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Six-Year Financial Summary

FAST RETAILING CO., LTD. and consolidated subsidiaries
Fiscal Years Ended August 31

	Millions of Yen (except per share data and other data)					
	2009	2008	2007	2006	2005	2004
For the year:						
Net sales	**¥ 685,043**	¥ 586,451	¥ 525,203	¥ 448,819	¥ 383,973	¥ 339,999
Operating income	**108,639**	87,493	64,963	70,355	56,692	63,954
EBITDA*1	**112,621**	97,467	75,310	80,166	60,794	58,458
Income before income taxes and minority interest	**95,487**	81,994	62,713	72,752	58,016	56,448
Net income	**49,797**	43,529	31,775	40,437	33,884	31,365
At year-end:						
Total assets	**463,285**	404,720	359,770	379,655	272,846	240,897
Total net assets*2	**261,413**	264,014	243,283	240,480	182,349	161,434
Interest-bearing debt	**35,400**	20,016	24,429	22,774	6,185	52
Net cash provided by operating activities	**¥ 59,214**	¥ 87,336	¥ 18,847	¥ 57,477	¥ 15,398	¥ 44,120
Net cash used in investing activities	**(34,273)**	(15,421)	(28,783)	(41,907)	(16,823)	(20,730)
Free cash flow*3	**24,941**	71,915	(9,936)	15,570	(1,425)	23,390
Net cash provided by (used in) financing activities	**(16,847)**	(19,054)	(12,759)	1,932	(14,854)	(8,677)
Cash and equivalents*4	**169,574**	169,888	119,216	141,404	121,061	136,461
Depreciation and amortization	**9,765**	8,523	6,567	5,364	3,681	2,737
Capital expenditures	**22,601**	21,017	26,441	16,261	11,649	11,220
Reference indices:						
Operating profit margin (%)	**15.9%**	14.9%	12.4%	15.7%	14.7%	18.8%
EBITDA margin (%)	**16.4**	16.6	14.3	17.9	15.8	17.2
ROE (%)	**19.1**	17.3	13.6	19.7	19.7	20.8
Equity ratio (%)	**56.0**	64.7	66.7	60.1	66.8	67.0
Debt-equity ratio (%)	**13.5**	7.6	10.0	9.4	3.4	0.0
Dividend payout ratio (%)	**32.7**	30.4	41.7	32.7	39.0	37.7
Per share data (yen):						
Net income	**¥ 488.96**	¥ 427.38	¥ 311.98	¥ 397.38	¥ 331.99	¥ 304.92
Diluted net income	**—**	—	—	397.26	—	—
Net assets	**2,550.86**	2,572.09	2,357.79	2,240.77	1,791.61	1,583.67
Cash dividends	**160.00**	130.00	130.00	130.00	130.00	115.00
Other data:						
Number of shares outstanding	**106,073,656**	106,073,656	106,073,656	106,073,656	106,073,656	106,073,656
Number of subsidiaries	**96**	21	21	19	9	6
Total number of stores	**2,258**	1,958	1,828	1,632	1,232	655
Directly-operated stores in Japan	**[1,454]**	[1,310]	[1,233]	[1,093]	[775]	[635]
Directly-operated stores overseas	**[397]**	[294]	[247]	[196]	[157]	[9]
Franchise stores	**[407]**	[354]	[348]	[343]	[300]	[11]
Commercial complexes	**4**	4	1	—	—	—
Total sales floor space (m^2)*5	**740,489m^2**	685,942m^2	626,998m^2	536,473m^2	437,196m^2	363,901m^2
Number of full-time employees*6	**11,037**	8,054	6,514	3,990	2,668	1,782

*1. EBITDA = Income before income taxes + Interest expense + Depreciation and amortization + Amortization of goodwill
*2. Beginning with the fiscal year ended August 31, 2006, minority interest has been included in net assets.
*3. Free cash flow = Net cash provided by (used in) operating activities + Net cash used in investing activities
*4. Cash and equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
*5. Total sales floor space includes only directly-operated stores.
*6. Beginning with the fiscal year ended August 31, 2007, the number of entrusted officers has not been included in the number of full-time employees.

Management's Discussion and Analysis

Financial Highlights

- Consolidated net sales expanded 16.8%, to ¥685.0 billion, and operating income rose 24.2%, to ¥108.6 billion. Net sales and operating income were both record highs.
- EPS rose 14.4%, to ¥488.96.
- The annual dividend increased ¥30 to ¥160 per share, with a dividend payout ratio of 32.7%.

1 Operating Environment and Management Strategy

During fiscal 2009, ended August 31, market turmoil grew worse as a result of the bankruptcy of Lehman Brothers Holdings, Inc. This dealt a major blow to economies worldwide. As a result, the harsh business environment continued with employment conditions seriously deteriorating in conjunction with shrinking household incomes, which curbed consumption.

The Japanese market continues to shrink due to a demographic shift, which means fewer young consumers—who are major purchasers of apparel—translating into a smaller ratio of disposable income spent on apparel and footwear.

In Asia, including Japan, leading retailers of apparel based in Europe and the United States drew on their business strengths, which include offering highly fashionable products at astonishingly low prices, as they began to make full-scale entry into the region. Along with these developments, consumers are becoming thriftier and more selective. These factors will lead to continued intense competition with global retailers.

Amid this environment, the FAST RETAILING Group (the Group) has set a goal of "Becoming the world's number one apparel retailer by 2020." The Group is, therefore, continuing its drive to "promote globalization, strengthen Group management and refocus on entrepreneurial values." Initiatives by UNIQLO during the fiscal year resulted in doubling the number of stores in Asia (outside Japan), principally China, including Hong Kong, South Korea and Singapore, which led to a consolidation of UNIQLO International's base in the region. In addition, UNIQLO has been able to win the strong support of customers by continuing to "create truly great clothing with new, unique value," as well as by creating and selling high-value-added products, such as HEATTECH and BRA TOP.

Note: Group operations are classified as below.

UNIQLO Japan	UNIQLO operations conducted in Japan
UNIQLO International	UNIQLO operations conducted outside Japan
Japan Apparel Operations	GOV RETAILING and CABIN
Global Brand Operations	Theory, COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM

Within Japan Apparel Operations, the G.U. business profitability dramatically improved with the marketing of jeans priced at ¥990. The Japanese footwear business closed a number of unprofitable FOOTPARK stores, while proceeding with the development of a line of UNIQLO SHOES footwear.

In Global Brand Operations, LINK THEORY HOLDINGS became a wholly owned subsidiary in March 2009 and became a consolidated subsidiary in the third quarter of fiscal 2009. As a result, consolidated net sales rose 16.8%, to ¥685.0 billion, and operating income expanded 24.2%, to ¥108.6 billion. Operating income in fiscal 2009 set a record for the first time in eight years.

Number of Stores by Group Operation

	2009			2008	2007
	End Aug.	Open	Close	End Aug.	End Aug.
UNIQLO	**862**	95	46	813	787
UNIQLO Japan:	**770**	56	45	759	748
Directly-operated	**750**	55	45	740	730
Franchise	**20**	1	0	19	18
UNIQLO International:	**92**	39	1	54	39
China	**33**	20	0	13	9
Hong Kong	**11**	3	0	8	4
South Korea	**30**	12	0	18	14
Singapore	**2**	2	0	—	—
U.K.	**14**	2	1	13	11
U.S.	**1**	0	0	1	1
France	**1**	0	0	1	—
Japan Apparel Operations*	**556**	70	161	647	605
GOV RETAILING	**351**	31	137	457	382
G.U.	**72**	23	9	58	50
Footwear	**279**	8	128	399	332
CABIN	**205**	39	24	190	211
ASPESI	**—**	—	—	—	12
Global Brand Operations*	**840**	43	7	498	436
Theory	**306**	—	—	—	—
COMPTOIR DES COTONNIERS	**368**	26	6	348	305
PRINCESSE TAM.TAM	**166**	17	1	150	131
Total	**2,258**	208	214	1,958	1,828

* Including franchise stores

2 Net Sales and the Gross Profit Margin

Consolidated net sales posted double-digit growth of 16.8% year on year, rising to ¥685.0 billion. The breakdown of the ¥98.5 billion increase in sales was as follows: UNIQLO Japan sales rose ¥75.8 billion, UNIQLO International sales increased ¥8.4 billion, Japan Apparel sales were up ¥2.0 billion and Global Brand Operations' sales increased ¥11.8 billion. In Global Brand Operations, LINK THEORY HOLDINGS became a consolidated subsidiary from the third quarter of fiscal 2009.

Gross profit expanded 16.3%, to ¥341.5 billion. The gross profit margin decreased 0.2 percentage point, to 49.9% due to a drop of 0.4 percentage point in the UNIQLO Japan Operations.

3 Operating Income

Operating income expanded ¥21.1 billion, or 24.2%, to ¥108.6 billion. The operating income margin was 15.9%, representing a 1.0 percentage point rise. This was helped by an improvement of 1.2 percentage points in the ratio of selling, general and administrative (SG&A) expenses to net sales. The SG&A expenses amounted to ¥232.8 billion. Notably, the SG&A expenses ratio for UNIQLO Japan Operations posted a significant improvement of 2.2 percentage points, mainly due to robust sales.

Breakdown of SG&A Expenses

	2009			2008			2007		
	Millions of Yen	% to Sales	% Change	Millions of Yen	% to Sales	% Change	Millions of Yen	% to Sales	% Change
Personnel	**¥ 84,797**	**12.4**	**+10.2**	¥ 76,952	13.1	+9.4	¥ 70,370	13.4	+34.6
Advertising and promotion	**30,697**	**4.5**	**+10.4**	27,793	4.7	+5.8	26,261	5.0	+18.1
Rent	**59,287**	**8.7**	**+16.5**	50,897	8.7	+17.1	43,453	8.3	+26.4
Depreciation/amortization	**9,765**	**1.4**	**+14.6**	8,523	1.5	+29.8	6,567	1.3	+21.4
Others	**48,342**	**7.1**	**+15.0**	42,024	7.2	+14.3	36,780	7.0	+32.4
Total	**¥232,888**	**34.0**	**+12.9**	¥206,189	35.2	+12.4	¥183,431	34.9	+29.1

4 Income before Income Taxes and Minority Interest

Income before income taxes and minority interest amounted to ¥95.4 billion, an increase of ¥13.4 billion over the previous fiscal year. However, the EBITDA margin declined by 0.2 percentage point, to 16.4%. This decrease was due mainly to a foreign exchange loss of ¥5.7 billion, including valuation losses on the foreign currency denominated assets of overseas subsidiaries and losses on foreign currency settlements, both resulting from the sharp appreciation of the yen. Another factor was ¥1.3 billion in non-operating expenses that arose in the second quarter from the losses of LINK THEORY HOLDINGS, which was an equity-method-applied company. In addition, the Group reported extraordinary losses of ¥6.2 billion for fiscal 2009. The breakdown of principal extraordinary losses was as follows: ¥2.2 billion in impairment losses, which included impairment of goodwill in CABIN; a ¥1.5 billion loss due to a provision for a reserve to cover the costs of closure of FOOTPARK stores; ¥1.2 billion in losses due to the removal of fixed assets and closure of stores in the UNIQLO Japan, Theory and certain other operations; and ¥1.0 billion in office transfer expenses incurred due to the relocation of the head office in France and the Group's head office in Tokyo.

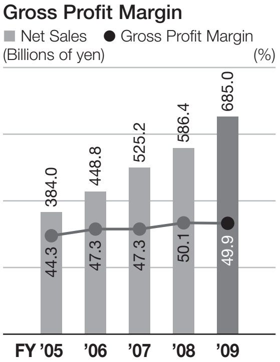
5 Income Taxes and Other

Income taxes for fiscal 2009 totaled ¥45.4 billion, including corporate income taxes, resident taxes and enterprise taxes totaling ¥44.9 billion, as well as deferred income taxes of ¥0.4 billion. The effective tax rate after tax was 47.6%, which was 7.1 percentage points higher than the statutory income tax rate of 40.5%. This difference breaks down as follows: 2.9 percentage points due to an increase in reserves for valuation changes, 2.8 percentage points due to amortization of goodwill and 0.7 percentage point owing to impairment of goodwill.

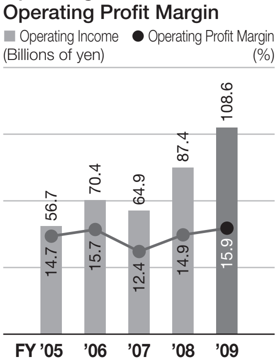
6 Net Income

Net income for fiscal 2009 amounted to ¥49.7 billion, 14.4% higher than in fiscal 2008. Net income per share was ¥488.96, ¥61.5 per share higher than in the previous fiscal year. The annual dividend increased ¥30 per share to ¥160. As a result, the dividend payout ratio on a consolidated basis for the fiscal year was 32.7%, allowing the Group to maintain a dividend payout above 30%.

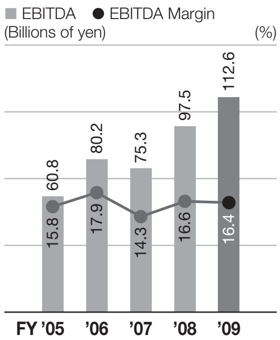
Net Sales and Gross Profit Margin



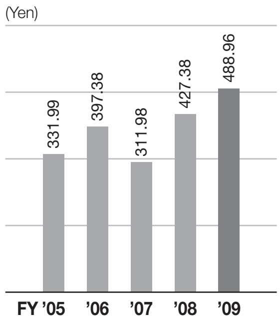
Operating Income and Operating Profit Margin



EBITDA and EBITDA Margin



Earnings per Share



7 Results by Group Operation

Sales by Group Operation

Billions of yen	2009	Y/Y Change	% Change	2008	2007
UNIQLO Japan:					
Net sales	**¥538.1**	¥75.8	+16.4	¥462.3	¥424.7
Operating income	**110.7**	24.3	+28.2	86.4	64.0
UNIQLO International:					
Net sales	**37.7**	8.4	+28.8	29.3	16.9
Operating income (loss)	**1.6**	1.3	+350.0	0.3	(1.1)
Japan Apparel Operations:					
Net sales	**51.5**	2.0	+4.1	49.4	46.0
Operating income (loss)	**(0.5)**	2.3	—	(2.8)	(3.5)
Global Brand Operations:					
Net sales	**55.5**	11.8	+27.0	43.7	36.7
Operating income	**3.6**	(4.1)	(52.8)	7.7	7.2

* The above figures do not include net sales or operating income for FAST RETAILING, or the amortization of goodwill for the Group. As such, adding them together will not yield the total consolidated sales or operating income.
* LINK THEORY HOLDINGS became a consolidated subsidiary beginning with the third quarter of fiscal 2009 and its sales and operating income are included in Global Brand Operations.

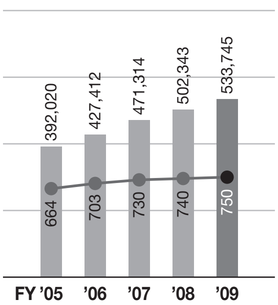
UNIQLO Japan

UNIQLO Japan, which accounted for 78.6% of consolidated net sales, reported an increase of 16.4%, totaling ¥538.1 billion. This strong sales growth has been underpinned by 11.3% growth of same-store sales, and a net increase of 10 directly-operated stores. The sales area of directly-operated stores increased by 6.3% compared with the prior fiscal year.

The same-store sales growth of 11.3% was derived from an increase in the number of customers, 9.6%, and an increase in purchases per customer, 1.6%. The increase in customers was driven by hit products, including HEATTECH and BRA TOP. Other factors included sales promotion activities, such as promotional campaigns and the launching of a stronger product lineup for women. UNIQLO's original products—including HEATTECH, which uses high-function materials developed jointly with strategic partner Toray Industries, Inc., as well as BRA TOP, which offers a comfortable fit and beautiful bust line—have found a following in the market. HEATTECH garments are made of special, heat-retaining synthetic fibers, and, during the fall and winter season 2008, UNIQLO Japan sold 27 million items in the HEATTECH series. During the spring and summer season 2009, UNIQLO's sales of BRA TOP expanded threefold, to nine million items.

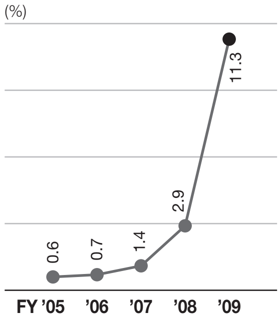
Number of Stores and Sales Floor Space (UNIQLO Japan)*

■ Sales Floor Space (m²)
● Number of Stores

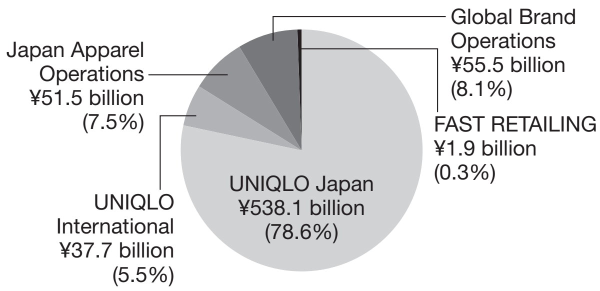


* Directly-operated stores only

Year-on-Year Sales Trend at Existing Stores (UNIQLO Japan)*



Breakdown of Net Sales



UNIQLO Japan is shifting toward larger stores, and, as it scraps its smaller stores, is focusing on stores with a sales area of about 1,600m² as growth drivers. During fiscal 2009, UNIQLO Japan opened 55 directly-operated stores and closed 45 locations, for a net increase of 10 stores. A total of 21 new large-format stores with 1,600m² in sales area were opened and the average total floor space per store rose 3.1% to 710m². The percentage of sales accounted for by large-format stores increased to approximately 20%.

The gross profit margin decreased 0.4 percentage point to 48.1%. During the first half of the fiscal year, the gross profit margin improved by 0.9 percentage point year on year boosted by robust sales of HEATTECH items and winter apparel, although the clearing of fall items had a temporary negative effect on the gross profit margin. In contrast, in the second half of the year, the gross profit margin decreased by 1.8 percentage points, owing to increased campaign activities and early liquidation of summer products.

The ratio of SG&A expenses to sales improved 2.2 percentage points compared with the previous fiscal year. This was primarily due to heightened efficiency in personnel costs and rental costs relative to sales due to sales greatly exceeding business targets. Rents paid for roadside store locations—which account for about 60% of total stores—are a fixed cost. Therefore, as same-store sales strengthened, this contributed directly to the overall efficiency of operations.

As a result of these various factors, the operating income margin at UNIQLO Japan increased 1.9 percentage points to 20.6%. Operating income posted a marked rise of 28.2% year on year, to ¥110.7 billion.

UNIQLO International

During fiscal 2009, UNIQLO International's sales rose 28.8% year on year, to ¥37.7 billion. Sales in local currencies overseas rose about 60%, however, growth in yen terms was lower because of the yen's appreciation. UNIQLO International continued to expand its store network, principally in Asia (outside Japan), and, as a consequence, the number of UNIQLO International stores at the end of fiscal 2009 reached 92, up from 54 a year before. In addition, smooth expansion in same-store sales was reported overseas. The steady increase in awareness of the UNIQLO brand—owing to the activities of flagship stores in New York and London as well as large-format stores located in Shanghai, Beijing, Seoul and elsewhere—contributed to the gains in overseas sales.

In Asia, which accounts for about 70% of the sales of UNIQLO International, aggressive activities to open new stores continued in China, including Hong Kong, and South Korea. As a result, the number of stores in the region rose, nearly doubling to 76 during fiscal 2009. In China, consumer spending trends held relatively firm, and same-store sales posted double-digit growth. In South Korea, the global economic downturn had a major impact on the economy, resulting in a movement toward greater thriftiness among consumers; however, as the first global brand to execute a full-scale entrance into the South Korean market, UNIQLO has established a solid position and performance held firm. Also, UNIQLO International opened its Tampines 1 Store, its first store in Singapore, in April 2009, and it has proved quite popular among consumers.

Operating income of UNIQLO International rose substantially to ¥1.6 billion, compared with ¥0.3 billion the previous year. Performance in Asia showed steady expansion, and UNIQLO U.K. reported a major improvement in profitability, driven by the steady expansion of same-store sales and the disappearance of costs for the flagship store opening, which took place in London in November 2007.

Japan Apparel Operations

In fiscal 2009, sales for our Japan Apparel Operations amounted to ¥51.5 billion, an increase of 4.1% over the previous fiscal year, with an operating loss of ¥0.5 billion, which represented an improvement of ¥2.3 billion from the previous fiscal year.

Following the launch by the G.U. business of a lineup of jeans priced at ¥990 in March 2009, sales expanded dramatically. Subsequently, the G.U. business has steadily launched a series of low-priced items, resulting in major gains in sales overall for the fiscal year and a return to profitability. In footwear operations, reforms have proceeded in the VIEWCOMPANY business and a major program was implemented to close FOOTPARK stores.

Women's apparel chain CABIN was adversely affected by the slump in the fashion apparel industry. Sales stagnated and fell below the previous fiscal year, resulting in an operating loss.

Global Brand Operations

Sales for our Global Brand Operations for fiscal 2009 rose 27.0% year on year, to ¥55.5 billion, but operating income declined 52.8%, to ¥3.6 billion.

The Theory business was consolidated within the Group beginning in the second half of the fiscal year and contributed ¥22.7 billion to consolidated sales and ¥0.4 billion to operating income for the fiscal year.

Due to the deterioration of economic conditions in Europe, COMPTOIR DES COTONNIERS business profitability declined and PRINCESSE TAM.TAM also suffered a drop in profits as a result of stagnation in the wholesale business.

8 Balance Sheets

Total assets as of August 31, 2009, amounted to ¥463.2 billion, ¥58.5 billion higher than at the end of the previous fiscal year. Current assets increased ¥34.4 billion, to ¥298.1 billion. The principal factors accounting for this increase in current assets were a rise in cash flow from UNIQLO Japan Operations, a ¥22.9 billion increase in the balance of marketable securities and a ¥20.8 billion increase in inventories. The increase in inventories was driven by two factors: the early placement of orders by UNIQLO Japan for winter items, which boosted inventories by ¥12.9 billion and the consolidation of LINK THEORY HOLDINGS, which increased inventories by ¥4.8 billion.

Fixed assets rose ¥24.0 billion, to ¥165.1 billion. The consolidation of LINK THEORY HOLDINGS has boosted tangible fixed assets by ¥5.6 billion. Intangible fixed assets increased by ¥14.4 billion, while investments and other assets rose by ¥3.9 billion.

Current liabilities rose ¥57.0 billion year on year and amounted to ¥175.6 billion at the end of the fiscal year. This increase was due primarily to a rise in short-term debt of ¥11.7 billion, and an increase in the exchange rate forward contracts (liabilities) account of ¥47.4 billion owing to the appreciation of the yen. However, because hedge accounting principles were applied to this account with the aim of stabilizing procurement costs, there was no impact on profitability.

Long-term liabilities rose ¥4.1 billion year on year, to ¥26.2 billion at the end of the fiscal year. This increase was driven by a rise in long-term debt of ¥1.6 billion, an allowance of ¥1.1 billion for rental payment guarantees in connection with the sale of Rosner, Inc., and an increase in other long-term liabilities of ¥1.5 billion related to deferred rents in the U.S. operations of LINK THEORY HOLDINGS.

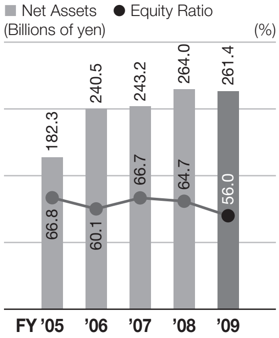
Net assets declined ¥2.6 billion year on year, to ¥261.4 billion. The increase of net income of ¥49.7 billion was outweighed by payments of dividends from retained earnings of ¥14.2 billion, an increase in net unrealized losses on hedge transactions of ¥28.2 billion and an increase in net unrealized losses on securities of ¥8.4 billion. As a result, the ratio of net assets to total liabilities and assets amounted to 56.0%.

Consolidated Subsidiaries*

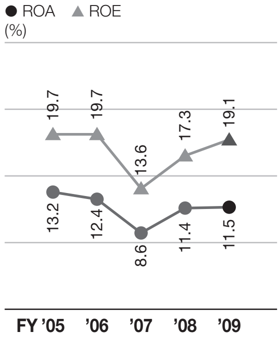
Consolidated Subsidiaries		Share Ownership
UNIQLO Business		
UNIQLO CO., LTD.	Japan	100.0%
UNIQLO(U.K.)LTD.	U.K.	100.0%
FAST RETAILING(CHINA) TRADING CO., LTD.	China	100.0%
UNIQLO USA, Inc.	U.S.	100.0%
FRL KOREA CO., LTD.	South Korea	51.0%
UNIQLO HONG KONG, LIMITED	Hong Kong	100.0%
UNIQLO FRANCE S.A.S.	France	100.0%
UNIQLO Design Studio, New York, Inc.	U.S.	100.0%
UNIQLO (SINGAPORE) PTE. LTD.	Singapore	51.0%
Non-UNIQLO Business		
GOV RETAILING	Japan	100.0%
CABIN CO., LTD.	Japan	100.0%
FR FRANCE S.A.S.	France	100.0%
Créations Nelson S.A.S.	France	100.0%
PETIT VEHICULE S.A.S.	France	100.0%
LINK THEORY HOLDINGS CO., LTD.	Japan	100.0%

* Percentage ownership as of August 31, 2009

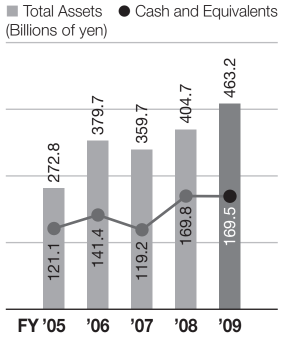
Net Assets and Equity Ratio



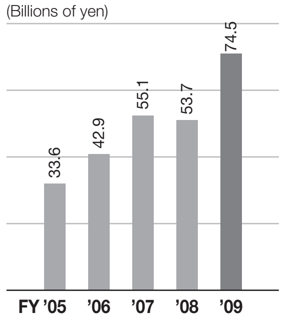
ROA and ROE



Total Assets and Cash and Equivalents



Inventories



9 Cash Flows

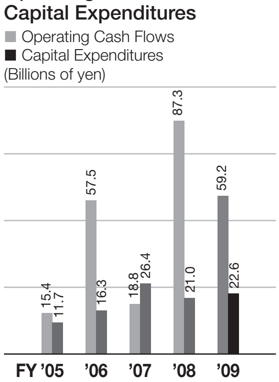
Movements in cash flows in fiscal 2009 were as follows: net cash provided by operating activities was ¥59.2 billion, net cash used in investing activities was ¥34.2 billion and net cash used in financing activities was ¥16.8 billion. As a result, free cash flow amounted to ¥24.9 billion. However, the balance of cash and cash equivalents at the end of fiscal 2009 totaled ¥169.5 billion, decreasing ¥0.3 billion, due to dividend payments amounting to ¥14.2 billion, amortization of bonds totaling ¥11.0 billion and other factors.

The Group's policy for retained earnings and free cash flow is to attain continued stable growth. To this end, the Group is making M&A investments aimed at expansion of Group operations and effective use of investments to strengthen the business bases of Group companies.

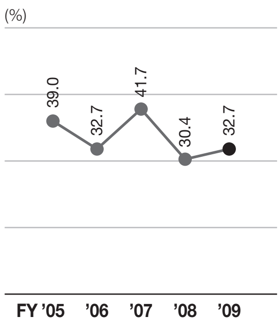
Net Cash Provided by Operating Activities: ¥59.2 Billion

Net income before income taxes and minority interest in fiscal 2009 amounted to ¥95.4 billion, depreciation and amortization was ¥9.7 billion, amortization of goodwill was ¥6.4 billion and impairment losses amounted to ¥2.2 billion. In addition, working capital declined ¥17.5 billion as a result of an increase in inventories. Among other items, income taxes paid, minus income taxes refunded, amounted to ¥40.6 billion.

Operating Cash Flows and Capital Expenditures



Dividend Payout Ratio



Net Cash Used in Investing Activities: ¥34.2 Billion

As a result of the takeover bid to position LINK THEORY HOLDINGS as a wholly owned subsidiary, acquisition of newly consolidated subsidiaries amounted to ¥14.4 billion cash used. In addition, cash used to purchase property and equipment, principally for the UNIQLO and Theory operations, totaled ¥9.9 billion. Payments for lease deposits were ¥8.0 billion.

Net Cash Used in Financing Activities: ¥16.8 Billion

Dividends paid amounted to ¥14.2 billion. In addition, the Group reported expenditures for redemption of bonds of LINK THEORY HOLDINGS of ¥11.0 billion. Procurement of funds pushed the balance of short-term debt up ¥6.8 billion, and long-term debt up ¥6.0 billion.

■ Dividend Policy

FAST RETAILING regards returning a portion of profits to its shareholders as one of its highest priorities and has adopted basic policies of constantly working to improve Group performance and allocating an appropriate amount of profit, depending on performance, to shareholders on a continuing basis. FAST RETAILING's policy is to pay high dividends linked to performance after giving consideration to funds required for the expansion of the operations of the Group and increasing profits as well as maintaining financial soundness. The Group's dividend payout ratio for the fiscal year that ended August 31, 2009, was 32.7%, thus remaining a payout ratio above 30%.

10 Outlook for Fiscal 2010

For the fiscal year ending August 31, 2010, FAST RETAILING targets net sales of ¥820.0 billion, an increase of 19.7% year on year, operating income of ¥130.5 billion, an increase of 20.1% and net income of ¥67.5 billion, a gain of 35.6%. Net income per share is forecast to rise to ¥663.16, and plans call for paying a cash dividend of ¥200 per share, including ¥100 as an interim dividend and ¥100 as a final dividend.

1. Consolidated Outlook for Fiscal Year Ending August 31, 2010

Billions of yen	Annual	% Change	First Half	% Change	Second Half	% Change
Net sales	**¥820.0**	+19.7	¥459.5	+28.6	¥360.5	+10.0
Gross profit	**414.5**	+21.4	233.5	+31.1	181.0	+10.7
SG&A expenses	**284.0**	+21.9	144.5	+33.6	139.5	+11.9
Operating income	**130.5**	+20.1	89.0	+27.4	41.5	+7.0
Net income	**67.5**	+35.6	48.0	+35.0	19.5	+37.3

2. Fiscal 2010 Store Forecast by Business

	2009	2010 (Plan)			
	End Aug.	Open	Close	Net Increase	End Aug.
UNIQLO	862	119	29	+90	**952**
UNIQLO Japan:	770	60	26	+34	**804**
Directly-operated	750	60	26	+34	**784**
Franchise	20	0	0	0	**20**
UNIQLO International:	92	59	3	+56	**148**
China	33	30	1	+29	**62**
Hong Kong	11	2	0	+2	**13**
South Korea	30	24	0	+24	**54**
Singapore	2	1	0	+1	**3**
U.K.	14	0	2	(2)	**12**
U.S.	1	0	0	0	**1**
France	1	1	0	1	**2**
Russia	0	1	0	1	**1**
Japan Apparel Operations*	556	74	204	(130)	**426**
GOV RETAILING	351	52	191	(139)	**212**
G.U.	72	50	3	+47	**119**
Footwear	279	2	188	(186)	**93**
CABIN	205	22	13	+9	**214**
Global Brand Operations*	840	51	17	+34	**874**
Theory	306	23	9	+14	**320**
COMPTOIR DES COTONNIERS	368	27	1	+26	**394**
PRINCESSE TAM.TAM	166	1	7	(6)	**160**
Total	2,258	244	250	(6)	**2,252**

* Including franchise stores

3. Outlook of Sales by Group Operation

Billions of yen	2010 (Plan)	2009	Y/Y Difference	% Change
UNIQLO Japan:				
Net sales	**¥615.0**	¥538.1	¥76.9	+14.3
Operating income	**130.0**	110.7	19.3	+17.4
UNIQLO International:				
Net sales	**70.0**	37.7	32.3	+85.2
Operating income	**6.0**	1.6	4.4	+270.4
Japan Apparel Operations:				
Net sales	**47.0**	51.5	(4.5)	(8.8)
Operating loss	**(0.7)**	(0.5)	(0.2)	—
Global Brand Operations:				
Net sales	**85.0**	55.5	29.5	+52.9
Operating income	**4.5**	3.6	0.9	+22.7

UNIQLO Japan

UNIQLO is anticipating 14.3% growth in sales in Japan, to ¥615.0 billion, and a 17.4% expansion in operating income, to ¥130.0 billion, for the fiscal year ending August 31, 2010. UNIQLO is planning to increase the number of directly-operated stores by a net total of 34, with 25 of these scheduled to be large-format stores with about 1,600m² of floor space. UNIQLO will continue to focus on opening large-format stores in good locations, such as in prime urban, street-side areas and in department stores. At the end of fiscal 2010, UNIQLO expects to have 804 stores in Japan (including franchise stores), with 96 of these being large-format stores.

As the number of large-format stores increases, UNIQLO is optimizing its product development processes and product lineup accordingly. Previously, these have been focused on standard-sized stores with about 650m² to 800m² of sales space, but UNIQLO is shifting its emphasis to large-format stores with approximately 1,600m² of floor space. Accordingly, plans call for expanding the lineup of items to meet the demand for women's goods, which is said to be more than twice the demand for men's items. While maintaining its share in the existing market for men's goods, UNIQLO will aim to increase its share of the market for women's items. Since the sales area per store will increase as more large-format stores are opened, UNIQLO will place more emphasis on its lineup of items for women, including skirts, dresses, jackets, shirts and blouses.

UNIQLO is forecasting a 6.2% increase in same-store sales, with 11.2% growth in the first half of the fiscal year and 0.0% in the latter half. Initial sales performance for the fall and winter season 2009 has been good, and UNIQLO Japan is aiming to sell 47 million HEATTECH items during the 2009 season, a major increase from the 27 million items sold in the fall and winter season 2008.

The fiscal 2010 forecast calls for a 0.4 percentage point rise in the gross profit margin to 48.5%. During the first half of the year, the gross profit margin is expected to improve by 0.5 percentage point to 49.0%. During the second half, it is forecast to improve 0.3 percentage point to 48.0%. The ratio of SG&A expenses for the full fiscal year is forecast to improve by 0.2 percentage point to 27.4%.

UNIQLO International

UNIQLO is forecasting an 85.2% rise, to ¥70.0 billion, in sales in its operations overseas in fiscal 2010, and a 270.4% gain in operating income, to ¥6.0 billion. Plans call for continuing to add new stores aggressively in the Asian region, including a net increase of 29 stores in China and 24 in South Korea. As a result, the total number of stores under UNIQLO International operations are planned to increase to 148 stores by the end of fiscal 2010, up from 92 the previous fiscal year.

In the United States and the United Kingdom, UNIQLO will work to increase its profitability, by improving sales efficiency in its global flagship stores and its existing stores. In the United States, UNIQLO aims to expand income and in the United Kingdom UNIQLO will aim to break-even. In France, sales have been favorable at the Paris global flagship store, which opened on October 1, 2009. UNIQLO is also planning to open its first store in Russia, the UNIQLO Atrium store, in a shopping center in Moscow.

Japan Apparel Operations

Japan Apparel Operations is forecasting a decline in sales of 8.8%, to ¥47.0 billion, and ¥0.7 billion in operating losses, which is nearly the same as the ¥0.5 billion recorded the previous year. Favorable performance in the G.U. business is expected to help GOV RETAILING to report an increase in income. Building on the brand awareness of G.U. as a low-priced brand, which was established through launching a line of jeans priced at ¥990, GOV RETAILING is expanding its ¥990 product series fivefold to 200 kinds of products. In the footwear business, GOV RETAILING began sales of an original lineup of UNIQLO SHOES in fall 2009 and is aiming to further expand this business.

CABIN, a retailer of women's apparel, is focusing on two brands, ZAZIE and enraciné. At the same time, CABIN is moving forward with original product development and sales activities drawing on UNIQLO's SPA (Specialty store retailer of Private label Apparel) know-how and materials procurement expertise.

Global Brand Operations

In fiscal 2010, sales of Global Brand Operations are forecast to increase 52.9%, to ¥85.0 billion, and operating income is expected to rise 22.7%, to ¥4.5 billion. Consolidation of the results of the Theory business for the first full fiscal year is expected to result in a substantial increase in sales for Global Brand Operations. For Theory, sales at stores in the United States and Japan are forecast to be about the same level as in the previous fiscal year, and operating income is expected to show a slight increase. In the COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM businesses, economic conditions in Europe are expected to remain challenging, and operating income is forecast to remain at about the same level as in the previous fiscal year. The sales figures for the COMPTOIR DES COTONNIERS business include rental payments totaling ¥4.7 billion, which was not included in sales in previous fiscal years. This change in accounting has no impact on profitability.

11 Risk Factors

Management regards the following to be the principal risk factors associated with the operations of FAST RETAILING and other members of the Group that could have a material impact on the decisions of investors. Management engages in rigorous risk avoidance and risk management in recognition of the possibility of these risks and strives to respond appropriately should any of these risks arise.

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

(a) Corporate acquisition risk

The Group engages in M&A activities as one of its management strategies for the expansion of its operations. Through these activities, the Group seeks to maximize its corporate value by optimizing its business portfolio through synergies with companies and operations targeted through M&A activities. However, in cases where the Group is unable to realize the expected profit and benefits of M&A activities, this could have an adverse impact on its business results.

(b) Management personnel risk

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

(c) Competitive risk

In each of its businesses, the Group customers are consumers who are always highly discriminating about merchandise, services and prices, and the Group engages in tough competition with other companies in the same industry in Japan and overseas. In the event that the relative competitive strength of the Group deteriorates, this could have an adverse impact on business results.

(d) Risk of reliance on certain regions for production

The majority of merchandise sold through UNIQLO business operations, which are the core activities of the Group, are imports manufactured in China and other countries in Asia. For this reason, in the event that major changes occur in the political, economic and/or legal environment, or in the event of natural disasters in China or other countries where production takes place, there is a possibility that this could have an impact on the Group's ability to supply products.

(e) Risk of operations outside Japan

The Group is developing its business activities through M&A and actively expanding its operations overseas. As the Group's businesses open many stores in countries around the world, the ratio of overseas sales to the Group's net sales is expected to rise. In conjunction with this, the uncertainties related to changes in market needs and product trends, economic fluctuations, political and social turbulence, or changes in legal regulations and/or other conditions in these overseas markets could have an adverse impact on business results.

(f) Foreign currency risk

Transactions for the majority of the products imported for the UNIQLO business, which is the Group's core business, are conducted in U.S. dollars. The Group has concluded forward foreign exchange contracts to cover imports for approximately the coming three years, and, therefore, by locking in the foreign exchange rate for its imports, endeavors to stabilize its procurement costs. However, if there are major movements in exchange rates that persist for prolonged periods, this could have an adverse impact on the Group's business results.

(2) General business risks

The Group recognizes the following risks associated with the management and conduct of its operations: risk of product liability, risk of leakage of personal information, risk of weather conditions, risk of disasters, risk of disputes and lawsuits and risk of changes in economic conditions and consumption trends.

Consolidated Balance Sheets

FAST RETAILING CO., LTD. and consolidated subsidiaries
August 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (note 1)
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash (note 3)	**¥ 43,876**	¥ 67,248	**$ 473,371**
Marketable securities (notes 3 and 5)	**125,875**	102,912	**1,358,025**
Trade notes and accounts receivable	**15,213**	13,411	**164,130**
Less—Allowance for doubtful accounts	**(175)**	(109)	**(1,892)**
Net trade receivables	**15,038**	13,302	**162,238**
Inventories (note 12)	**74,580**	53,778	**804,623**
Deferred tax assets (note 6)	**22,187**	2,545	**239,369**
Income tax refund receivable	**4,771**	6,959	**51,476**
Exchange rate forward contracts	**—**	6,607	**—**
Other	**11,844**	10,345	**127,763**
Total current assets	**298,171**	263,696	**3,216,865**
Fixed assets:			
Property and equipment:			
Land	**3,891**	3,995	**41,982**
Buildings and structures	**64,309**	57,764	**693,812**
Furniture and equipment	**7,962**	6,170	**85,895**
Construction in progress	**1,785**	897	**19,257**
Leased assets	**2,590**	—	**27,947**
Total	**80,537**	68,826	**868,893**
Less—Accumulated depreciation	**(34,590)**	(28,509)	**(373,189)**
Net property and equipment	**45,947**	40,317	**495,704**
Intangible assets:			
Goodwill	**39,399**	28,122	**425,067**
Other (note 12)	**15,914**	12,716	**171,683**
Total intangible assets	**55,313**	40,838	**596,750**
Investments and other assets:			
Investments in securities (note 5)	**686**	669	**7,408**
Investments in subsidiaries and affiliates (note 5)	**104**	3,756	**1,126**
Lease deposits (note 12)	**40,500**	35,629	**436,941**
Construction assistance fund receivables	**17,350**	18,076	**187,191**
Deferred tax assets (note 6)	**3,354**	730	**36,195**
Other	**2,204**	1,551	**23,757**
Less—Allowance for doubtful accounts	**(344)**	(542)	**(3,712)**
Total investments and other assets	**63,854**	59,869	**688,906**
Total fixed assets	**165,114**	141,024	**1,781,360**
Total assets	**¥463,285**	¥404,720	**$4,998,225**

See accompanying notes to consolidated financial statements.

LIABILITIES	Millions of Yen 2009	2008	Thousands of U.S. Dollars (note 1) 2009
Current liabilities:			
Accounts payable	¥ 56,930	¥ 57,035	$ 614,202
Short-term debt	11,775	—	127,044
Portion of long-term debt due within one year (notes 7 and 12)	3,098	3,201	33,431
Forward exchange contracts	40,846	—	440,676
Accrued income taxes (note 6)	27,022	24,570	291,535
Deferred tax liabilities (note 6)	0	3	0
Provision	1,665	228	17,968
Other	34,267	33,554	369,659
Total current liabilities	175,603	118,591	1,894,515
Long-term liabilities:			
Long-term debt (notes 7 and 12)	17,980	16,288	193,980
Accrued retirement and severance obligations (note 8)	—	253	—
Provision	1,130	—	12,197
Other (note 12)	7,159	5,574	77,231
Total long-term liabilities	26,269	22,115	283,408
Total liabilities	201,872	140,706	2,177,923
Net assets:			
Capital stock (note 9)	10,274	10,274	110,842
Capital surplus (note 9)	5,000	4,999	53,948
Retained earnings (note 10)	295,442	259,756	3,187,424
Treasury stock, at cost (note 11)	(16,254)	(15,556)	(175,363)
Valuation difference on available-for-sale securities	(9,353)	(928)	(100,906)
Deferred gains or losses on hedges	(24,290)	3,940	(262,056)
Foreign currency translation adjustments	(1,180)	(517)	(12,726)
Minority interest	1,774	2,046	19,139
Total net assets	261,413	264,014	2,820,302
Commitments and contingencies (note 13)			
Total liabilities and net assets	¥463,285	¥404,720	$4,998,225

Consolidated Statements of Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the Years Ended August 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (note 1)
	2009	2008	2007	**2009**
Net sales	**¥685,043**	¥586,451	¥525,203	**$7,390,692**
Cost of sales	**343,515**	292,769	276,808	**3,706,064**
Gross profit	**341,528**	293,682	248,395	**3,684,628**
Selling, general and administrative expenses (note 14)	**232,889**	206,189	183,432	**2,512,550**
Operating income	**108,639**	87,493	64,963	**1,172,078**
Other income (expenses):				
Interest and dividend income	**847**	2,240	1,314	**9,149**
Penalty income	**258**	—	—	**2,793**
Equity in losses of affiliates	**(1,383)**	(379)	(2,078)	**(14,929)**
Foreign exchange gains (losses)	**(5,793)**	(2,001)	1,884	**(62,499)**
Gain on sale of investments in securities	**—**	—	98	**—**
Interest expenses	**(917)**	(1,635)	(1,775)	**(9,897)**
Gain on forgiveness of subsidiary debt	**—**	301	—	**—**
Gain on sale of fixed assets	**—**	123	1,409	**—**
Reversal of allowance for doubtful accounts	**149**	212	209	**1,617**
Reversal of provision for directors' retirement benefits	**184**	—	—	**1,989**
Loss on disposal of fixed assets	**(836)**	(1,005)	(650)	**(9,019)**
Impairment loss (note 15)	**(2,242)**	(896)	(2,118)	**(24,190)**
Loss on closure of stores	**(448)**	(1,290)	(467)	**(4,840)**
Restructuring expenses	**—**	(1,296)	—	**—**
Provision for loss on business liquidation	**(1,571)**	—	—	**(16,951)**
Office transfer expenses	**(1,008)**	—	—	**(10,883)**
Other, net	**(392)**	127	(76)	**(4,233)**
Total	**(13,152)**	(5,499)	(2,250)	**(141,893)**
Income before income taxes and minority interest	**95,487**	81,994	62,713	**1,030,185**
Income taxes (note 6):				
Current	**44,939**	38,890	31,145	**484,837**
Deferred	**494**	(762)	(371)	**5,328**
Total	**45,433**	38,128	30,774	**490,165**
Minority interest	**257**	337	164	**2,773**
Net income	**¥ 49,797**	¥ 43,529	¥ 31,775	**$ 537,247**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the Years Ended August 31, 2009, 2008 and 2007

	Millions of Yen								
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interest	Total
Balance at August 31, 2006	¥10,274	¥4,999	¥211,135	¥(15,540)	¥ 465	¥ 16,385	¥ 509	¥12,253	¥240,480
Net income	—	—	31,775	—	—	—	—	—	31,775
Cash dividends (note 10)	—	—	(13,749)	—	—	—	—	—	(13,749)
Increase in treasury stock (note 11)	—	—	—	(6)	—	—	—	—	(6)
Decrease in treasury stock (note 11)	—	0	—	0	—	—	—	—	0
Effect of newly consolidated subsidiaries	—	—	(203)	—	—	—	—	—	(203)
Net change during the year	—	—	—	—	(96)	(5,992)	188	(9,114)	(15,014)
Balance at August 31, 2007	10,274	4,999	228,958	(15,546)	369	10,393	697	3,139	243,283
Net income	—	—	43,529	—	—	—	—	—	43,529
Cash dividends (note 10)	—	—	(12,731)	—	—	—	—	—	(12,731)
Increase in treasury stock (note 11)	—	—	—	(10)	—	—	—	—	(10)
Decrease in treasury stock (note 11)	—	0	—	0	—	—	—	—	0
Net change during the year	—	—	—	—	(1,297)	(6,453)	(1,214)	(1,093)	(10,057)
Balance at August 31, 2008	10,274	4,999	259,756	(15,556)	(928)	3,940	(517)	2,046	264,014
Net income	**—**	**—**	**49,797**	**—**	**—**	**—**	**—**	**—**	**49,797**
Cash dividends (note 10)	**—**	**—**	**(14,258)**	**—**	**—**	**—**	**—**	**—**	**(14,258)**
Increase in treasury stock (note 11)	**—**	**—**	**—**	**(698)**	**—**	**—**	**—**	**—**	**(698)**
Decrease in treasury stock (note 11)	**—**	**1**	**—**	**0**	**—**	**—**	**—**	**—**	**1**
Change of scope of consolidation	**—**	**—**	**147**	**—**	**—**	**—**	**—**	**—**	**147**
Net change during the year	**—**	**—**	**—**	**—**	**(8,425)**	**(28,230)**	**(663)**	**(272)**	**(37,590)**
Balance at August 31, 2009	**¥10,274**	**¥5,000**	**¥295,442**	**¥(16,254)**	**¥(9,353)**	**¥(24,290)**	**¥(1,180)**	**¥ 1,774**	**¥261,413**

	Thousands of U.S. Dollars (note 1)								
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interest	Total
Balance at August 31, 2008	$110,842	$53,940	$2,802,419	$(167,837)	$ (10,013)	$ 42,503	$ (5,578)	$22,078	$2,848,354
Net income	**—**	**—**	**537,247**	**—**	**—**	**—**	**—**	**—**	**537,247**
Cash dividends (note 10)	**—**	**—**	**(153,835)**	**—**	**—**	**—**	**—**	**—**	**(153,835)**
Increase in treasury stock (note 11)	**—**	**—**	**—**	**(7,530)**	**—**	**—**	**—**	**—**	**(7,530)**
Decrease in treasury stock (note 11)	**—**	**8**	**—**	**4**	**—**	**—**	**—**	**—**	**12**
Change of scope of consolidation	**—**	**—**	**1,593**	**—**	**—**	**—**	**—**	**—**	**1,593**
Net change during the year	**—**	**—**	**—**	**—**	**(90,893)**	**(304,559)**	**(7,148)**	**(2,939)**	**(405,539)**
Balance at August 31, 2009	**$110,842**	**$53,948**	**$3,187,424**	**$(175,363)**	**$(100,906)**	**$(262,056)**	**$(12,726)**	**$19,139**	**$2,820,302**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the Years Ended August 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (note 1)
	2009	2008	2007	**2009**
Cash flows from operating activities:				
Income before income taxes and minority interest	**¥ 95,487**	¥ 81,994	¥ 62,713	**$1,030,185**
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:				
Depreciation and amortization	**9,765**	8,523	6,567	**105,360**
Impairment loss	**2,242**	896	2,118	**24,190**
Amortization of goodwill	**6,450**	5,315	4,254	**69,587**
Equity in losses of affiliates	**1,383**	379	2,078	**14,929**
Decrease in allowance for doubtful accounts	**(283)**	(260)	(263)	**(3,060)**
Increase (decrease) in accrued retirement and severance obligations	**57**	(130)	(55)	**620**
Increase in other provision	**1,542**	—	—	**16,647**
Interest and dividend income	**(847)**	(2,240)	(1,314)	**(9,149)**
Interest expenses	**917**	1,635	1,775	**9,897**
Foreign exchange (gains) losses	**1,396**	369	(608)	**15,062**
Loss on disposal of fixed assets	**836**	1,005	650	**9,019**
Gain on sales of fixed assets	**—**	(123)	(1,409)	**—**
Decrease (increase) in trade receivables	**63**	(3,505)	(1,132)	**689**
(Increase) decrease in inventories	**(17,576)**	1,851	(11,809)	**(189,621)**
(Increase) decrease in other assets	**(1,061)**	(2,104)	6,408	**(11,452)**
(Decrease) increase in trade payables	**(1,150)**	15,378	(2,529)	**(12,417)**
Increase (decrease) in other liabilities	**393**	7,117	(4,243)	**4,250**
Bonuses to directors	**—**	—	(175)	**—**
Other	**899**	606	(163)	**9,674**
Total	**100,513**	116,706	62,863	**1,084,410**
Interest and dividend received	**897**	2,210	1,365	**9,679**
Interest paid	**(1,053)**	(1,647)	(1,700)	**(11,361)**
Repayments of debt associated with reorganizing subsidiary	**(512)**	(502)	(482)	**(5,525)**
Income taxes paid	**(47,680)**	(36,258)	(55,993)	**(514,414)**
Income taxes refund	**7,049**	6,827	12,794	**76,051**
Net cash provided by operating activities	**59,214**	87,336	18,847	**638,840**
Cash flows from investing activities:				
Net decrease (increase) in time deposits	**95**	(95)	16	**1,026**
Purchase of investment securities	**—**	—	(181)	**—**
Proceeds from sales and redemption of securities	**31**	9	6,172	**342**
Investments in subsidiaries	**—**	—	(15,400)	**—**
Acquisition of newly consolidated subsidiaries	**(14,465)**	(1,013)	—	**(156,066)**
Purchase of property and equipment	**(9,910)**	(11,187)	(14,427)	**(106,923)**
Proceeds from sale of property and equipment	**145**	172	2,271	**1,569**
Payments for lease deposits	**(8,029)**	(3,978)	(7,414)	**(86,630)**
Collections of lease deposits	**2,487**	3,396	2,830	**26,832**
Payments for construction assistance fund receivables	**(1,537)**	(1,253)	(1,112)	**(16,586)**
Collections of construction assistance fund receivables	**2,143**	2,333	2,231	**23,126**
Purchase of intangible assets	**(3,123)**	(4,597)	(3,487)	**(33,701)**
Other, net	**(2,110)**	792	(282)	**(22,757)**
Net cash used in investing activities	**(34,273)**	(15,421)	(28,783)	**(369,768)**
Cash flows from financing activities:				
Net increase (decrease) in short-term debt	**6,838**	214	(169)	**73,783**
Proceeds from long-term debt	**6,000**	56	3,844	**64,732**
Repayments of long-term debt	**(3,541)**	(4,896)	(3,308)	**(38,206)**
Redemption of bonds	**(11,070)**	—	—	**(119,439)**
Proceeds from (payment for) treasury stocks, net	**(697)**	(9)	(6)	**(7,518)**
Dividends paid	**(14,257)**	(12,729)	(13,747)	**(153,819)**
Other	**(120)**	(1,690)	627	**(1,295)**
Net cash used in financing activities	**(16,847)**	(19,054)	(12,759)	**(181,762)**
Effect of exchange rate changes on cash and equivalents	**(8,488)**	(2,189)	153	**(91,584)**
Net (decrease) increase in cash and equivalents	**(396)**	50,672	(22,542)	**(4,274)**
Cash and equivalents at beginning of year (note 3)	**169,888**	119,216	141,404	**1,832,867**
Cash and equivalents of newly consolidated subsidiaries	**82**	—	354	**888**
Cash and equivalents at end of year (note 3)	**¥169,574**	¥169,888	¥119,216	**$1,829,481**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

FAST RETAILING CO., LTD. and consolidated subsidiaries

1 Basis of Presentation and Financial Statement Translation

(a) Basis of Presentation and Financial Statement Translation

The accompanying consolidated financial statements of FAST RETAILING CO., LTD. ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Effective September 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)." In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended August 31, 2009 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. Until August 31, 2008, the accompanying consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile. In addition, for the convenience of readers outside Japan, the accompanying consolidated financial statements, including the notes thereof, have been reclassified and contain additional information which is not required under accounting principles generally accepted in Japan.

(b) Basis of Financial Statement Translation

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥92.69=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of August 31, 2009. This translation should not be construed as a presentation that any amounts shown could be converted into U.S. dollars.

2 Basis of Consolidation and Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the 96 subsidiaries (21 in 2008) over which the Company has power of control through substantial ownership of majority voting rights.

The main subsidiaries are as follows:

	Ownership Percentage	
Consolidated Subsidiaries	**2009**	2008
UNIQLO CO., LTD.	**100%**	100%
UNIQLO(U.K.)LTD.	**100%**	100%
FAST RETAILING(CHINA)TRADING CO., LTD.	**100%**	100%
UNIQLO USA, Inc.	**100%**	100%
FRL KOREA CO., LTD.	**51%**	51%
UNIQLO HONG KONG, LIMITED	**100%**	100%
GOV RETAILING CO., LTD.	**100%**	—
COMPTOIR DES COTONNIERS JAPAN CO., LTD.	**100%**	100%
FR FRANCE S.A.S.	**100%**	100%
Créations Nelson S.A.S.	**100%**	100%
UNIQLO FRANCE S.A.S.	**100%**	100%
PETIT VEHICULE S.A.S.	**100%**	95%
CABIN CO., LTD.	**100%**	100%
VIEWCOMPANY CO.,LTD.	**100%**	100%
G.U. CO., LTD.	**100%**	100%
UNIQLO Design Studio, New York, Inc.	**100%**	100%
LINK THEORY HOLDINGS CO.,LTD.	**100%**	32%
UNIQLO (SINGAPORE) PTE.LTD.	**51%**	51%

The importance of the nonconsolidated subsidiary UNIQLO Design Studio, New York, Inc. increased during the fiscal year, and that company has therefore been included within the scope of consolidation from this fiscal year under review. Regarding UNIQLO (SINGAPORE) PTE.LTD., because that company began business operations and increased in importance during this fiscal year under review, that company has been included within the scope of consolidation from this fiscal year under review. Regarding LINK THEORY HOLDINGS CO.,LTD., because the management control of that company was acquired in March 2009, that company has been included within the scope of consolidation from this fiscal year under review (see Note 20. Business Combinations). Accompanying this move, the consolidated subsidiaries of that company have also been included within the scope of consolidation. Regarding GLOBAL RETAILING CO., LTD. and GLOBAL INVESTMENT CO., LTD., accompanying the amalgamation by absorption of those companies during this fiscal year under review, those companies have been removed from the scope of consolidation. The corporate name of ONEZONE CORPORATION was changed to GOV RETAILING CO., LTD. from this fiscal year under review. Regarding FAST RETAILING (JIANGSU) APPAREL CO., LTD., that company was liquidated in July 2009.

The consolidated financial statements of the Company as of and for the years ended August 31, 2009 and 2008 include accounts of FAST RETAILING(CHINA)TRADING CO., LTD. as of June 30, and VIEWCOMPANY CO.,LTD. as of August 20, which are the end of the interim period.

Because the financial closing date of two consolidated subsidiaries of LINK THEORY HOLDINGS CO.,LTD.—Link Theory Holdings (US) Inc. and Link Theory Holdings (Europe) GmbH—and the consolidated subsidiaries of those companies is June 30, while the financial closing date of another consolidated subsidiary of LINK THEORY HOLDINGS CO.,LTD.—LK International (H.K.) Ltd.—and its consolidated subsidiaries is May 31, the financial statements of those companies prepared at each of those financial closing dates were used in the preparation of consolidated financial statements. Regarding Theory Shanghai International Trading Co., Ltd., the interim closing date of June 30 was used as the closing date for the preparation of consolidated financial statements. During the process of preparing consolidated financial statements, the financial statements prepared at that closing date were used, and necessary consolidation adjustments were made with respect to important transactions that took place between that closing date and the consolidated closing date.

The Company does not account for the Company's one other subsidiary and one other affiliate under the equity method, as the Company determined those companies to be insignificant, individually and in the aggregate, to total assets, revenue, net income and retained earnings of the accompanying consolidated financial statements.

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

(b) Cash and Equivalents

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

(c) Short-Term Investments and Investments in Securities

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

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

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

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

(d) Allowance for Doubtful Accounts

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

(e) Inventories

Most inventories are stated at the lower of cost or market. The cost is mainly determined by the specific identification method. "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued July 5, 2006) is applied from the fiscal year beginning September 1, 2009.

The financial impact of this change is immaterial.

(f) Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the declining-balance method for the Company and its certain domestic subsidiaries except for the buildings acquired by certain domestic subsidiaries after April 1, 1998 for which the straight-line method is used. Depreciation is computed principally by the straight-line method for overseas subsidiaries. The ranges of principal estimated useful lives are as follows:

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

(g) Intangible Assets

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

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

(h) Retirement and Severance Benefits

The Company and certain subsidiaries have defined contribution plans.

Certain other subsidiaries have defined benefit plans for the employees' retirement and severance. Accrued retirement and severance obligations under the defined benefit plans are provided based on estimated projected benefit obligation and plan assets at the end of the fiscal year. Actuarial gains and losses are recognized as income or expense on a straight-line basis over certain years, beginning with the next fiscal year of occurrence, principally over seven years, not exceeding the expected average remaining working lives of the employees participating in the plans.

(i) Leases Assets

Before the fiscal year ended August 31, 2008, finance lease transactions that did not involve a transfer of ownership were accounted for using the same method as operating leases. Since the fiscal year beginning September 1, 2008, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on June 17, 1993 (First Committee of Business Accounting Council), revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on January 18, 1994 (Accounting System Committee of Japan Institute of Certified Public Accountants), revised on March 30, 2007) are applied and all finance lease transactions are capitalized, except for the finance lease transactions executed on or before August 31, 2008 that do not involve a transfer of ownership that are accounted for by the same method as former fiscal years.

The financial impact of this change is immaterial.

(j) Revenue Recognition

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

(k) Foreign Currency Translation

Foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction date or, if only the relation between foreign currency transactions and related firm forward exchange contracts meets the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments" of the BADC, those covered by firm forward exchange contracts can be translated at such contract rates. At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for those, as described above, translated at related contract rates. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to income as incurred.

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

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

Shareholders' equity accounts are translated at historical rates.

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

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

(l) Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

(m) Reclassifications

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

3 Cash and Equivalents

Cash and equivalents as of August 31, 2009 and 2008 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash	**¥ 43,876**	¥ 67,248	**$ 473,371**
Time deposits with maturity over three months	**(177)**	(272)	**(1,915)**
Marketable securities	**125,875**	102,912	**1,358,025**
Cash and equivalents	**¥169,574**	¥169,888	**$1,829,481**

4 Inventories

Inventories as of August 31, 2009 and 2008 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Merchandise	**¥72,229**	¥51,645	**$779,249**
Supplies	**2,351**	2,133	**25,374**
Total	**¥74,580**	¥53,778	**$804,623**

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

5 Short-Term Investments and Investments in Securities

Investments in securities as of August 31, 2009 and 2008 are classified as available-for-sale securities.

The following tables summarize acquisition costs and fair values of securities with available fair values as of August 31, 2009 and 2008:

(a) Securities with Available Fair Values

	Millions of Yen		
As of August 31, 2009	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**¥ —**	**¥ —**	**¥ —**
Other	**296**	**357**	**61**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**310**	**270**	**(40)**
Other	**3,130**	**2,991**	**(139)**
Total	**¥3,736**	**¥3,618**	**¥(118)**

	Millions of Yen		
As of August 31, 2008	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	¥ 327	¥ 450	¥123
Other	3,425	3,917	492
Securities with available fair values not exceeding acquisition cost:			
Equity securities	17	14	(3)
Other	—	—	—
Total	¥3,769	¥4,381	¥612

	Thousands of U.S. Dollars		
As of August 31, 2009	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**$ —**	**$ —**	**$ —**
Other	**3,193**	**3,852**	**659**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**3,344**	**2,913**	**(431)**
Other	**33,769**	**32,268**	**(1,501)**
Total	**$40,306**	**$39,033**	**$(1,273)**

The following table summarizes book values of securities with no fair values as of August 31, 2009 and 2008.

(b) Sale of Securities with Available Fair Values

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Sales amounts of securities	**¥31**	¥1,758	**$342**
Total of gain on sales	**2**	6	**31**
Total of loss on sales	**(9)**	(17)	**(101)**

(c) Securities with No Available Fair Values

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Equity securities	**¥ 415**	¥ 203	**$ 4,477**
Mutual funds	**38,487**	45,138	**415,223**
Cash liquidity fund	**20,039**	25,069	**216,194**
Certificates of deposit	**64,000**	26,786	**690,474**
Others	**0**	2,000	**0**

6 Income Taxes

The Company and subsidiaries are subject to a number of taxes based on income. The aggregate statutory tax rate for the Company was approximately 40.5% for the years ended 2009, 2008 and 2007.

Reconciliations between the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interest for fiscal 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Statutory income tax rate:	**40.5%**	40.5%	40.5%
Increase in reserves for valuation changes	**2.9**	3.8	5.8
Loss in earnings of affiliate	**—**	—	1.3
Amortization of goodwill	**2.8**	2.6	2.6
Impairment of goodwill	**0.7**	—	—
Lower income tax rates applicable to income in certain foreign countries	**—**	(1.2)	—
Other	**0.7**	0.8	(1.1)
Effective income tax rate	**47.6%**	46.5%	49.1%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of August 31, 2009 and 2008 are presented as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets—current	**¥22,187**	¥ 2,545	**$239,369**
Total gross deferred tax assets:			
Accrued business tax	**¥ 1,936**	¥ 1,698	**$ 20,890**
Accrued bonus	**2,110**	1,792	**22,765**
Loss on impairment	**810**	1,246	**8,745**
Operating loss carryforward	**14,209**	11,848	**153,302**
Deferred losses on hedges	**16,559**	—	**178,650**
Other	**10,465**	3,823	**112,889**
	46,089	20,407	**497,241**
Valuation allowance	**(19,591)**	(14,516)	**(211,353)**
	26,498	5,891	**285,888**
Total gross deferred tax liabilities:			
Deferred gains on hedges	**—**	(2,619)	**—**
Other	**(956)**	—	**(10,323)**
	(956)	(2,619)	**(10,323)**
Net deferred tax assets	**¥25,542**	¥ 3,272	**$275,565**

Net deferred tax assets as of August 31, 2009 and 2008 are reflected in the consolidated balance sheets under the following captions:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets—current	**¥22,187**	¥2,545	**$239,369**
Deferred tax assets—non-current	**3,354**	730	**36,195**
Deferred tax liabilities—current	**0**	(3)	**0**
Net deferred tax assets	**¥25,542**	¥3,272	**$275,565**

7 Long-Term Debt

Long-term debt as of August 31, 2009 and 2008 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Unsecured loans mainly from Japanese financial institutions, with weighted average interest of 1.43% due 2010 through 2015	**¥21,078**	¥19,489	**$227,411**
Less current portion	**3,098**	3,201	**33,431**
	¥17,980	¥16,288	**$193,980**

The annual maturities of long-term debt subsequent to August 31, 2009 are as follows:

Year ending August 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 3,098	$ 33,431
2011	12,049	130,000
2012	1,212	13,076
2013	1,472	15,889
2014	845	9,120
Thereafter	2,402	25,895
	¥21,078	$227,411

8 Accrued Retirement and Severance Obligations

The Company and certain consolidated subsidiaries have defined contribution plans. Certain other subsidiaries have defined benefit plans.

Benefit obligations and plan assets as of August 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligations	**¥3,113**	¥3,492	**$33,591**
Less: Plan assets	**(2,328)**	(2,940)	**(25,114)**
Unfunded benefit obligations	**785**	552	**8,477**
Unrecognized actuarial loss	**(478)**	(311)	**(5,158)**
Unrecognized prior service benefit	**—**	12	**—**
Accrued retirement and severance obligations	**¥ 307**	¥ 253	**$ 3,319**

The components of net retirement benefit costs for the years ended August 31, 2009, 2008 and 2007 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	**2009**
Service cost	**¥152**	¥230	¥213	**$1,645**
Interest cost	**75**	55	53	**815**
Expected return on plan assets	**(88)**	(129)	(124)	**(951)**
Expenses related to defined contribution plans	**293**	280	196	**3,170**
Others	**94**	19	(41)	**995**
	¥526	¥455	¥297	**$5,674**

9 Capital Stock and Capital Surplus

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

The Company has authorized for issuance 300 million shares of common stock with no par value as of August 31, 2009. Issued and outstanding shares were 106,073,656 shares for each of the three years in the period ended August 31, 2009.

10 Legal Retained Earnings

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

Capital surplus and retained earnings less legal reserves and certain adjustments thereto may be available for dividends by resolution of the meeting of the Board of Directors. The accompanying consolidated financial statements do not include any provision for dividends of ¥85 ($0.92) per share, aggregating ¥8,652 million ($93,343 thousand). These dividends were approved at the meeting of the Board of Directors held November 9, 2009 in respect of the fiscal year ended August 31, 2009.

11 Treasury Stock

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

The changes in shares of treasury stock for the years ended August 31, 2009, 2008 and 2007 are summarized as follows.

	Shares	Millions of Yen	Thousands of U.S. Dollars
Balance as of August 31, 2006	4,221,909	¥15,540	
Repurchase of common stock	711	6	
Issuance of treasury stock, net	(60)	(0)	
Balance as of August 31, 2007	4,222,560	15,546	
Repurchase of common stock	1,038	10	
Issuance of treasury stock, net	(16)	(0)	
Balance as of August 31, 2008	4,223,582	¥15,556	$167,837
Repurchase of common stock	64,876	698	7,530
Issuance of treasury stock, net	(112)	(0)	(4)
Balance as of August 31, 2009	**4,288,346**	**¥16,254**	**$175,363**

12 Pledged Assets

As of August 31, 2009, the following assets are pledged as collateral for debts and other liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Pledged assets:		
Inventories	¥ 34	$ 377
Other intangible assets	918	9,913
Lease deposits	29	313
Total assets of five subsidiaries of Link Theory Holdings (US) Inc.	21,209	228,799
	¥22,190	$239,402
Corresponding liabilities:		
Portion of long-term debt due within one year	¥ 317	$ 3,423
Long-term debt	601	6,490
Other long-term liabilities	78	850
Import L/C (limitation)	582	6,272
	¥ 1,578	$ 17,035

13 Commitments and Contingencies

The Company had the following contingent liabilities as of August 31, 2009.

	Millions of Yen	Thousands of U.S. Dollars
Loan guarantees for:		
Employees' benefit society 2009	¥23	$256
Loan guarantees for:		
Employees' benefit society 2008	20	217

14 Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended August 31, 2009, 2008 and 2007 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	**2009**
Advertising and promotion	**¥30,697**	¥27,793	¥26,261	**$331,181**
Salaries	**62,911**	56,603	52,126	**678,734**
Rent	**55,521**	45,596	37,404	**599,005**
Depreciation	**9,765**	8,523	6,567	**105,360**
Amortization of goodwill	**6,450**	5,315	4,254	**69,587**
Allowance for doubtful accounts	**64**	14	10	**694**

15 Impairment Loss

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

The impairment loss was recognized for store assets with a significant decline in profitability. The total impairment loss of ¥510 million ($5,505 thousand), ¥896 million and ¥1,476 million, which represents an amount by which the carrying amount exceeds the recoverable amount, was recognized as other expense for the years ended August 31, 2009, 2008 and 2007, respectively. They consisted of the following assets:

	Millions of Yen			Thousands of U.S. Dollars
Assets	**2009**	2008	2007	**2009**
Buildings and structures	**¥386**	¥708	¥1,293	**$4,172**
Furniture and equipment	**27**	59	111	**295**
Leased assets	**—**	110	42	**—**
Land	**97**	—	—	**1,037**
Other	**—**	19	30	**11**
	¥510	¥896	¥1,476	**$5,505**

The recoverable value of retail store assets is estimated using the value in use approach. Retail store assets are assumed to have no recoverable value if the expected future cash flows derived from those assets is negative. The recoverable value of retail store assets expected to generate positive future cash flows is estimated based on discounting the anticipated future cash flows at a discount rate of 11.1% per annum.

In addition, regarding goodwill associated with a portion of consolidated subsidiaries, an impairment loss of ¥1,731 million ($18,675 thousand) corresponding to the portion of the unamortized balance determined to be unrecoverable due to profitability decreases was recorded as an extraordinary loss. The recoverable value of goodwill is estimated based on discounting the anticipated future cash flows at a discount rate of 10% per annum.

16 Leases

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

	Millions of Yen		
	2009		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**¥12,326**	**¥942**	**¥13,268**
Accumulated depreciation	**6,979**	**528**	**7,507**
Impairment	**188**	**—**	**188**
Net balance	**¥ 5,159**	**¥414**	**¥ 5,573**

	Millions of Yen		
	2008		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	¥14,210	¥300	¥14,510
Accumulated depreciation	6,161	36	6,197
Impairment	176	—	176
Net balance	¥ 7,873	¥264	¥ 8,137

	Thousands of U.S. Dollars		
	2009		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**$132,984**	**$10,168**	**$143,152**
Accumulated depreciation	**75,286**	**5,698**	**80,984**
Impairment	**2,039**	**—**	**2,039**
Net balance	**$ 55,659**	**$ 4,470**	**$ 60,129**

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Lease payments	**¥3,136**	¥3,009	¥3,358	**$33,843**
Reversal of allowance for loss on impairment of leased assets	**91**	18	10	**991**
Depreciation expenses	**2,967**	2,863	3,191	**32,016**
Interest expenses	**168**	179	169	**1,821**
Impairment loss	**13**	110	42	**148**

Future minimum lease payments relating to finance leases accounted for as operating leases as of August 31, 2009 are as follows:

Year ending August 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥2,523	$27,224
2011 and thereafter	3,392	36,595
	¥5,915	$63,819

Future minimum lease payments relating to operating leases as of August 31, 2009 are as follows:

Year ending August 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 2,497	$ 26,943
2011 and thereafter	18,256	196,955
	¥20,753	$223,898

17 Per Share Data

Net income per share for the years ended August 31, 2009, 2008 and 2007 is as follows:

	Yen			U.S. Dollars
	2009	2008	2007	2009
Basic	**¥488.96**	¥427.38	¥311.98	**$5.28**
Diluted	**—**	—	—	**—**

Under "Earnings Per Share" of the Accounting Standards Board of Japan, net income per share is based on the weighted average number of shares of common stock outstanding during the respective years. On a diluted basis, both net income and shares outstanding are adjusted assuming the exercise of rights relevant to potential shares. No diluted net income per share for 2009, 2008 and 2007 has been presented because there was no item with dilutive effect for those years.

Net assets per share as of August 31, 2009 and 2008 are as follows:

	Yen		U.S. Dollars
	2009	2008	2009
Basic	**¥2,550.86**	¥2,572.09	**$27.52**

18 Related Party Transactions

There were no related party transactions during the years ended August 31, 2008 and 2009.

From this fiscal year, the Company and its subsidiary have applied "Accounting Standard for Related Party Disclosures" (ASBJ statement No. 11, issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ guidance No. 13, issued on October 17, 2006). The adoption of them requires the Company no further disclosure of objects compared with the previous method.

19 Provision for Loss on Business Liquidation

The provision for loss on business liquidation accompanied a decision to close stores due to the shrinkage of FOOTPARK business.

20 Business Combinations

Business combinations for the year ended August 31, 2009 were as follows.

Acquisition of LINK THEORY HOLDINGS CO.,LTD.

(a) Outline of the Acquisition

(1) Name and lines of business of company acquired:

Name: LINK THEORY HOLDINGS CO.,LTD.

Line of business: Management of company engaged in the following businesses

- Licensed brand-related planning, manufacturing, marketing and directly-operated store operation
- Own-brand-related planning, manufacturing, marketing and directly-operated store operation
- Import and marketing of overseas brand merchandise

(2) Purpose for acquisition:

To further expand the Group's global brand business as one of the principal businesses, the Company decided that there was a need to build a stronger system of cooperation with the combined company. In addition, the Group decided that it could further strengthen the business base of the combined company by shifting to a business structure that clarifies the Group's commitment, and the decision was therefore made to convert the combined company into a subsidiary.

(3) Date of acquisition:

March 13, 2009 (date of announcement of results of tender offer)

(4) Legal form of share purchase:

Acquisition of shares through a tender offer

(5) Name of the company after acquisition:

LINK THEORY HOLDINGS CO.,LTD.

(6) Acquired voting rights:

The Company implemented a tender offer for shares of LINK THEORY HOLDINGS CO.,LTD. during the tender offer period from January 29, 2009 to March 12, 2009, and thereby acquired share certificates, etc., amounting to 107,485 shares. As a result, the Company and its wholly owned subsidiaries GLOBAL RETAILING CO., LTD. and GLOBAL INVESTMENT CO., LTD., acquired 97.71% of the shares of LINK THEORY HOLDINGS CO.,LTD. (acquired 97.71% of voting rights).

(b) Period of the Acquired Company's Results/Business Included in the Consolidated Financial Statements

The acquired company's business performance from March 1, 2009 to August 31, 2009 is included within the consolidated financial statements. The acquired company's performance through February 28, 2009 is accounted for under the equity method in the consolidated statements of income and is recorded as equity in loss of affiliates (31.59% of voting rights) in the consolidated statements of income.

(c) Details of Acquisition Cost

	Millions of Yen	Thousands of U.S. Dollars
Payments for purchase of common shares	¥18,272	$197,135
Direct costs incurred in the acquisition	271	2,928
Total acquisition cost	¥18,543	$200,063

(d) Amount of Goodwill Incurred, Reasons for Recognizing Goodwill, Amortization Method and Amortization Term

(1) Amount of Goodwill: ¥14,503 million

(2) Reasons for Recognizing Goodwill: The acquisition cost of the Company's additionally acquired shares of LINK THEORY HOLDINGS CO.,LTD., exceeded the acquired company's net asset value based on market prices at the time of the additional acquisition of shares.

(3) Method and term of amortizing the goodwill:

Amortization on a straight-line basis over six years

(e) Assets Acquired and Liabilities Assumed on the Date of Acquisition

(1) Value of assets accepted: ¥31,806 million

Principal components were ¥5,811 million in inventory and ¥4,078 million in cash and deposits.

(2) Value of liabilities accepted: ¥25,536 million

Principal components were ¥11,055 million in bonds and ¥4,307 million in short-term borrowings.

21 Segment Information

Information by Business Segment

As net sales, operating income and total assets from the Apparel-related business of the Company and its consolidated subsidiaries constituted more than 90% of the consolidated totals for the years ended August 31, 2009 and 2008, the information by business segment for fiscal years 2009 and 2008 is not presented.

Information by Geographic Area

	Millions of Yen					
Year ended August 31, 2009	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income (loss):						
External sales	**¥606,329**	**¥38,665**	**¥40,049**	**¥685,043**	**¥ —**	**¥685,043**
Intersegment sales	**72**	**469**	**1,035**	**1,576**	**(1,576)**	**—**
Total	**606,401**	**39,134**	**41,084**	**686,619**	**(1,576)**	**685,043**
Operating expenses	**497,941**	**41,454**	**38,265**	**577,660**	**(1,256)**	**576,404**
Operating income (loss)	**¥108,460**	**¥ (2,320)**	**¥ 2,819**	**¥108,959**	**¥ (320)**	**¥108,639**
II. Total assets	**¥253,125**	**¥45,927**	**¥34,910**	**¥333,962**	**¥129,323**	**¥463,285**

	Millions of Yen					
Year ended August 31, 2008	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income:						
External sales	¥514,864	¥49,475	¥22,112	¥586,451	¥ —	¥586,451
Intersegment sales	—	337	—	337	(337)	—
Total	514,864	49,812	22,112	586,788	(337)	586,451
Operating expenses	432,843	47,819	19,434	500,096	(1,138)	498,958
Operating income	¥ 82,021	¥ 1,993	¥ 2,678	¥ 86,692	¥ 801	¥ 87,493
II. Total assets	¥239,764	¥57,210	¥14,877	¥311,851	¥92,869	¥404,720

	Millions of Yen					
Year ended August 31, 2007	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income (loss):						
External sales	¥471,711	¥39,766	¥13,726	¥525,203	¥ —	¥525,203
Intersegment sales	—	206	43	249	(249)	—
Total	471,711	39,972	13,769	525,452	(249)	525,203
Operating expenses	412,270	35,708	14,054	462,032	(1,792)	460,240
Operating income (loss)	¥ 59,441	¥ 4,264	¥ (285)	¥ 63,420	¥ 1,543	¥ 64,963
II. Total assets	¥211,094	¥57,719	¥12,977	¥281,790	¥77,980	¥359,770

	Thousands of U.S. Dollars					
Year ended August 31, 2009	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income (loss):						
External sales	**$6,541,482**	**$417,147**	**$432,063**	**$7,390,692**	**$ 0**	**$7,390,692**
Intersegment sales	**777**	**5,069**	**11,157**	**17,003**	**(17,003)**	**—**
Total	**6,542,259**	**422,217**	**443,219**	**7,407,695**	**(17,003)**	**7,390,692**
Operating expenses	**5,372,121**	**447,240**	**412,803**	**6,232,164**	**(13,550)**	**6,218,614**
Operating income (loss)	**$1,170,138**	**$ (25,023)**	**$ 30,416**	**$1,175,531**	**$ (3,453)**	**$1,172,078**
II. Total assets	**$2,730,877**	**$495,490**	**$376,637**	**$3,603,004**	**$1,395,221**	**$4,998,225**

Notes: 1. Countries and regions are classified according to geographic proximity.
2. Principal countries and regions other than Japan are
Europe: France and the United Kingdom
Others areas: China/Hong Kong, Korea, Singapore and the United States of America
3. Corporate operating expenses consist primarily of the administration expenses of the Company (which are not allocated to segments by geographic area). Corporate operating expenses for fiscal 2009, 2008 and 2007 were ¥15,510 million ($167,332 thousand), ¥12,584 million and ¥9,396 million, respectively.
4. Corporate assets consist primarily of cash available for management (cash, deposits and securities) and administrative assets of the Company. Corporate assets as of August 31, 2009, 2008 and 2007 were ¥145,781 million ($1,572,780 thousand), ¥110,741 million and ¥83,293 million, respectively.

Overseas Net Sales

	Millions of Yen									Thousands of U.S. Dollars		
	Year ended August 31, 2009			Year ended August 31, 2008			Year ended August 31, 2007			**Year ended August 31, 2009**		
	Europe	Others	Total	Europe	Others	Total	Europe	Others	Total	Europe	Others	Total
I. Overseas net sales	**¥38,199**	**¥40,795**	**¥ 78,995**	¥49,475	¥22,112	¥ 71,587	¥39,972	¥13,769	¥ 53,741	**$412,123**	**$440,128**	**$ 852,251**
II. Consolidated net sales			**¥685,043**			¥586,451			¥525,203			**$7,390,692**
III. Percentage of overseas sales in consolidated net sales	**5.6%**	**6.0%**	**11.5%**	8.4%	3.8%	12.2%	7.6%	2.6%	10.2%	**5.6%**	**6.0%**	**11.5%**

Notes: 1. Countries and regions are classified according to geographic proximity.
2. Principal countries in each geographic area
(1) Europe: France and the United Kingdom
(2) Other geographic areas: China/Hong Kong, Korea, Singapore and the United States of America
3. Overseas net sales are defined as net sales of the Company and its consolidated subsidiaries in countries or regions outside Japan.

Report of Independent Auditors

The Board of Directors
FAST RETAILING CO., LTD.

We have audited the accompanying consolidated balance sheets of FAST RETAILING CO., LTD. and consolidated subsidiaries as of August 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the three years in the period ended August 31, 2009, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FAST RETAILING CO., LTD. and consolidated subsidiaries at August 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the three years in the period ended August 31, 2009, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended August 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon LLC

November 27, 2009