FAST RETAILING

April 7, 2016

Fast Retailing Results for September 2015 to February 2016 and Estimates for Fiscal 2016

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Fast Retailing Co., Ltd.

Group Executive Vice President & CFO

I am Takeshi Okazaki, Group Senior Vice President and CFO at Fast Retailing.

I would like to talk to you today about our consolidated business performance for the first half of fiscal 2016, or the six months from September 2015 through February 2016, and our estimates for the full business year through August 2016.

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Contents

Disclosure of Corporate Performance

Following the Group's adoption of International Financial Reporting Standards (IFRS) from the year ending August 31, 2014, all data in this document are calculated using IFRS standards.

Business profit = Revenue – (Cost of sales + SG&A expenses)

Group Operations:

UNIQLO Japan: UNIQLO Japan operations

UNIQLO International: All UNIQLO operations outside of Japan

Global Brands: GU, Theory, Comptoir des Cotonniers, Princesse tam.tam, J Brand

Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.

A Note on Business Forecasts

When compiling business estimates, plans and target figures in this document, the figures that are not historical facts are forward looking statements based on management's judgment in light of currently available information. These business forecasts, plans and target figures may vary materially from the actual business results depending on the economic environment, our response to market demand and price competition, and changes in exchange rates.

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Group: (1H) Sep. 2015 - Feb. 2016

Revenue up, profit down

Billions of Yen

	Yr to Aug. 2015 (6 mths to Feb. 2015) Actual	Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	y/y
Revenue (to revenue)	949.6 100.0%	**1,011.6** 100.0%	+6.5%
Gross profit (to revenue)	479.5 50.5%	**476.9** 47.1%	−0.5% −3.4p
SG&A (to revenue)	336.3 35.4%	**370.7** 36.6%	+10.2% +1.2p
Business profit (to revenue)	143.1 15.1%	**106.2** 10.5%	−25.8% −4.6p
Other income, expenses (to revenue)	6.8 0.7%	**-6.8** -	- -
Operating profit (to revenue)	150.0 15.8%	**99.3** 9.8%	−33.8% −6.0p
Finance Income, costs (to revenue)	13.5 1.4%	**-17.3** -	- -
Profit before income taxes (to revenue)	163.6 17.2%	**82.0** 8.1%	−49.9% −9.1p
Profit attributable to owners of the parent (to revenue)	104.7 11.0%	**47.0** 4.7%	−55.1% −6.3p

Note: Business profit = Revenue – (Cost of sales + SG&A expenses)

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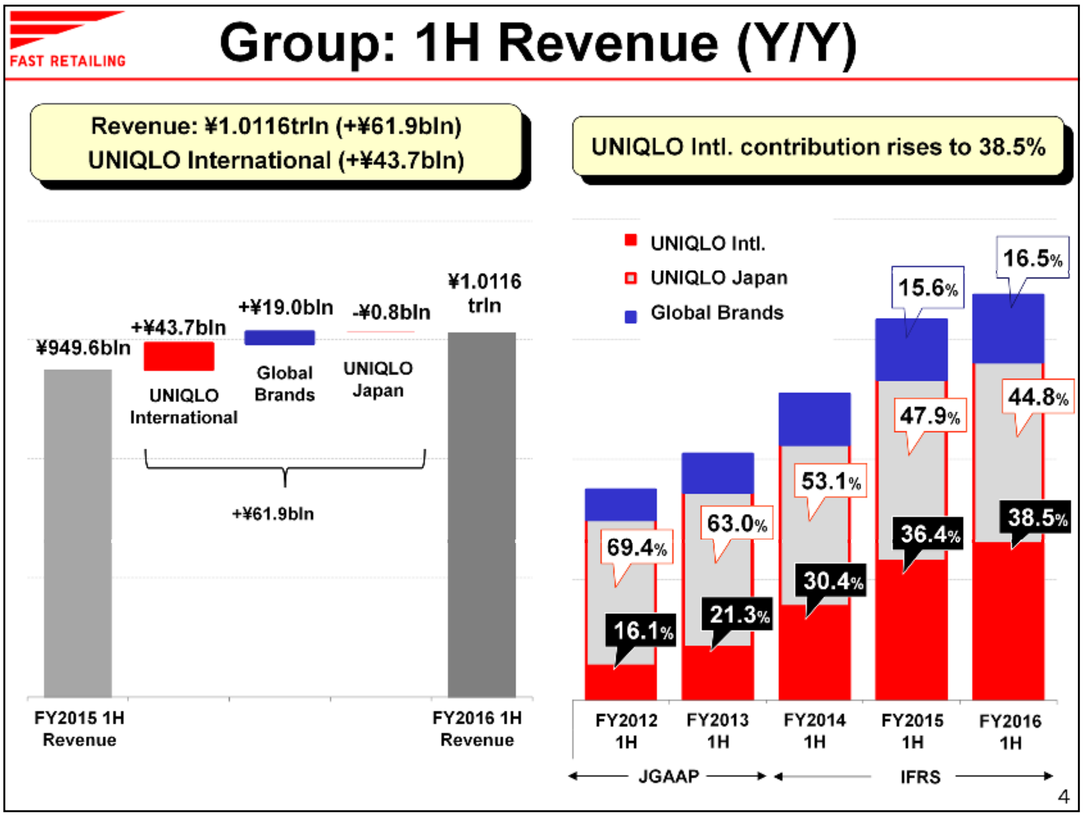
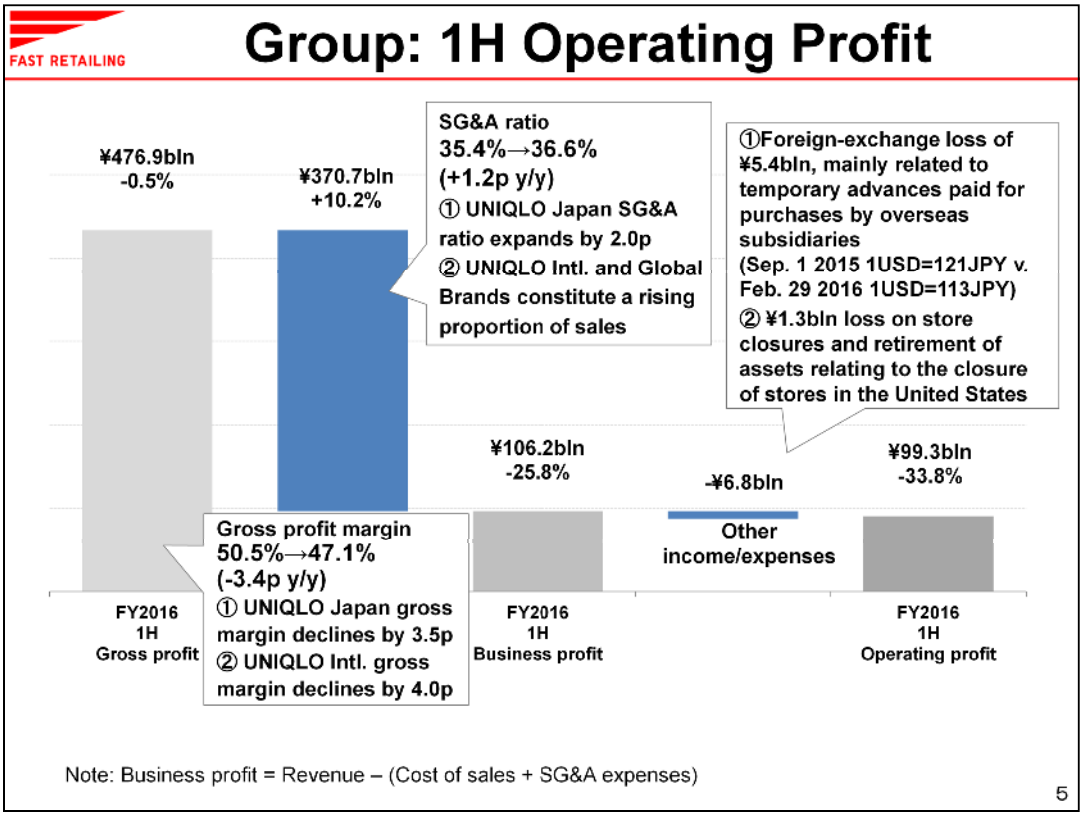
In the first half of fiscal 2016, or the six months from September 2015 to February 2016, the Fast Retailing Group reported a rise in revenue but a fall in profit, generating revenue of ¥1.0116 trillion (up 6.5% year on year), business profit of ¥106.2 billion (down 25.8%) and operating profit of ¥99.3 billion (down 33.8%).

The total recorded under finance income/costs turned negative, falling from a net income of ¥13.5 billion in the first half of fiscal 2015 to a net loss of ¥17.3 billion in the first half of fiscal 2016. First-half profit declined sharply as a result, with profit before income taxes contracting 49.9% year on year and profit attributable to owners of the parent contracting 55.1%.

Compared to the most recent first-half estimates announced on January 7, 2016, actual revenue was largely in line with forecast, while business profit fell ¥16.0 billion below target.



Taking revenue first, the Fast Retailing Group reported revenue of ¥1.0116 trillion in the first half of fiscal 2016. That represents an increase of 6.5%, or ¥61.9 billion, compared to the previous year. The measure can be broken down by business segment, revealing increases in revenue of ¥43.7 billion for UNIQLO International and ¥19.0 billion for Global Brands, and a revenue decrease of ¥0.8 billion for UNIQLO Japan.



Consolidated gross profit contracted 0.5% year on year to ¥476.9 billion in the first half of fiscal 2016, after the gross profit margin contracted 3.4 points year on year to 47.1%. This can be attributed mainly to a 3.5 point fall in the gross profit margin at UNIQLO Japan and a contraction in the gross profit margin at UNIQLO International.

Selling, general and administration expenses rose 10.2% year on year to ¥370.7 billion. The SG&A to revenue ratio rose 1.2 point to 36.6%. That was largely due to a 2.0 point rise in the SG&A ratio at UNIQLO Japan, and an increasing contribution to overall sales from the UNIQLO International and Global Brands segments, which have comparatively high SG&A ratios.

Meanwhile, business profit (revenue minus cost of sales and SG&A expenses) decreased 25.8% to ¥106.2 billion.

Net other income/expenses turned negative in the first quarter to stand at -¥6.8 billion. That total includes a foreign-exchange loss of ¥5.4 billion, mainly related to temporary advances paid for purchases by overseas subsidiaries, after the yen appreciated from 1USD= 121JPY at the beginning of September 2015 to 1USD = 113 JPY at the end of February 2016. It also includes a ¥1.3bln loss on store closures and retirement of assets, relating to the closure of some stores in the United States.

As a result of the above factors, first-half operating profit decreased by 33.8% to ¥99.3 billion.

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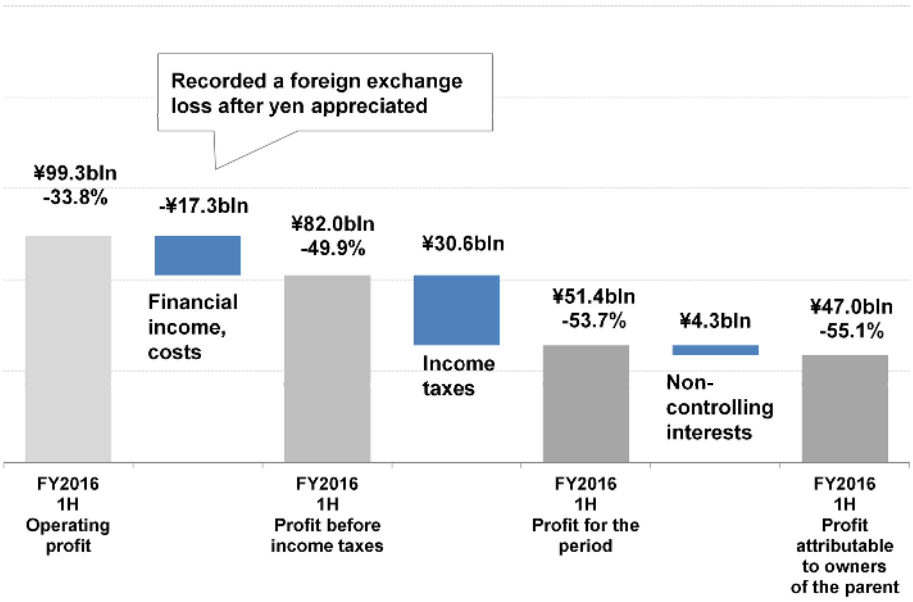
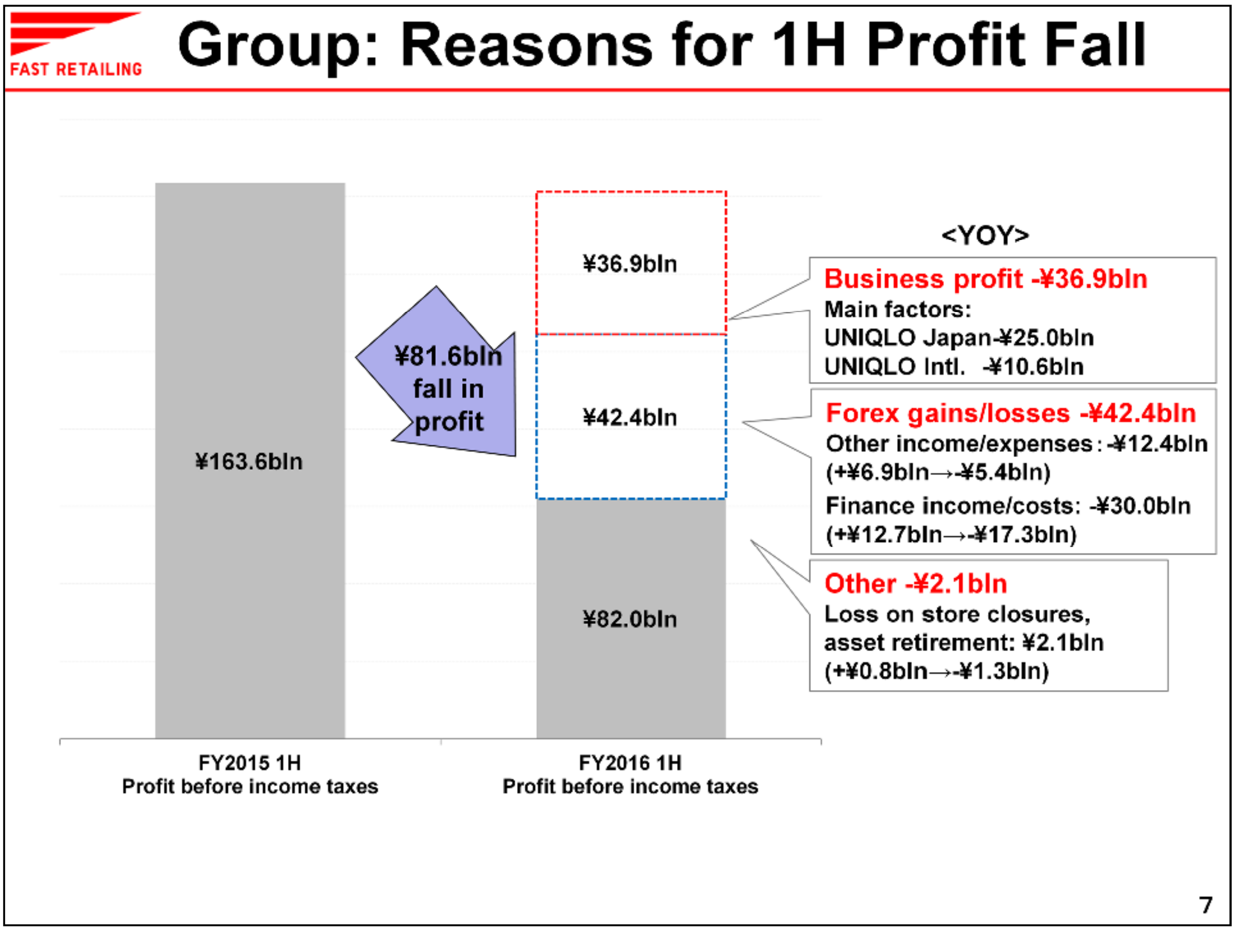
Group: 1H Profit Attributable to Owners of the Parent



Moving on to finance income/costs, we reported a net finance cost of ¥17.3 billion in the first half of fiscal 2016, after the appreciation in the Japanese yen reduced the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes decreased by 49.9% to ¥82.0 billion, and profit attributable to the owners of the parent decreased by 55.1% to ¥47.0 billion in the first half.



As I just mentioned, profit before income taxes declined by a considerable ¥81.6 billion year on year in the first half of fiscal 2016. That decline can be largely broken down into a ¥36.9 billion contraction in overall business profit, and a net reduction in the forex gains/losses figure of ¥42.4 billion.

This contraction in foreign exchange gains can be attributed to a ¥12.4 billion net reduction in foreign exchange gains under other income/expenses, and a ¥30.0 billion net reduction in the yen value of foreign-currency denominated assets under net finance income/costs.

1H Breakdown by Group Operation

Billions of Yen

		Yr to Aug. 2015 (6 mths to Feb. 2015) Actual	Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	y/y
UNIQLO Japan	Revenue	454.5	**453.6**	−0.2%
	Business profit	88.6	**63.6**	−28.2%
	(to revenue)	19.5%	14.0%	−5.5p
	Other income, expenses	0.8	**0.5**	−39.3%
	Operating profit	89.4	**64.1**	−28.3%
	(to revenue)	19.7%	14.1%	−5.6p
UNIQLO International	Revenue	345.5	**389.2**	+12.7%
	Business profit	43.1	**32.5**	−24.7%
	(to revenue)	12.5%	8.4%	−4.1p
	Other income, expenses	− 0.3	**− 3.1**	-
	Operating profit	42.8	**29.4**	−31.4%
	(to revenue)	12.4%	7.6%	−4.8p
Global Brand	Revenue	148.2	**167.3**	+12.9%
	Business profit	12.3	**14.2**	+15.3%
	(to revenue)	8.3%	8.5%	+0.2p
	Other income, expenses	− 0.6	**0.0**	-
	Operating profit	11.7	**14.3**	+21.9%
	(to revenue)	7.9%	8.6%	+0.7p

Notes: Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.
All UNIQLO Japan data (except revenue) include inter-Group transactions.
Business profit = Revenue – (Cost of sales + SG&A expenses)

This slide displays the breakdown of performance by Group operation.

In the first half of fiscal 2016, UNIQLO Japan reported lower revenue and profit, while UNIQLO International reported higher revenue but lower profit, and the Global Brands segment reported higher revenue and profit.

UNIQLO Japan generated revenue of ¥453.6 billion and operating profit of ¥64.1 billion, UNIQLO International reported revenue of ¥389.2 billion and operating profit of ¥29.4 billion, and Global Brands generated revenue of ¥167.3 billion and operating profit of ¥14.3 billion.

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UNIQLO Japan (1H)

Operating profit down 28.3% y/y

Billions of Yen

	Yr to Aug. 2015 (6 mths to Feb. 2015)	Yr to Aug. 2016 (6 mths to Feb. 2016)	y/y
Revenue	454.5	453.6	-0.2%
(to revenue)	100.0%	100.0%	
Gross profit	225.1	208.8	-7.2%
(to revenue)	49.5%	46.0%	-3.5p
SG&A	136.4	145.2	+6.4%
(to revenue)	30.0%	32.0%	+2.0p
Business profit	88.6	63.6	-28.2%
(to revenue)	19.5%	14.0%	-5.5p
Other income, expenses	0.8	0.5	-39.3%
(to revenue)	0.2%	0.1%	-0.1p
Operating profit	89.4	64.1	-28.3%
(to revenue)	19.7%	14.1%	-5.6p

All UNIQLO Japan data (except revenue) include inter-Group transactions.
Business profit = Revenue – (Cost of sales + SG&A expenses)

I would now like to run through the first half performance at UNIQLO Japan in more detail.

UNIQLO Japan reported a 0.2% year-on-year fall in revenue and a 28.3% fall in operating profit. While the revenue figure was slightly above the revised forecast that was announced on January 7, 2016, operating profit fell sharply below the most recent estimate.

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UNIQLO Japan: 1H Revenue

Revenue ¥453.6bln (-0.2% y/y)

- **Same-store sales -1.9% y/y (Customer nos. -6.3%, customer spend +4.7%)**
- **1H e-commerce sales ¥25.3bln (+28.4% y/y, 5.6% of total sales)**

- **2Q same-store sales down 1.6% y/y. Same-stores sales expanded in January and February, but contracted significantly in the high-volume month of December.**
- **December: Sales struggled as warm weather adversely affected winter items. January: Strong New Year sale, colder temperatures boosted sales of winter items such as cashmere sweaters, HEATTECH and boa sweatshirts and pants. February: Favorable launch of spring wear jogger pants and cable knit sweaters.**

Same-store sales	Yr to Aug. 2016						
	3 mths to Nov. 2015	Dec.	Jan.	Feb.	3 mths to Feb. 2016	6 mths to Feb. 2016	Mar.
Net sales	−2.3%	−11.9%	+14.6%	+1.2%	−1.6%	−1.9%	−0.3%
Customer visits	−8.1%	−14.6%	+8.0%	−1.8%	−4.6%	−6.3%	−8.6%
Customer spend	+6.3%	+3.1%	+6.0%	+3.0%	+3.2%	+4.7%	+9.1%

End February 2016
UNIQLO directly run stores: 805 (-9 stores y/y)
Franchise stores: 39 (+11 stores)

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Revenue at UNIQLO Japan declined 0.2% year on year in the first half, due largely to a 1.9% decline in same-store sales. By contrast UNIQLO Japan e-commerce sales expanded by a healthy 28.4% year on year to ¥25.3 billion, and as much as 5.6% of total sales.

The 1.9% year-on-year decline in same-store sales breaks down into a 6.3% fall in customer visits on the one hand, and a 4.7% increase in customer spend on the other.

Following a significant fall in the high-volume month of December, same-stores sales recovered somewhat in January and February. In aggregate, same-store sales contracted1.6% in the second quarter as a whole.

Warm winter weather in December adversely affected overall sales, and winter items in particular. However, a strong New Year sale and colder temperatures in January helped boost subsequent sales of winter items such as cashmere sweaters, HEATTECH and boa sweatshirts and pants. That was followed by a favorable launch of spring items such as jogger pants and cable knit sweaters in February.

The number of UNIQLO Japan stores fell by 9 to 805 stores at the end of February 2016 compared to the end of February 2015. The number of franchise stores increased by 11 to 39, 10 of which switched from directly run stores to franchise outlets.

Looking slightly further ahead, the recently announced sales data for March showed a 0.3% year-on-year decline in same-store sales.

UNIQLO Japan: 1H Gross Margin

Gross profit margin: 46.0% (-3.5p y/y)

1H gross margin much lower than recent estimate

- **Reasons for shortfall:**
  - **Stronger than planned discounting in January and February**
  - **The drop in temperature from January generated higher-than-expected sales of discounted winter items such as cashmere sweaters, HEATTECH, warm padded parkas, HEATTECH fleece.**
- **Reduced winter inventory to comfortable levels**

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Turning now to business margins for UNIQLO Japan, the gross profit margin contracted by 3.5 points year on year in the first half of fiscal 2016 to 46.0%. This result was significantly weaker than we had expected.

The reasons for this considerable shortfall in the gross profit margin include heavier discounting in January and February than originally planned. In addition, once temperatures dropped in January, sales of discounted winter items such as cashmere sweaters, HEATTECH innerwear, warm padded parkas and HEATTECH fleece proved much brisker than expected.

Thanks to higher-than-expected sales in the two months of January and February, we were able to reduce winter inventory to comfortable levels.

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UNIQLO Japan: 1H SG&A

SG&A to revenue ratio 32.0% (+2.0p y/y)

Higher than expected in ratio and monetary terms

- **Distribution: Higher distribution and related costs, temporary increase due to distribution system overhaul**
- **Personnel: More local-store employees, but store operation efficiencies not yet fully achieved**
- **Advertising: Increased digital-related contents/advertising to boost e-commerce operation**

Billions of Yen

	Yr to Aug. 2015 (6 mths to Feb. 2015)		Yr to Aug. 2016 (6 mths to Feb. 2016)			
	Actual	(% sales)	Actual	(% sales)	y/y	(% sales)
SG&A Total	136.4	30.0%	145.2	32.0%	+8.7	+2.0p
Personnel	41.0	9.0%	44.1	9.7%	+3.0	+0.7p
A&P	17.5	3.9%	19.5	4.3%	+1.9	+0.4p
Store rent	28.5	6.3%	28.2	6.2%	−0.2	−0.1p
Depreciation	3.6	0.8%	3.7	0.8%	+0.0	+0.0p
Others	45.6	10.0%	49.6	10.9%	+3.9	+0.9p

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UNIQLO Japan's SG&A to revenue ratio rose 2.0 point year on year to 32.0% in the first half of fiscal 2016. That result was above target in both monetary and ratio terms.

Looking at key business cost components, the other expense ratio increased by 0.9 point year on year, the personnel cost ratio rose 0.7 point and the advertising and promotion ratio increased by 0.4 point, while the store rents ratio contracted 0.1 point.

The increase in the other expense ratio was due largely to higher distribution related costs. This component was both higher than the previous year and higher than target, following an increase in distribution-related expenses, and a temporary increase related to reform of distribution system structure.

The rise in the personnel ratio was due largely to an increase in the number of local-store employees from approximately 5,000 at the end of the February 2015 to 10,000 at the end of February 2016. While the transition to local-employee store management is well underway, this has not yet translated into more efficient in-store personnel costs. As a result, the personnel ratio increased both year on year and compared to plan.

The advertising and promotion ratio also increased year and year and compared to plan. This was largely due to an increase in digital contents and marketing designed to boost e-commerce sales.

We intend to exert even stronger control over business costs in the second half of fiscal 2016 and beyond in our drive to ensure an ultimate low-cost operation.

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UNIQLO International: (1H) ①

Revenue up, profit down

- Greater China, S. Korea profit down. USA loss expands
- Europe, Southeast Asia & Oceania profit rises
- Other income/costs: Forex loss & ¥1.3 billion loss from asset retirement and store closure costs in the U.S.
- Net addition of 92 stores mainly in Greater China and S.E. Asia boosts end-Feb. network to 890 stores

Billions of Yen

		Yr to Aug. 2015 (6 mths to Feb. 2015) Actual	Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	y/y
UNIQLO International	Revenue	345.5	389.2	+12.7%
	Business profit	43.1	32.5	−24.7%
	(to revenue)	12.5%	8.4%	−4.1p
	Other income, expenses	- 0.3	- 3.1	−
	Operating profit	42.8	29.4	−31.4%
	(to revenue)	12.4%	7.6%	−4.8p

Business profit = Revenue – (Cost of sales + SG&A expenses)

Moving onto UNIQLO's global operations, UNIQLO International reported a 12.7% year-on-year increase in revenue to ¥389.2 billion, but a 31.4% decline in operating profit to ¥29.4 billion in the first half. While the revenue result was largely in line with our expectations, operating profit was below target.

UNIQLO operations in Greater China and South Korea both reported a drop in operating profit, while UNIQLO USA reported a widening operating loss. Conversely UNIQLO Southeast Asia and Oceania and UNIQLO Europe reported profit gains in the first half.

Under other income/costs, UNIQLO International recorded a foreign exchange loss as well as a ¥1.3 billion loss related to asset retirement and store closure costs in the United States.

In the first half, UNIQLO International added a net 92 new stores (opened 104 and closed 12 stores) mainly in Greater China and Southeast Asia, bringing the total store network to 890 at the end of February 2016.

UNIQLO International: (1H) ②

- **Greater China: Revenue up, OP down. OP below target**
  - Warm winter capped sales of fall/winter items.
  - Hong Kong and Taiwan: Slower economic conditions contributed to OP fall.
  - Mainland China: Economic slowdown impact relatively limited. 2Q same-store sales up. 1H business profit up, but OP down slightly on forex losses.
- **S. Korea: Sales flat, sharp fall in OP**
  - Slightly below target.
  - Sales affected by warm winter and economic slowdown, more discounting.
- **SE Asia & Oceania: Revenue and OP up, to plan**
  - Operating loss at UNIQLO Australia contracts.
- **USA: Below target. Operating loss widens**
  - Increased discounting in 2Q to actively rundown excess inventory.
  - Reduced inventory to appropriate levels, but 1H gross margin fell and operating loss widened.
  - ¥1.3bln loss on asset retirement and stores related to closure of 4 stores.
- **Europe: Double-digit gain in same-store sales, revenue and profit rise as planned**
  - Favorable opening for refurbished London global flagship store on March 18.

I would now like to go through the UNIQLO International first-half performance region by region.

UNIQLO Greater China, encompassing the region spanning mainland China, Hong Kong and Taiwan, reported a rise in revenue. However, that operation fell short of plan by reporting a fall in profit.
The extremely warm winter adversely affected sales of Fall Winter ranges in the Greater China operation as a whole. In Hong Kong and Taiwan, slower economic conditions compounded the adverse affect on performance exerted by the warm winter, resulting in a decline in operating profit.

The economic slowdown had a relatively limited impact on UNIQLO operations in mainland China. As a result, same-store sales there increased year on year in the second quarter from December 2015 to February 2016. However, operating profit declined slightly following the sharp weakening in the Chinese yuan. The UNIQLO Greater China network had expanded to 520 stores at the end of February 2016.

UNIQLO South Korea fell slightly short of target by reporting flat revenue and a sharp fall in operating profit. Sales were adversely affected by the warm winter and slower economic conditions, resulting in more aggressive discounting of excess stock. The number of stores in UNIQLO South Korea stood at 163 at the end of February 2016.

UNIQLO Southeast Asia and Oceania, spanning Singapore, Malaysia, Thailand, the Philippines, Indonesia and Australia, reported rises in revenue and profit that were roughly in line with our plan. Operating losses contracted in Australia. The total number of UNIQLO Southeast Asia and Oceania stores stood at 132 at the end of February 2016.

UNIQLO USA fell short of target to report an expansion in operating losses over the first half of fiscal 2016. There too, the unusually warm winter weather adversely affected sales of Fall Winter items in the first quarter, leading to increased discounting and an active rundown of excess inventory in the second quarter. This action brought inventory down to an appropriate level, but resulted in a worsening of the first-half gross profit margin and a wider operating loss. UNIQLO USA also recorded a ¥1.3bln loss on asset retirement and store closure costs related to closure of four stores.

UNIQLO Europe generated the expected rises in revenue and profit in the first half thanks to an impressive double-digit gain in same-store sales. The total number of UNIQLO Europe stores stood at 31 at the end of February 2016. The opening of our newly refurbished 311 Oxford Street global flagship store in London on March 18, 2016 attracted large numbers of customers, helping the beacon store off to a favorable start.

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Global Brands: (1H)

Achieves expected gains in revenue, profit

- **GU: Large gains in revenue and profit exceed plan**

  Double-digit gain in same-store sales on strong sales of heavily advertised campaign knitwear and trendy bottoms. OP rises sharply on an improved gross profit margin, boosted by a favorable launch of spring ranges during The traditionally less buoyant months of January and February.
- **Theory falls slightly short of plan, OP down**
- **Comptoir des Cotonniers slightly below plan, OP down**
- **Princesse tam.tam holds firms y/y as expected**
- **J Brand below plan, operating loss widens**

Billions of Yen

		Yr to Aug. 2015 (6 mths to Feb. 2015) Actual	Yr to Aug. 2016 (6 mths to Feb. 2016) Actual	
				y/y
Global Brand	Revenue	148.2	167.3	+12.9%
	Business profit	12.3	14.2	+15.3%
	(to revenue)	8.3%	8.5%	+0.2p
	Other income, expenses	－0.6	0.0	－
	Operating profit	11.7	14.3	+21.9%
	(to revenue)	7.9%	8.6%	+0.7p

Business profit = Revenue – (Cost of sales + SG&A expenses)

Now I would like to look at the performance of our Global Brands segment in the first half of fiscal 2016.

Global Brands reported gains in revenue and profit which were both roughly in line with forecasts. First-half revenue rose 12.9% year on year to ¥167.3 billion and operating profit expanded 21.9% to ¥14.3 billion.

Our low-priced GU fashion casualwear brand exceeded expectations by reporting extremely strong rises in both revenue and profit. GU generated a double-digit gain in same-store sales thanks to strong sales of heavily advertised campaign knitwear and trendy bottoms such as wide pants and jogger pants. In addition, a favorable launch of spring ranges during the traditionally less buoyant months of January and February helped boost the gross profit margin, and this in turn led to a sharp rise in operating profit. GU opened 28 new stores and closed 8 stores in the first half, bringing the total network to 339 stores at the end of February 2016.

Theory and France-based fashion brand Comptoir des Cotonniers fell slightly short of plan in the first half by reporting a fall in profit. Meanwhile, our French lingerie, swimwear and home wear brand Princesse tam.tam generated a flat year-on-year performance as expected.

Our premium denim J Brand label fell short of plan to report a widening operating loss in the first half of fiscal 2016.

Group: Balance Sheet (end Feb. 2016)

Billions of Yen

	End Feb. 2015	End Aug. 2015	**End Feb. 2016**	Change
Total Assets	1,276.2	1,163.7	**1,311.0**	+34.7
Current Assets	977.0	874.3	**1,027.7**	+50.7
Non-Current Assets	299.2	289.3	**283.2**	−15.9
Total Liabilities	471.3	388.9	**601.4**	+130.1
Total Equity	804.9	774.8	**709.6**	−95.3

Next, I would like to take you through our balance sheet as it stood at the end of February 2016.

Compared to the end of February 2015, total assets increased by ¥34.7 billion to ¥1.3110 trillion. This includes an increase of ¥50.7 billion in current assets and a decrease of ¥15.9 billion in non-current assets.

Liabilities increased by ¥130.1 billion to ¥601.4 billion following the Company's issuance of corporate bonds in December 2015.

Total equity reduced by ¥95.3 billion to ¥709.6 billion, mainly due to lower valuations on derivative financial assets.

I will discuss the main components of the balance sheet in the next slide.

Group: B/S Main Points v. end Feb. 2015

Current Assets +¥50.7bln (¥977.0bln⇒¥1.0277trln)

- **Cash and cash equivalents +¥41.1bln (¥462.8bln ⇒ ¥504.0bln)**
- **Other current financial assets +¥147.1bln (¥51.5bln⇒¥198.7bln)**
  Increased cash reserves following December 2015 corporate bond issue, higher operating cash flow. With the last day of February 2016 landing on a weekday, trade payables were settled, reducing cash balance by ¥43.9bln.
- **Inventories +¥10.8bln (¥210.9bln ⇒ ¥221.8bln)**
  UNIQLO Japan -¥0.6bln Fewer directly run stores **UNIQLO Intl.+¥7.3bln** +174 stores
  Global Brands +¥4.1bln Expansion of GU operation
- **Derivative financial assets -¥148.8bln (¥187.0bln⇒¥38.2bln)**
  The yen appreciated at the end of February and the average rate of forward currency contracts weakened, narrowing the gap between the two considerably.

Non-current assets -¥15.9bln (¥299.2bln⇒ ¥283.2bln)

- **Intangible assets -¥11.9bln (¥78.0bln⇒ ¥66.1bln)**
  Impairment losses at J Brand, etc.

Liabilities +¥130.1bln (¥471.3bln ⇒ ¥601.4bln)

- **December 2015: ¥250bln bond issue**
- **Deferred tax liabilities down ¥64.1bln, trade payables down ¥43.9bln**

Let's look first at the factors underlying ¥50.7 billion increase in current assets at the end of February 2016.

Cash and cash equivalents increased by ¥41.1 billion year on year to ¥504.0 billion at the end of February 2016 compared to the end of February 2015. Other current financial assets, including highly liquid bank deposits with maturities over three months, increased by ¥147.1 billion to ¥198.7 billion. This was due to an increase in cash reserves following the Company's corporate bond issue in December 2015 as well as an increase in operating cash flow. On the other hand, more trade payables were settled because the last day of the period fell on a weekday, resulting in a ¥43.9 billion reduction in the cash balance.

Looking next at inventories, total inventory increased by ¥10.8 billion to ¥221.8 billion. Inventory at UNIQLO Japan decreased by ¥0.6 billion largely due to the fact that the total number of directly run stores at the end of February 2016 declined by 9 stores year on year. Inventory at UNIQLO International expanded by ¥7.3 billion, mainly due to the expansion of UNIQLO's international network by 174 stores compared to the previous year. Finally, inventory levels increased by ¥4.1 billion at our Global Brands segment as we continued to expand our GU operation.

UNIQLO Japan and some of our other operations take out forward exchange contracts as part of its long-term strategy to hedge against future movements in foreign exchange rates. Total derivative financial assets decreased by ¥148.8 billion to ¥38.2 billion at the end of February 2016. This was due to a considerable narrowing of the gap between prevailing yen exchange rates and our currency contracts after the actual yen exchange rate at the end of February 2016 appreciated and the average yen rate on our currency contracts weakened. Please note, however, that this item is considered under hedge accounting and does not impact our profit and loss position.

Non-current assets decreased by ¥15.9 billion year on year. The reporting of impairment losses at the end of fiscal 2015 in relation, among other things, to a poor performance from J Brand shaved ¥11.9 billion off the end-February total for intangible assets.

Liabilities increased by ¥130.1 billion at the end of February 2016. This figure includes the Company's ¥250bln issuance of unsecured straight bonds in December 2015, as well as a ¥64.1 billion reduction in deferred tax liabilities, and a ¥43.9 billion reduction in trade payables, which were settled before the period end because the last day of the first half fell on a Monday rather than a weekend.

Group: 1H Cash Flow

Billions of Yen

	Yr to Aug. 2015 1H	Yr to Aug. 2016 1H	Comment
Net cash from operating activities	+224.0	+143.8	
Profit before income taxes	+163.6	+82.0	Profit contribution from UNIQLO and other operations
Depreciation and amortization	+17.7	+18.6	
Working capital	+72.0	+45.6	Decrease in inventories and increase in trade payables
Payment/refund of income taxes	-26.4	-20.4	
Net cash used in investing activities	-74.0	-202.1	
Decrease/(increase) in bank deposits with maturity over 3 months	-45.8	-180.3	Increase in bank deposits with maturity over 3 months
Purchases of property, plant and equipment	-21.6	-17.0	Expansion of store network
Purchases of intangible assets	-3.4	-4.5	Systems investment, etc
Net cash used in financing activities	-22.3	+221.7	
Cash dividends paid	-15.2	-17.8	FY2016 ¥175 year-end dividend per share
Proceeds from issurance of bonds	0	+249.3	Issurance of bonds in December 2015
Effect of exchange rate changes on cash and cash equivalents	21.1	-14.7	
Increase in cash & equivalents	148.8	148.7	
Cash & equivalents at beginning of period	314.0	355.2	
Cash & equivalents at end of period	462.8	504.0	

Next, I will explain our cash flow position for the first half of fiscal 2016.

We enjoyed a net cash inflow of ¥143.8 billion from operating activities. In addition to a ¥82.0 profit contribution from UNIQLO Japan and other Group operations, we also recorded a lower working capital outflow, resulting in a ¥45.6 billion increase in cash.

Net cash used in investing activities totalled ¥202.1 billion in the first half. That figure includes a ¥180.3 billion increase in bank deposits with maturity over three months, ¥17.0 billion spent on property, plant and equipment, and ¥4.5 billion spent on acquiring intangible assets such as systems investment.

Time deposits increased by ¥180.3 billion after the Company decided to place a portion of the funds procured through its December 2015 corporate bond issue and a portion of its surplus funds into bank deposits with maturity over three months. The balance of time deposits did increase significantly compared to the previous year but these financial assets of ¥180.3 billion are considered highly liquid in practical terms.

Capital expenditure for the Fast Retailing Group totalled ¥24.5 billion in the first half of fiscal 2016. Of that total, ¥2.4 billion was invested in UNIQLO Japan, ¥13.3 billion was invested in UNIQLO International, ¥3.8 billion was invested in Global Brands and ¥4.8 billion was spent on systems investment, etc.

Net cash used in financing activities totalled ¥221.7 billion. This total includes ¥17.8 billion in cash dividend payments, and a net inflow of ¥249.3 billion from Fast Retailing's 2015 corporate bond issue.

As a result, the balance of cash and cash equivalents stood at ¥504.0 billion at the end of February 2016, and, after adding time deposits of ¥198.7 billion, highly liquid financial assets totalled ¥702.7 billion.

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Group: FY2016 Estimates

Revised down

Business profit: ¥150.0bln (revised down ¥30.0bln)

・¥16.0bln shortfall in 1H performance, 2H UNIQLO Japan & Intl. totals revised down

Operating profit: ¥120.0bln (revised down ¥60.0bln)

・¥21.0bln total impairment loss from UNIQLO Japan and USA stores, J Brand

Profit attributable to owners of the parent : ¥60.0bln (revised down ¥50.0bln)

・Incorporates a ¥17.5bln forex loss based on end February 2016 exchange rates

Billions of Yen

	Yr to Aug. 2015 Actual	Yr to Aug. 2016 Estimate (as of Jan.7)	Yr to Aug. 2016 y/y	Yr to Aug. 2016 Estimate (as of Apr.7)	Yr to Aug. 2016 y/y
Revenue	1,681.7	1,800.0	+7.0%	**1,800.0**	**+7.0%**
(to revenue)	100.0%	100.0%		100.0%	
Business profit	176.6	180.0	+1.9%	**150.0**	**-15.1%**
(to revenue)	10.5%	10.0%	-0.5p	8.3%	-2.2p
Operating profit	164.4	180.0	+9.4%	**120.0**	**-27.0%**
(to revenue)	9.8%	10.0%	+0.2p	6.7%	-3.1p
Finance income, costs	16.2	0.0	-	**-17.5**	-
Profit before income taxes	180.6	180.0	-0.4%	**102.5**	**-43.3%**
(to revenue)	10.7%	10.0%	-0.7p	5.7%	-5.0p
Profit attributable to owners of the parent	110.0	110.0	-0.0%	**60.0**	**-45.5%**
(to revenue)	6.5%	6.1%	-0.4p	3.3%	-3.2p

I would now like to explain our consolidated business estimates for fiscal 2016, or the 12 months ending August 31, 2016.

We now expect consolidated revenue in fiscal 2016 will reach ¥1.800 trillion (+7.0% year on year), business profit will total ¥150.0 billion (-15.1%), operating profit will total ¥120.0 billion (-27.0%). We also expect to report a net finance cost of ¥17.5 billion, resulting in a 45.5% decline in profit attributable to owners of the parent to ¥60.0 billion.

Compared to our most recent estimates announced on January 7, 2016, these new forecasts represent a downward revision of ¥30.0 billion for business profit, ¥60.0 billion for operating profit and ¥50.0 billion for profit attributable to owners of the parent.

The ¥30.0 billion downward revision for business profit in fiscal 2016 reflects the ¥16.0billion shortfall in first-half business profit, and also downward revisions to expected performance by UNIQLO Japan and UNIQLO International in the second half from March through August 2016.

The ¥60.0 billion downward revision to operating profit incorporates expected impairment losses of ¥21.0 billion from UNIQLO Japan, UNIQLO USA and J Brand, and the ¥6.8 billion in other expenses already reported in the first half.

Under finance income/costs, we have incorporated an expected foreign exchange loss of ¥17.5billion, based on end-February exchange rates.

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FY2016 2H Estimates by Operation

UNIQLO Japan: Business profit up, OP slightly down

- Business profit expected to rise year on year
- OP seen down slightly on ¥2.0bln impairment loss on stores
- 2H same-store sales seen rising 4.0%, full-year revenue expected to rise
- Gross margin expected to improve slightly y/y. Business profit expected to rise on deep cost-saving drive
- Cost saving & reform of cost structures: Make store operations more efficient, optimize distribution by improving loading ratios and warehouse deployment, review media mix and overall marketing strategies, boost HQ efficiency, strengthen central purchasing functions, etc.

UNIQLO International: Revenue and profit gains

- Greater China profit to rise overall. Expect tough business conditions in Hong Kong and Taiwan, but profit in mainland China expected to rise.
- S. Korea profit down slightly, profit from SE Asia Oceania and Europe to rise
- USA losses to shrink despite expected ¥4.0bln impairment loss on stores

Global Brands: Business profit up, operating profit down

- Continued losses at J Brand, expected to report ¥15.0bln impairment loss
- GU expected to continue strong and report revenue and OP gains in 2H
- Theory OP to rise. CDC, PTT, J Brand business profit flat y/y

Next, I would like to run through our business estimates for the second half of fiscal 2016 (March through August 2016) by group operation.

Looking first at UNIQLO Japan, we expect business profit will increase year on year. However, we forecast operating profit will contract slightly after incorporated an expected impairment loss on stores of ¥2.0 billion. Same-store sales are predicted to rise 4.0% year on year in the second half, generating a year-on-year increase in revenue for the full business year. The gross profit margin is expected to improve slightly in the second half, and the thorough cost-saving drive currently underway is also expected to boost business profit in the second half.

To ensure added vigilance regarding cost-benefit analysis of expenses, we have instigated a sweeping reform of cost structures. Among other things, this reform is designed to make store operations more efficient, optimize distribution by improving loading ratios and warehouse deployment, review media mix and overall marketing strategies, boost HQ efficiency, and strengthen central purchasing functions.

Moving on now to UNIQLO International, we forecast that operation will report gains in both revenue and profit in the second half. While we forecast continued harsh business conditions in Hong Kong and Taiwan, we do expect consistent profit gains in mainland China will be sufficient to boost profit overall for UNIQLO Greater China as a whole. We expect profit will decline slightly at UNIQLO South Korea, but will expand in both UNIQLO Southeast Asia and Oceania and UNIQLO Europe. Meanwhile, we expect operating losses at UNIQLO USA will shrink, despite an estimated ¥4.0 impairment loss on stores.

Looking finally at Global Brands, this segment is expected to report a rise in revenue and business profit, but a fall in operating profit due to impairment losses on J Brand. The premium denim label is expected to report a ¥15.0bln impairment loss on the back of continued operating losses. GU is expected to report gains in both revenue and profit in the second half on the back of continued buoyant growth. Meanwhile, Theory is predicted to report gains in both revenue and operating profit, while business profit figures from Comptoir des Cotonniers, Princesse tam.tam and J Brand are all expected to hold steady year on year.

FY2016 Group Estimates: 2H & Full-year

	2H Estimates			Full-year Estimates	
	Business profit	Impairment Losses	Operating profit	Business profit	Operating profit
UNIQLO Japan	Rise	Stores Approx. ¥2.0bln	Slight fall	Fall	Fall
UNIQLO International	Rise	USA stores Approx. ¥4.0bln	Rise	Fall	Fall
Global Brands	Rise	J Brand Approx. ¥15.0bln	Fall	Rise	Fall

UNIQLO Intl. approx. store openings	
Greater China	100
South Korea	20
Southeast Asia and Oceania	40
USA	7
Europe	10
Total	**177**

Global Brands approx. store openings	
GU	50
Theory	25
CDC	5
Total	**80**

This slide shows a snapshot of our second-half and full-year business forecasts for fiscal 2016.

Just to note, while there have been some revisions to our business estimates, our store-opening plans remain unchanged.

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FY2016 Dividend Estimates

Scheduled interim dividend: ¥185
Expected annual dividend: ¥350

	Dividend per share		
	Mid-term	Yr-end	Annual
Yr to Aug. 2014	150yen	150yen	300yen
Yr to Aug. 2015	175yen	175yen	350yen
Yr to Aug. 2016 Estimate (as of Jan. 7)	185yen	185yen	370yen
Yr to Aug. 2016 Estimate (as of Apr. 7)※	185yen	165yen	350yen
Revision	–	−20yen	−20yen

※ The final decision on the FY2016 interim dividend is determined at the board meeting held on April 7, 2016. The year-end dividend total may be adjusted in the event of large fluctuations in business performance or access to funds.

Finally, I would like to explain our latest dividend estimates for fiscal 2016.
The Fast Retailing Board of Directors decided at today’s regular board meeting to pay an interim dividend of ¥185 per share.

In light of the downward revisions to the Group’s full-year business estimates, the Board now expects to pay a year-end dividend of ¥165 per share. That would translate into an annual dividend per share of ¥350 per share, down ¥20 from our most recent estimate, but on a par with the previous year’s level.

That ends this presentation on the Fast Retailing Group’s performance in the first half of fiscal 2016, and estimates for the full business year through August 31, 2016. The remaining three slides are provided for your reference. Thank you.

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Reference

Store Numbers by Group Company

[Units: Stores]	FY2015 Yr-end	FY2016 1H Result (Sep. - Feb.) Open	Close	Change	End Feb.
UNIQLO Operations	**1,639**	**130**	**35**	**+95**	**1,734**
UNIQLO Japan	**841**	**26**	**23**	**3**	**844**
Own stores	811	17	23	−6	805
Large-scale	208	5	9	−4	204
Standard and others	603	12	14	−2	601
Franchise stores	30	9	0	+9	39
UNIQLO International	**798**	**104**	**12**	**+92**	**890**
China	387	54	5	+49	**436**
Hong Kong	25	0	0	+0	**25**
Taiwan	55	4	0	+4	**59**
Korea	155	10	2	+8	**163**
Singapore	23	1	0	+1	**24**
Malaysia	25	8	0	+8	**33**
Thailand	23	7	0	+7	**30**
Philippines	23	4	0	+4	**27**
Indonesia	8	1	0	+1	**9**
Australia	6	3	0	+3	**9**
USA	42	6	4	+2	**44**
UK	9	0	0	0	**9**
France	8	2	0	+2	**10**
Russia	8	2	1	+1	**9**
Germany	1	1	0	+1	**2**
Belgium	0	1	0	+1	**1**
Global Brands	**1339**	**53**	**40**	**+13**	**1,352**
GU	319	28	8	+20	**339**
Theory ※	504	16	6	+10	**514**
Comptoir des Cotonniers ※	368	6	16	−10	**358**
Princesse tam.tam ※	145	3	8	−5	**140**
J Brand	3	0	2	−2	**1**
Total	**2,978**	**183**	**75**	+108	**3,086**

Note: Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores
※Includes franchise stores

Reference

FY2016 Store Plans by Group Operation

[Unit: Stores]		FY2015 Yr-end	FY2016 Estimate Open	Close	Change	Yr-end
UNIQLO Operations		1,639	217	50	+167	1,806
	UNIQLO Japan ※	841	40	35	+5	846
	UNIQLO International	798	177	15	+162	960
Global Brands ※		1339	80	50	+30	1,369
Total		2,978	297	100	+197	3,175

Note: Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores

※Includes franchise stores

FAST RETAILING

Reference

Forex, Capex, Depreciation

Applicable Exchange Rates

Yen

	1USD	1EUR	1GBP	1RMB	100KRW
Yr to Aug. 2016 6 mths average to Feb. 2016	120.7	132.5	181.3	18.6	10.2
Yr to Aug. 2015 6 mths average to Feb. 2015	113.3	140.2	179.3	18.3	10.6
Yr to Aug. 2016 Exchange rate full year to Aug. 2016 (Estimate)	120.5	132.5	185.0	19.0	10.6
Yr to Aug. 2015 Exchange rate full year to Aug. 2015 (Actual)	117.3	137.1	183.1	18.9	10.7

Capex and Depreciation

Billions of Yen

	Capital spending	Depreciation
Yr to Aug. 2016 6 mths to Feb. 2016 (Actual)	24.5	18.6
Yr to Aug. 2015 6 mths to Feb. 2015 (Actual)	30.6	17.7
Yr to Aug. 2016 Full year (Estimate)	64.0	40.3
Yr to Aug. 2015 Full year (Actual)	62.4	37.7

Breakdown of capital expenditure

FY2015 1H: UNIQLO Japan: ¥5.2bln, UNIQLO Intl.: ¥17.4, Global Brands: ¥4.3bln, Systems: ¥3.4bln

FY2016 1H: UNIQLO Japan: ¥2.4bln, UNIQLO Intl.: ¥13.3, Global Brands: ¥3.8bln, Systems: ¥4.8bln

FY2016(E): UNIQLO Japan: ¥4.2bln, UNIQLO Intl.: ¥36.7bln, Global Brands: ¥11.8bln, Systems: ¥11.3bln