Financial Section

Six-Year Financial Summary

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

	Millions of yen (except per share data and other data)					
	2012	2011	2010	2009	2008	2007
For the year:						
Net sales	**¥928,669**	¥820,349	¥814,811	¥685,043	¥586,451	¥525,203
Operating income	**126,450**	116,365	132,378	108,639	87,493	64,963
EBITDA[1]	**148,196**	115,714	137,132	112,621	97,467	75,310
Income before income taxes and minority interests	**123,390**	93,881	116,867	95,487	81,994	62,713
Net income	**71,654**	54,354	61,681	49,797	43,529	31,775
Net cash provided by operating activities	**127,643**	57,158	88,623	59,214	87,336	18,847
Net cash used in investing activities	**(35,313)**	(26,643)	(23,389)	(34,273)	(15,421)	(28,783)
Free cash flow[2]	**92,329**	30,515	65,234	24,941	71,915	(9,936)
Net cash used in financing activities	**(29,056)**	(26,156)	(28,897)	(16,847)	(19,054)	(12,759)
Cash and cash equivalents[3]	**266,020**	202,104	200,462	169,574	169,888	119,216
Depreciation and amortization	**18,573**	18,755	12,229	9,765	8,523	6,567
Capital expenditures	**40,184**	33,993	28,018	22,601	21,017	26,441
At year-end:						
Total assets	**¥595,102**	¥533,777	¥507,287	¥463,285	¥404,720	¥359,770
Total net assets	**394,892**	319,911	287,987	261,413	264,014	243,283
Interest-bearing debt	**23,194**	28,263	28,834	35,400	20,016	24,429
Reference indices:						
Operating income margin (%)	**13.6**	14.2	16.2	15.9	14.9	12.4
ROE (%)	**20.4**	18.1	22.6	19.1	17.3	13.6
Equity ratio (%)	**65.0**	59.0	56.3	56.0	64.7	66.7
Debt-equity ratio (%)	**6.0**	9.0	10.1	13.6	7.6	10.1
Dividend payout ratio (%)	**37.0**	33.7	38.0	32.7	30.4	41.7
Per share data:						
Net income (EPS) (yen)	**¥ 703.62**	¥ 533.93	¥ 605.99	¥ 488.96	¥ 427.38	¥ 311.98
Net assets (yen)	**3,797.04**	3,091.17	2,804.34	2,550.86	2,572.09	2,357.79
Cash dividends (yen)	**260.00**	180.00	230.00	160.00	130.00	130.00
Other data (at fiscal year-end):						
Number of shares outstanding	**106,073,656**	106,073,656	106,073,656	106,073,656	106,073,656	106,073,656
Number of subsidiaries	**91**	98	90	96	21	21
Total number of stores	**2,222**	2,088	2,203	2,258	1,958	1,828
Directly-operated stores in Japan	**[1,250]**	[1,213]	[1,370]	[1,454]	[1,310]	[1,233]
Directly-operated stores overseas	**[589]**	[491]	[474]	[397]	[294]	[247]
Franchise stores	**[383]**	[384]	[359]	[407]	[354]	[348]
Commercial complexes	**4**	4	4	4	4	1
Total sales floor space (m^2)[4]	**1,170,353m^2**	938,896m^2	847,523m^2	740,489m^2	685,942m^2	626,998m^2
Number of full-time employees	**18,854**	14,612	11,596	11,037	8,054	6,514

Notes: 1. EBITDA = Income before income taxes + Interest expenses + Depreciation and amortization + Amortization of goodwill
2. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
3. Cash and cash equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
4. Total sales floor space includes only directly-operated stores.

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

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

1 Operating Environment and Management Strategy

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

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

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

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

■ Number of Stores by Group Operation

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

*Including franchise stores

■ Performance by Group Operation

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

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

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

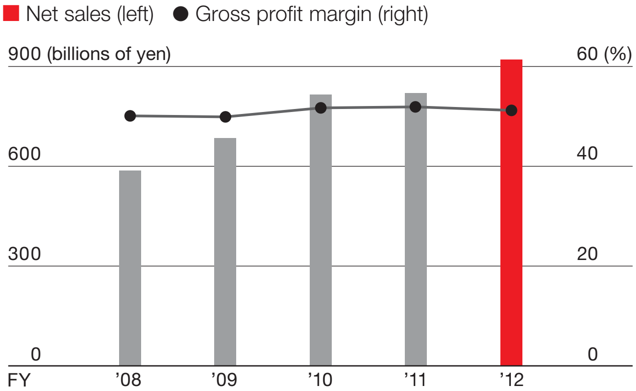
2 Net Sales

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

3 Gross Profit Margin

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

Net Sales and Gross Profit Margin



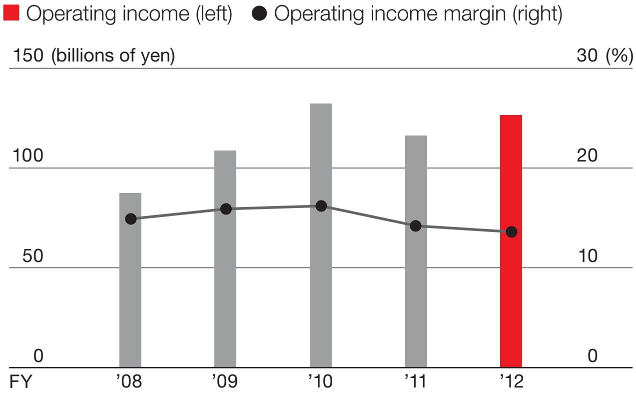
4 Selling, General and Administrative Expenses

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

5 Operating Income

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

Operating Income and Operating Income Margin



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

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

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

7 Income Taxes and Other Taxes

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

Breakdown of SG&A Expenses

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

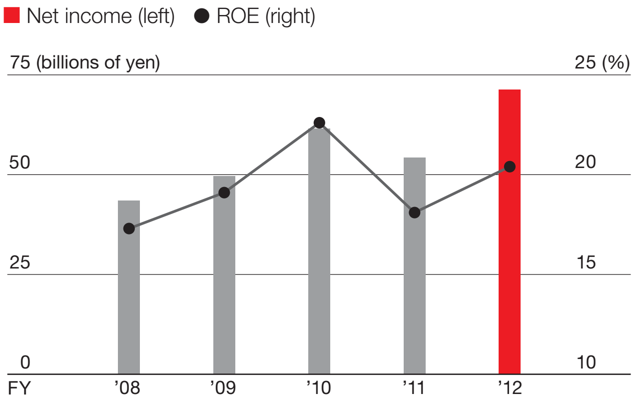
Note: The portion of product storage and warehouse-to-store costs previously accounted under cost of sales has been standardized as an SG&A expense from fiscal 2011.

8 Net Income

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

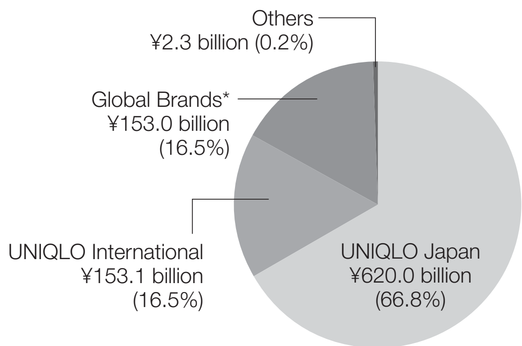
The annual dividend increased by ¥80 per share to ¥260, and the consolidated dividend payout ratio of 37.0% was maintained at over one third of net earnings. ROE expanded 2.3 points to 20.4%.

■ Net Income and ROE



9 Results by Group Operation

■ Breakdown of Net Sales by Operation



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

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

UNIQLO Japan

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

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

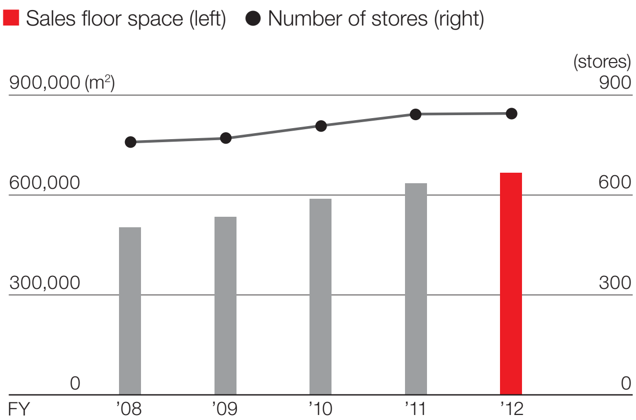
UNIQLO Japan is concentrating on large-scale stores to drive growth by gradually replacing regular-sized stores with large-scale ones. UNIQLO Japan opened 24 directly operated stores and closed 22 for a net increase of two, bringing the total number of stores, including franchises, to 845 at the end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

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

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

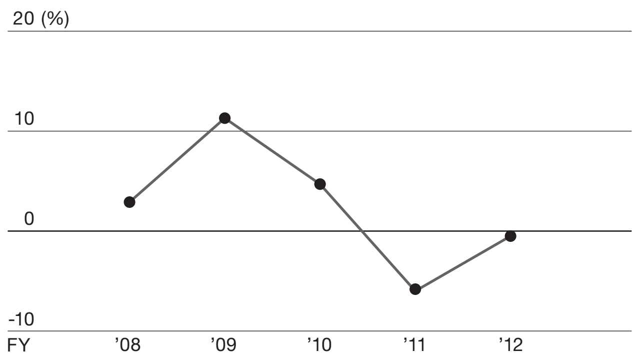
As a result, operating income at UNIQLO Japan contracted 3.6% to ¥102.3 billion and the operating income margin declined 1.2 points to 16.5%.

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



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

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



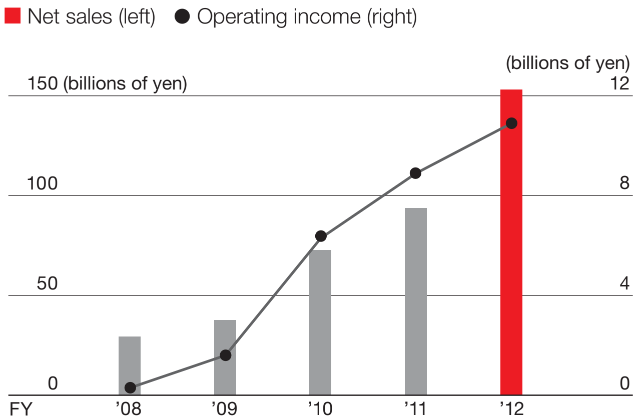
* Directly-operated stores only

UNIQLO International

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

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

■ UNIQLO International Sales, Operating Income/Loss



Global Brands

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

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

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

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

10 Balance Sheet

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

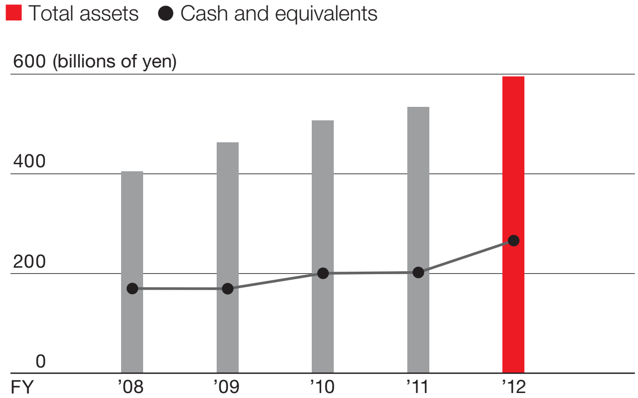
Fixed assets grew ¥6.7 billion to ¥170.5 billion as the Group's store network was expanded by 215 stores, including the four UNIQLO global flagship stores in New York, Taipei, Seoul and Ginza in Tokyo, and the flagship g.u. Ginza Store.

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

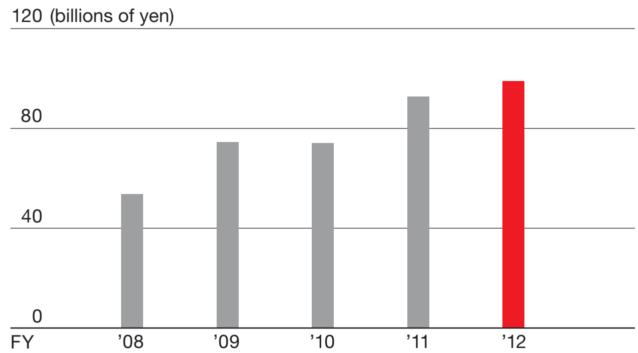
Fixed liabilities fell ¥4.1 billion year on year to ¥26.8 billion. Total short-term and long-term interest-bearing liabilities fell ¥5.0 billion to ¥23.1 billion.

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

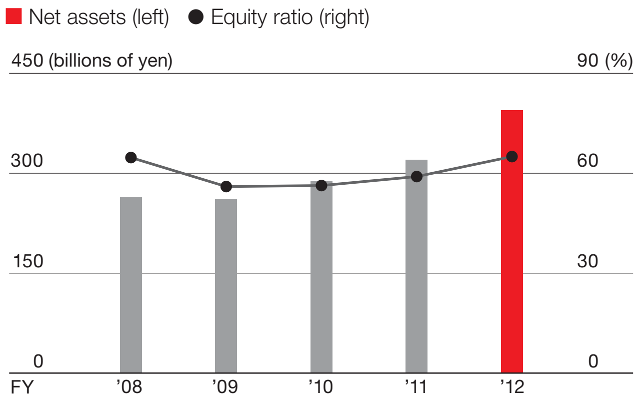
Total Assets and Cash and Equivalents



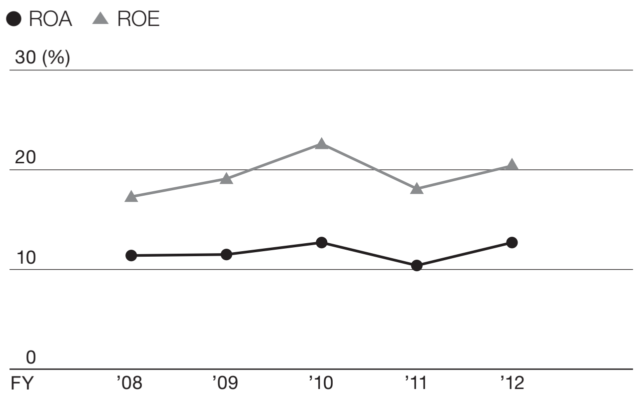
Inventory Assets



Net Assets and Equity Ratio



ROA and ROE



11 Cash Flows

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

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

Net Cash Inflow from Operating Activities: ¥127.6 Billion
Inflows for fiscal 2012 included net income before income taxes and minority interest of ¥123.3 billion, depreciation and amortization of ¥18.5 billion, and amortization of goodwill of ¥5.6 billion. Among outflows, working capital, inventories and increased purchasing debt together accounted for ¥2.4 billion, while net income taxes paid totaled ¥32.6 billion.

Net Cash Outflow for Investing Activities: ¥35.3 Billion
Cash used to purchase property and equipment, primarily to increase UNIQLO's global store network, totaled ¥23.9 billion, while payments for lease deposits totaled ¥7.9 billion. On a consolidated basis, capital expenditures totaled ¥40.1 billion, with UNIQLO Japan accounting for ¥10.0 billion of the total.

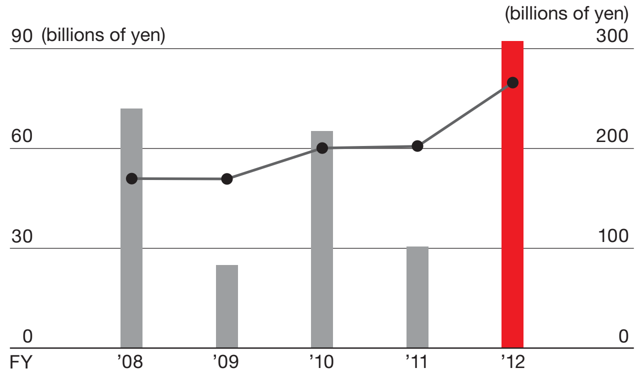
Net Cash Outflow for Financing Activities: ¥29.0 Billion
Dividends paid amounted to ¥22.1 billion. In addition, ¥1.2 billion was spent on reducing short-term debt, and ¥5.6 billion on repayment of long-term debt.

■ Consolidated Subsidiaries (at end of August 2012)

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

■ Free Cash Flow and Cash and Equivalents

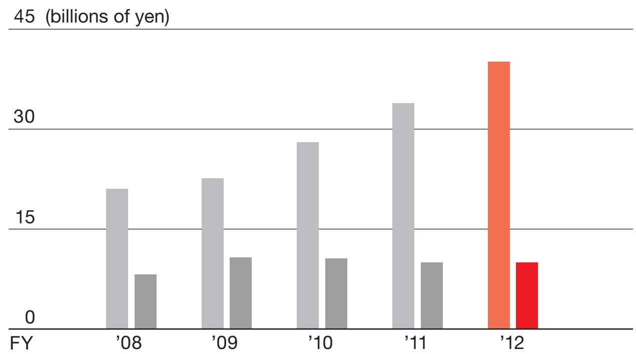
■ Free cash flow (left) ● Cash and equivalents (right)



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

■ Capital Expenditures (Consolidated and UNIQLO Japan)

■ Consolidated ■ UNIQLO Japan

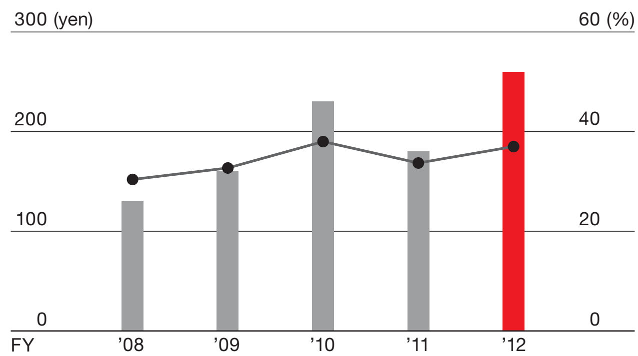


12 Dividend Policy

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

■ Cash Dividends per Share and Dividend Payout Ratio

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



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

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

■ Outlook of Sales by Group Operation

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

■ Fiscal 2013 Store Forecast by Business

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

* Including franchise stores

UNIQLO Japan

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

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

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

UNIQLO International

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

Global Brands

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

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

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

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

14 Risk Factors

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

Fast Retailing judges and anticipates future risks based on its latest financial report (November 26, 2012) as well as on other available information.

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

(a) Corporate acquisition risk

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

(b) Management personnel risk

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

(c) Competitive risk

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

(d) Risk of reliance on certain regions for production

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

(e) Risk of operations outside Japan

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

(f) Foreign currency risk

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

(2) General business risks

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

Consolidated Balance Sheets

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

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

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Income

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

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Net sales	**¥928,669**	¥820,349	¥814,811	**$11,815,131**
Cost of sales	**453,202**	394,581	393,930	**5,765,937**
Gross profit	**475,466**	425,767	420,881	**6,049,194**
Selling, general and administrative expenses (Note 14)	**349,016**	309,401	288,503	**4,440,407**
Operating income	**126,450**	116,365	132,378	**1,608,786**
Other income (expenses):				
Interest and dividends income	**690**	408	344	**8,785**
Interest on refund of income taxes and other	**525**	72	108	**6,680**
Penalty income	**79**	143	137	**1,012**
Interest expenses	**(568)**	(532)	(500)	**(7,238)**
Foreign exchange losses	**(1,148)**	(8,382)	(7,559)	**(14,610)**
Gain on sales of noncurrent assets	**327**	134	—	**4,160**
Reversal of allowance for doubtful accounts	**—**	7	62	**—**
Gain on abolishment of retirement benefit plan	**—**	—	289	**—**
Reversal of provision for loss on business liquidation	**—**	—	205	**—**
Gain on insurance adjustment	**—**	—	144	**—**
Loss on changes of accounting treatment	**—**	(2,699)	—	**—**
Non-recurring depreciation on noncurrent assets	**—**	(4,050)	—	**—**
Loss on retirement of noncurrent assets	**(1,028)**	(567)	(772)	**(13,085)**
Loss on closure of stores	**—**	—	(447)	**—**
Impairment loss (Note 15)	**(116)**	(832)	(4,433)	**(1,483)**
Loss on disaster	**—**	(999)	—	**—**
Provision for loss on business liquidation	**—**	(800)	(985)	**—**
Loss on business withdrawal	**—**	—	(395)	**—**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	(2,913)	—	**—**
Loss on valuation of investment securities	**(281)**	—	—	**(3,584)**
Other, net	**(1,538)**	(1,474)	(1,710)	**(19,571)**
Total	**(3,060)**	(22,484)	(15,510)	**(38,936)**
Income before income taxes and minority interests	**123,390**	93,881	116,867	**1,569,850**
Income taxes (Note 6)**:**				
Current	**45,879**	41,906	54,363	**583,708**
Deferred	**3,084**	(4,336)	(147)	**39,246**
Total	**48,964**	37,569	54,215	**622,954**
Income before minority interests	**74,426**	56,311	—	**946,895**
Minority interests	**2,771**	1,956	971	**35,259**
Net income	**¥ 71,654**	¥ 54,354	¥ 61,681	**$ 911,636**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

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

	Millions of yen									
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at September 1, 2009	¥10,273	¥5,000	¥295,442	¥(16,254)	¥ (9,353)	¥(24,289)	¥(1,179)	¥ —	¥1,774	¥261,413
Net income	—	—	61,681	—	—	—	—	—	—	61,681
Dividends from surplus (Note 10)	—	—	(20,357)	—	—	—	—	—	—	(20,357)
Increase in treasury stock (Note 11)	—	—	—	(5)	—	—	—	—	—	(5)
Decrease in treasury stock (Note 11)	—	—	—	—	—	—	—	—	—	—
Change of scope of consolidation	—	—	(27)	—	—	—	—	—	—	(27)
Net change during the year	—	—	—	—	(4,564)	(10,650)	(276)	—	774	(14,717)
Balance at August 31, 2010	10,273	5,000	336,739	(16,260)	(13,917)	(34,940)	(1,456)	—	2,548	287,987
Net income	—	—	54,354	—	—	—	—	—	—	54,354
Dividends from surplus (Note 10)	—	—	(21,376)	—	—	—	—	—	—	(21,376)
Increase in treasury stock (Note 11)	—	—	—	(2)	—	—	—	—	—	(2)
Decrease in treasury stock (Note 11)	—	0	—	118	—	—	—	—	—	118
Issuance of new shares (Exercise of subscription rights to shares)	—	223	—	—	—	—	—	—	—	223
Net change during the year	—	—	—	—	(2,624)	(642)	(758)	510	2,122	(1,393)
Balance at August 31, 2011	10,273	5,223	369,717	(16,144)	(16,541)	(35,583)	(2,215)	510	4,670	319,911
Net income	**—**	**—**	**71,654**	**—**	**—**	**—**	**—**	**—**	**—**	**71,654**
Dividends from surplus (Note 10)	**—**	**—**	**(21,893)**	**—**	**—**	**—**	**—**	**—**	**—**	**(21,893)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(5)**	**—**	**—**	**—**	**—**	**—**	**(5)**
Decrease in treasury stock (Note 11)	**—**	**—**	**—**	**146**	**—**	**—**	**—**	**—**	**—**	**146**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**317**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**317**
Change of scope of consolidation	**—**	**—**	**(384)**	**—**	**—**	**—**	**—**	**—**	**—**	**(384)**
Net change during the year	**—**	**—**	**—**	**—**	**106**	**21,050**	**1,022**	**244**	**2,722**	**25,145**
Balance at August 31, 2012	**¥10,273**	**¥5,541**	**¥419,093**	**¥(16,003)**	**¥(16,434)**	**¥(14,532)**	**¥(1,193)**	**¥755**	**¥7,392**	**¥394,892**

	Thousands of U.S. dollars (Note 1)									
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Subscription rights to shares	Minority interests	Total net assets
Balance at August 31, 2011	$130,711	$66,461	$4,703,779	$(205,396)	$(210,452)	$(452,711)	$(28,185)	$6,494	$59,419	$4,070,121
Net income	**—**	**—**	**911,636**	**—**	**—**	**—**	**—**	**—**	**—**	**911,636**
Dividends from surplus (Note 10)	**—**	**—**	**(278,548)**	**—**	**—**	**—**	**—**	**—**	**—**	**(278,548)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(73)**	**—**	**—**	**—**	**—**	**—**	**(73)**
Decrease in treasury stock (Note 11)	**—**	**—**	**—**	**1,861**	**—**	**—**	**—**	**—**	**—**	**1,861**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**4,041**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,041**
Change of scope of consolidation	**—**	**—**	**(4,890)**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,890)**
Net change during the year	**—**	**—**	**—**	**—**	**1,360**	**267,815**	**13,003**	**3,114**	**34,637**	**319,931**
Balance at August 31, 2012	**$130,711**	**$70,503**	**$5,331,976**	**$(203,608)**	**$(209,091)**	**$(184,895)**	**$(15,181)**	**$9,608**	**$94,056**	**$5,024,078**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

FAST RETAILING CO., LTD. and consolidated subsidiaries

1 Basis of Presentation and Financial Statement Translation

(a) Basis of Presentation

The accompanying consolidated financial statements of FAST RETAILING CO., LTD. ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Effective September 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18). In accordance with PITF No. 18, the accompanying consolidated financial statements for the years ended August 31, 2012 and 2011 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either IFRS or accounting principles generally accepted in the United States as adjusted for certain items. In addition, for the convenience of readers outside Japan, the accompanying consolidated financial statements, including the notes thereof, have been reclassified and contain additional information which is not required under accounting principles generally accepted in Japan.

(b) Basis of Financial Statement Translation

The accompanying consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥78.60=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of August 31, 2012. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars at that or any other rate.

2 Basis of Consolidation and Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the 91 subsidiaries (98 in 2011) over which the Company has power of control through substantial ownership of majority voting rights.

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

The main subsidiaries are as follows:

Consolidated Subsidiaries As of August 31	Ownership percentage 2012	 2011
UNIQLO CO., LTD.	**100%**	100%
UNIQLO (U.K.) LTD.	**100%**	100%
FAST RETAILING (CHINA) TRADING CO., LTD.	**100%**	100%
FAST RETAILING USA, Inc.	**100%**	100%
FRL Korea CO., LTD.	**51%**	51%
UNIQLO HONG KONG, LIMITED	**100%**	100%
G.U. CO., LTD.	**100%**	100%
FAST RETAILING FRANCE S.A.S.	**100%**	100%
Créations Nelson S.A.S.	**100%**	100%
UNIQLO FRANCE S.A.S.	**100%**	100%
PETIT VEHICULE S.A.S.	**100%**	100%
LINK THEORY JAPAN CO., LTD.	**100%**	100%
UNIQLO (SINGAPORE) PTE. LTD.	**51%**	51%
Limited Liability Company UNIQLO (RUS)	**100%**	100%
UNIQLO TRADING CO., LTD.	**100%**	100%
UNIQLO (MALAYSIA) SDN. BHD.	**55%**	55%
UNIQLO TAIWAN LTD.	**100%**	100%
UNIQLO (THAILAND) COMPANY LIMITED	**75%**	75%
FAST RETAILING PHILIPPINES, Inc.	**75%**	—
FAST RETAILING (SINGAPORE) PTE. LTD.	**100%**	—

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

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

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

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

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

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

(b) Cash and Cash Equivalents

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

(c) Short-Term Investment Securities and Investment Securities

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

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

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

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

(d) Allowance for Doubtful Accounts

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

(e) Allowance for Bonuses

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

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

(f) Inventories

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

(g) Property, plant and Equipment

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

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

(h) Intangible Assets

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

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

(i) Retirement and Severance Benefits

The Company has defined contribution plans.

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

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

(j) Leased Assets

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

(k) Revenue Recognition

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

(l) Foreign Currency Translation

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

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

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

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

Shareholders' equity accounts are translated at historical rates.

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

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

(m) Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

(n) Reclassifications

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

(o) Additional Information

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

3 Cash and Cash Equivalents

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

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

4 Inventories

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

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

5 Short-Term Investment Securities and Investment Securities

Investment securities as of August 31, 2012 and 2011 are classified as available-for-sale securities.

The following tables summarize acquisition costs and fair values of securities with available fair values as of August 31, 2012 and 2011:

	Millions of yen		
As of August 31, 2012	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**¥ —**	**¥ —**	**¥ —**
Other	**—**	**—**	**—**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**149**	**147**	**(2)**
Other	**134,440**	**133,830**	**(609)**
Total	**¥134,589**	**¥133,977**	**¥(612)**

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

	Thousands of U.S. dollars		
As of August 31, 2012	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**$ —**	**$ —**	**$ —**
Other	**—**	**—**	**—**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**1,906**	**1,873**	**(32)**
Other	**1,710,432**	**1,702,675**	**(7,757)**
Total	**$1,712,339**	**$1,704,549**	**$(7,789)**

6 Income Taxes

The Company and subsidiaries are subject to a number of taxes based on income. The aggregate statutory tax rate for the Company was approximately 40.5% for the years ended August 31, 2012, 2011 and 2010.

Reconciliations between the statutory income tax rate and the effective income tax rates as a percentage of income before income taxes and minority interests for fiscal 2012, 2011 and 2010 are as follows:

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

Reconciliations for the years ended August 31, 2012 and 2011 have not been presented as the difference between the statutory income tax rate and the effective income tax rates was less than 5%.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of August 31, 2012 and 2011 are presented as follows:

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

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

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

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

7 Long-Term Debt

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

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

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

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

8 Accrued Retirement and Severance Obligations

The Company has defined contribution plans.

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

Benefit obligations and plan assets as of August 31, 2012 and 2011 are as follows:

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

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

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

9 Capital Stock and Capital Surplus

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

The Company was authorized for issuance of 300 million shares of common stock with no par value as of August 31, 2012. Issued and outstanding shares were 106,073,656 shares for each of the three years in the period ended August 31, 2012.

10 Legal Retained Earnings

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

Capital surplus and retained earnings less legal reserves and certain adjustments thereto may be available for dividends by resolution of the meeting of the Board of Directors. The accompanying consolidated financial statements do not include any provision for dividends of ¥130 ($1.65) per share, aggregating to ¥13,241 million ($168,461 thousand). These dividends were approved at the meeting of the Board of Directors held on November 5, 2012 in respect of the fiscal year ended August 31, 2012.

11 Treasury Stock

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

The changes in shares of treasury stock for the years ended August 31, 2012, 2011 and 2010 are summarized as follows:

	Number of shares	Millions of yen	Thousands of U.S. dollars
Balance as of August 31, 2009	4,288,346	¥16,254	
Repurchase of common stock	412	5	
Issuance of treasury stock, net	—	—	
Balance as of August 31, 2010	4,288,758	16,260	
Repurchase of common stock	216	2	
Issuance of treasury stock, net	(31,331)	(118)	
Balance as of August 31, 2011	4,257,643	16,144	$205,396
Repurchase of common stock	372	5	73
Issuance of treasury stock, net	(38,581)	(146)	(1,861)
Balance as of August 31, 2012	**4,219,434**	**¥16,003**	**$203,608**

12 Pledged Assets

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

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

13 Commitments and Contingencies

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

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

14 Selling, General and Administrative Expenses

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

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

15 Impairment Loss

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

Impairment loss was recognized for store assets with a significant decline in profitability. Total impairment loss of ¥116 million ($1,483 thousand), ¥255 million and ¥1,395 million, which represents the amount by which the carrying amount exceeds the recoverable amount, was recognized as other expense for the years ended August 31, 2012, 2011 and 2010, respectively. These assets consisted of the following:

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

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

16 Other Comprehensive Income

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

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

17 Leases

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

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

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

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

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

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

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

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

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

18 Per Share Data

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

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

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

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

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

19 Related Party Transactions

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

20 Financial Instruments

(a) The Group policy toward financial instruments

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

(b) Financial portfolio components and the risk

Investment securities mainly consist of MMF funds which are exposed to market risk.

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

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

(c) Risk management for financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Assets]
• Cash and deposits
Given that cash and deposits are of short duration, their current value approximates their carrying value, and therefore the fair value is deemed to be that carrying value.
• Short-term investment securities
The fair value of short-term investment securities is determined by their market value on the stock exchange.
Given financial instruments such as MMFs and negotiable deposits are of short duration, their current value approximates carrying value, and therefore the fair value is deemed to be that carrying value.
• Lease and guarantee deposits
Given that lease and guarantee deposits are considered redeemable after a fixed period, their market value is calculated at a present value discounted across the period to maturity at the government bond interest rate closest to the maturity date.
[Liabilities]
• Notes and accounts payable and Income taxes payable
Given that these financial instruments are of short duration, their fair value approximates carrying value, and therefore the fair value is deemed to be that carrying value.
[Derivatives transactions]
For information on derivatives transactions, please refer to Note 21.

21 Derivatives

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

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

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

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

22 Asset Retirement Obligations

(a) Breakdown of asset retirement obligations

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

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

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

(c) Change in total asset retirement obligations

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

23 Subsequent Event

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

At the Board of Directors' meeting held on October 11, 2012, the Company decided to introduce stock-based compensation in the form of stock options to employees of the Company and its subsidiaries, and granted the options to the employees on November 13, 2012.

24 Segment Information

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

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

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

UNIQLO Japan: UNIQLO clothing operations within Japan

UNIQLO International: UNIQLO clothing operations outside of Japan

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

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

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

Information by Business Segment

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

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

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

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

Information by Geographic Area

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

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

Report of Independent Auditors

The Board of Directors
FAST RETAILING Co., Ltd.

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

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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

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

Ernst & Young ShinNihon LLC

November 26, 2012
Tokyo, Japan