidated Quarterly Financial Statements Rules, because the Group meets the criteria of a “specified company” defined under Article 1-2 of the said rules. Since the interim condensed consolidated financial statements do not include all the information and disclosures required for consolidated financial statements, they should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2014.

The interim condensed consolidated financial statements were approved on 15 July 2015 by Tadashi Yanai, Chairman, President and CEO, and Takeshi Okazaki, Group Senior Vice President and CFO.

### 3. Significant Accounting Policies

Except for the following standards that have been newly applied, the accounting policies presented in the consolidated financial statements for the year ended 31 August 2014 are applied consistently in the preparation of these interim condensed consolidated financial statements.

The Group adopted the following new and revised standards and interpretations starting from the preparation of the interim condensed consolidated financial statements for the three months ended 30 November 2014.

IFRS	Title	Summary of new standards and amendments
IAS 32 (Amendments)	Amendments to IAS 32 — Financial Instruments: Presentation	Offsetting financial assets and financial liabilities.
IAS 36 (Amendments)	Amendments to IAS 36 — Impairment of Assets	Recoverable amount disclosures for non-financial assets.
IAS 39 (Amendments)	Amendments to IAS 39 — Financial Instruments: Recognition and Measurement	Novation of derivatives and continuation of hedge accounting.
IFRIC 21	Levies	Clarifies the timing of recognition of liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.
IFRS 10 (Amendments)	Amendments to IFRS 10 — Consolidated Financial Statements	Defines investment entity and provide an exception to the consolidation requirement for entities that meet the definition of investment entity.
IFRS 12 (Amendments)	Amendments to IFRS 12 — Disclosures of interests in other entities	Sets out the disclosure requirements for investment entities.

There is no significant impact on the interim condensed consolidated financial statements upon adoption.

#### 4. Use of Estimates and Judgments

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the accounting period in which the estimates were reviewed and in future accounting periods.

In principle, important estimates and judgments that have significant effects on the amounts recognized in the interim condensed consolidated financial statements are the same as the preceding consolidated fiscal year.

#### 5. Segment information

##### (i) Description of reportable segments

The Group's reportable segments are components for which discrete financial information is available and is reviewed regularly by the Board to make decisions about the allocation of resources and to assess performance.

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

The main businesses covered by each reportable segment are as follows:

UNIQLO Japan: UNIQLO clothing business within Japan

UNIQLO International: UNIQLO clothing business outside of Japan

Global Brands: GU, Theory, COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and J Brand clothing operations

##### (ii) Method of calculating segment revenue and results

The methods of accounting for the reportable segments are the same as those stated in the "Significant Accounting Policies" of the Group's annual consolidated financial statements for the year ended 31 August 2014.

The Group does not allocate assets and liabilities to individual reportable segments.

##### (iii) Segment information

For the nine months ended 31 May 2014

(Millions of yen)

	Reportable segments			Total	Others (Note)	Adjustments	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	569,488	327,756	188,889	1,086,134	1,897	—	1,088,032
Operating profit	93,585	33,530	14,358	141,474	54	(1,824)	139,704
Segment income (profit before income taxes)	93,800	33,180	14,834	141,816	53	1,060	142,930

(Note) "Others" include real estate leasing business, etc.

For the nine months ended 31 May 2015

(Millions of yen)

	Reportable segments			Total	Others (Note)	Adjustments	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	638,104	481,876	225,970	1,345,951	2,162	—	1,348,114
Operating profit	113,773	51,959	19,787	185,519	45	3,709	189,274
Segment income (profit before income taxes)	116,964	51,977	19,762	188,704	45	21,532	210,282

(Note) "Others" include real estate leasing business, etc.

For the three months ended 31 May 2014

(Millions of yen)

	Reportable segments			Total	Others (Note)	Adjustments	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	163,896	95,690	63,521	323,108	546	—	323,654
Operating profit	21,861	7,265	4,845	33,972	36	(1,335)	32,674
Segment income (profit before income taxes)	21,761	7,429	4,915	34,106	36	(1,775)	32,367

(Note) "Others" include real estate leasing business, etc.

For the three months ended 31 May 2015

(Millions of yen)

	Reportable segments			Total	Others (Note)	Adjustments	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	183,602	136,372	77,716	397,690	739	—	398,429
Operating profit	24,310	9,097	8,046	41,455	30	(2,288)	39,197
Segment income (profit before income taxes)	26,144	9,982	8,046	44,173	30	2,412	46,615

(Note) "Others" include real estate leasing business, etc.

## 6. Inventories

Write-down of inventories to net realizable value and recognized as expenses is as follows:

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Write-down of inventories to net realizable value	1,690	2,377

## 7. Property, plant and equipment

The breakdown of property, plant and equipment at each reporting date is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 May 2015
Buildings and structures	80,131	100,149
Furniture, equipment and vehicles	24,869	29,490
Land	3,374	3,030
Construction in progress	6,021	4,236
<b>Total</b>	<b>114,398</b>	<b>136,908</b>

## 8. Dividends

The total amount of dividends paid was as follows:

Dividends paid during the nine months ended 31 May 2014

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 4 November 2013	15,284	150
Meeting of the Board of Directors on 10 April 2014	15,286	150

Dividends for which the declared date is 31 August 2013 are paid on or after 22 November 2013 as the effective date.

Dividends for which the declared date is 28 February 2014 are paid on or after 12 May 2014 as the effective date.

Dividends paid during the nine months ended 31 May 2015

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 3 November 2014	15,287	150
Meeting of the Board of Directors on 9 April 2015	17,838	175

Dividends for which the declared date is 31 August 2014 are paid on or after 21 November 2014 as the effective date.

Dividends for which the declared date is 28 February 2015 are paid on or after 11 May 2015 as the effective date.



## 9. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses for each reporting period is as follows:

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Selling, general and administrative expenses		
Advertising and promotion	49,416	53,713
Rental expenses	105,172	127,674
Depreciation and amortization	21,645	27,549
Outsourcing	16,499	21,367
Salaries	134,818	167,683
Others	84,053	104,816
Total	411,606	502,805

## 10. Other income and other expenses

The breakdown of other income and other expenses for each reporting period is as follows:

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Other income		
Foreign exchange gains*	2,423	8,118
Gains on sales of property, plant and equipment	881	38
Others	862	1,485
Total	4,166	9,641

\* Currency adjustments incurred in the course of operating transactions are included in "other income".

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Other expenses		
Loss on retirement of property, plant and equipment	151	2,085
Others	1,392	1,934
Total	1,544	4,020

## 11. Finance income and finance costs

The breakdown of finance income and finance costs for each reporting period is as follows:

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Finance income		
Foreign exchange gains*	3,305	20,035
Interest income	630	978
Dividend income	13	34
Others	—	792
<b>Total</b>	<b>3,949</b>	<b>21,840</b>

\* Currency adjustments incurred in the course of non-operating transactions are included in “finance income”.

(Millions of yen)

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Finance costs		
Interest expenses	723	829
Others	—	3
<b>Total</b>	<b>723</b>	<b>833</b>

## 12. Earnings per share

Nine months ended 31 May 2014		Nine months ended 31 May 2015	
Equity per share attributable to owners of the parent (Yen)	6,125.72	Equity per share attributable to owners of the parent (Yen)	8,048.03
Basic earnings per share for the period (Yen)	857.12	Basic earnings per share for the period (Yen)	1,298.60
Diluted earnings per share for the period (Yen)	856.29	Diluted earnings per share for the period (Yen)	1,296.99

(Note) The basis for calculation of basic earnings per share and diluted earnings per share for the period is as follows:

	Nine months ended 31 May 2014	Nine months ended 31 May 2015
Basic earnings per share for the period		
Profit for the period attributable to owners of the parent (Millions of yen)	87,344	132,364
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	87,344	132,364
Average number of common stock during the period (Shares)	101,905,654	101,928,795
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares) (share subscription rights)	98,137 (98,137)	126,620 (126,620)

Three months ended 31 May 2014		Three months ended 31 May 2015	
Basic earnings per share for the period (Yen)	198.85	Basic earnings per share for the period (Yen)	270.86
Diluted earnings per share for the period (Yen)	198.65	Diluted earnings per share for the period (Yen)	270.51

(Note) The basis for calculation of basic earnings per share and diluted earnings per share for the period is as follows:

	Three months ended 31 May 2014	Three months ended 31 May 2015
Basic earnings per share for the period		
Profit for the period attributable to owners of the parent (Millions of yen)	20,265	27,611
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	20,265	27,611
Average number of common stock during the period (Shares)	101,914,110	101,937,554
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares) (share subscription rights)	101,683 (101,683)	132,190 (132,190)

### 13. Fair value of financial instruments

The information about carrying amount and fair value of financial instruments is as follows:

(Millions of yen)

	As at 31 August 2014		As at 31 May 2015	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Short-term borrowings	2,857	2,857	1,894	1,894
Long-term borrowings (Note)	23,104	22,065	23,704	23,883
Lease obligations (Note)	11,599	11,379	12,844	12,841
Total	37,561	36,302	38,443	38,619

(Note) The above includes the outstanding balance of borrowings due within 1 year.

The fair value of short-term financial assets, short-term financial liabilities, long-term financial assets and long-term financial liabilities are measured by amortized cost and approximate their carrying amounts.

The fair value of long-term borrowings and lease obligations are classified by term, and are calculated on the basis of the current value applying a discount rate that takes into account time remaining to maturity and credit risk.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(Millions of yen)

As at 31 August 2014	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	243	—	207	450
Financial instruments at fair value through profit or loss (“FVTPL”)	—	(118)	—	(118)
Foreign currency forward contracts designated as hedging instruments	—	98,231	—	98,231
Total	243	98,112	207	98,563

(Millions of yen)

As at 31 May 2015	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	436	—	222	658
Financial instruments at FVTPL	—	456	—	456
Foreign currency forward contracts designated as hedging instruments	—	213,238	—	213,238
Total	436	213,694	222	214,353

For the valuation of level 2 derivative financial instruments for which a market value is available, we use a valuation model that uses observable data on the measurement date as indicators such as interest rates, yield curves, currency rates and volatility in comparable instruments.

Unlisted securities are included in level 3. There is no significant increase or decrease in level 3 items through purchase, disposal or settlement. Also, there is no transfer from level 3 to level 2.

#### 14. Commitments

The Group had the following commitments at each reporting dates:

(Millions of yen)

	As at 31 August 2014	As at 31 May 2015
Commitment for acquisition of property, plant and equipment	5,487	7,128
Commitment for acquisition of intangible assets	373	339
Total	5,861	7,467

#### 15. Subsequent Events

Not applicable.

## **2. Others**

### Dividends

The Company resolved to pay a dividend from retained earnings at the meeting of the Board of Directors convened on 9 April 2015.

The total amount of dividend and amount per share are stated under “Financial section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 8. Dividends”.

## Report on review of interim condensed consolidated financial statements

Board of Directors  
FAST RETAILING CO., LTD.

Ernst & Young ShinNihon LLC

Shigeyuki Amimoto  
Certified Public Accountant  
Designated and Engagement Partner

Shuji Kaneko  
Certified Public Accountant  
Designated and Engagement Partner

Yoshihisa Shibayama  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to first clause of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial information included in the financial section, which comprises the interim condensed consolidated statement of financial position of FAST RETAILING CO., LTD. (the "Company") and its subsidiaries (collectively, the "Group") as at 31 May 2015, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and the nine-month period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended, and other explanatory notes (the "Interim Financial Information").

### *Management's responsibility for the interim condensed consolidated financial statements*

Management is responsible for the preparation and fair presentation of the Interim Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements", and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express a conclusion on the Interim Financial Information based on our review. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

### **Ernst & Young ShinNihon LLC**

Tokyo, Japan  
15 July 2015

### *(Note)*

This is an English translation of the Japanese language Independent Auditors' Report issued by Ernst & Young ShinNihon LLC in connection with the review of the interim condensed consolidated financial statements of the Group prepared in Japanese for the period ended 31 May 2015. Ernst & Young ShinNihon LLC has not reviewed the English language version of the interim condensed consolidated financial statements for the above mentioned period.