FAST RETAILING

ANNUAL REPORT 2013

Year ended August 31, 2013

A New Global Company, Origin Japan

Our largest store in the world, the global flagship
UNIQLO Shanghai Store, opened in September 2013


UNIQLO
UNIQLO

Helping People Flourish within a Global Company

The morning meeting at our global flagship UNIQLO Shanghai Store

Making a Difference through Corporate Social Responsibility

Women in a refugee camp in Kenya wearing clothes donated through the All-Product Recycling Initiative


Titleist
UNI
QLO

Great Clothes Can Change Our World

Contents

UNIQLO Global Brand Ambassador Adam Scott won
the 2013 US Masters Tournament in the latest UNIQLO LifeWear

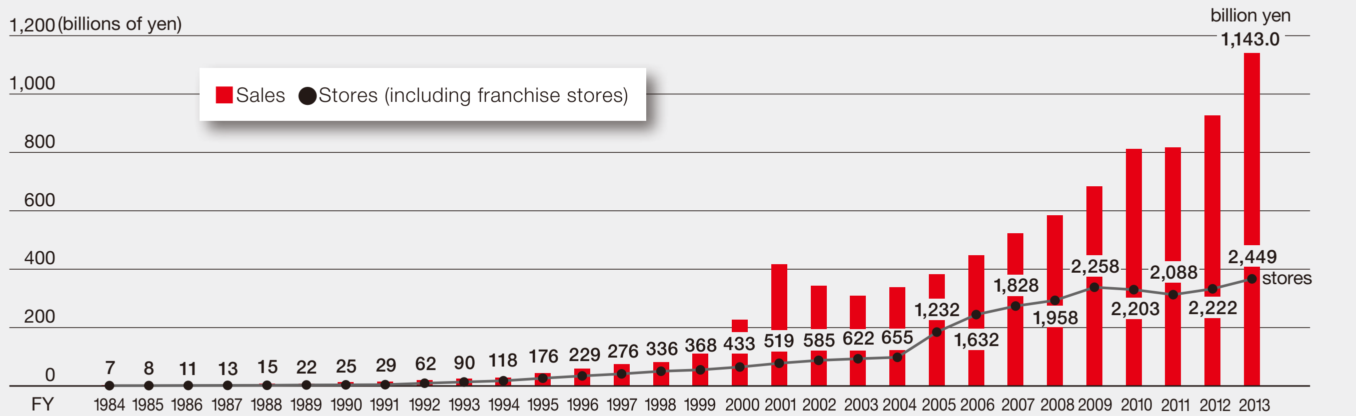
Financial Summary

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

	2003	2004	2005	2006	2007
For the year:					
Net sales	¥ 309,789	¥ 339,999	¥ 383,973	¥ 448,819	¥ 525,203
Operating income	41,308	63,954	56,692	70,355	64,963
EBITDA[1]	37,447	58,458	60,794	80,166	75,310
Net income	20,933	31,365	33,884	40,437	31,775
At year-end:					
Total assets	¥ 219,855	¥ 240,897	¥ 272,846	¥ 379,655	¥ 359,770
Total net assets[2]	140,504	161,434	182,349	240,479	243,283
Interest-bearing debt	0	52	6,185	22,774	24,429
Free cash flow[3]	25,651	23,390	–1,425	15,570	–9,936
Cash and cash equivalents[4]	123,733	136,461	121,061	141,404	119,216
Depreciation and amortization	2,364	2,737	3,681	5,364	6,567
Capital expenditures	11,633	11,220	11,649	16,261	26,441
Reference indices:					
Operating income margin (%)	13.3%	18.8%	14.7%	15.7%	12.4%
ROE (%)	15.9	20.8	19.7	19.7	13.6
Equity ratio (%)	63.9	67.0	66.8	60.1	66.7
Debt-equity ratio (%)	0.0	0.0	3.4	9.5	10.1
Dividend payout ratio (%)	27.1	37.7	39.2	32.7	41.7
Per share data:[5]					
Net income (EPS) (yen)	¥ 203.05	¥ 304.92	¥ 331.99	¥ 397.38	¥ 311.98
Net assets (yen)[2]	1,378.58	1,583.67	1,791.61	2,240.77	2,357.79
Cash dividends (yen)	55.00	115.00	130.00	130.00	130.00
Other data (at fiscal year-end):					
Market value (¥ billion, $ million)[6]	¥ 514.5	¥ 838.0	¥ 894.2	¥ 1,161.5	¥ 720.2
Total number of stores[7]	622	655	1,232	1,632	1,828
Directly-operated stores in Japan	[582]	[635]	[775]	[1,093]	[1,233]
Directly-operated stores overseas	[26]	[9]	[157]	[196]	[247]
Total sales floor space (m^2)[8]	335,849	363,901	437,196	536,473	626,998
Number of full-time employees[9]	1,776	1,782	2,668	3,990	6,514

Notes: 1. EBITDA = Income before income taxes + Interest expenses + Depreciation and amortization + Amortization of goodwill.
2. Beginning with the fiscal year ended August 31, 2006, minority interest has been included in net assets.
3. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities.
4. Cash and equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
5. Per share data is adjusted for stock splits.

■ Sales and Stores of Fast Retailing Group



	Millions of yen (except per share data and other data)						Thousands of U.S. dollars[6]
2008	2009	2010	2011	2012	**2013**	YoY	**2013**
¥ 586,451	¥ 685,043	¥ 814,811	¥ 820,349	¥ 928,669	**¥1,143,003**	+23.1%	**$11,620,617**
87,493	108,639	132,378	116,365	126,450	**132,920**	+5.1	**1,351,364**
97,467	112,621	137,132	115,714	148,196	**171,147**	+15.5	**1,740,006**
43,529	49,797	61,681	54,354	71,654	**90,377**	+26.1	**918,841**
¥ 404,720	¥ 463,285	¥ 507,287	¥ 533,777	¥ 595,102	**¥ 885,800**	+48.8%	**$ 9,005,700**
264,014	261,413	287,987	319,911	394,892	**579,591**	+46.8	**5,892,551**
20,016	35,400	28,834	28,263	23,194	**37,259**	+60.6	**378,805**
71,915	24,941	65,234	30,514	92,329	**35,538**	−61.5	**361,308**
169,888	169,574	200,462	202,104	266,020	**295,622**	+11.1	**3,005,520**
8,523	9,765	12,229	18,755	18,573	**23,691**	+27.6	**240,867**
21,017	22,601	28,018	33,993	40,184	**39,681**	−1.3	**403,434**
14.9%	15.9%	16.2%	14.2%	13.6%	**11.6%**	−2.0pts.	**11.6%**
17.3	19.1	22.6	18.1	20.4	**19.1**	−1.3	**19.1**
64.7	56.0	56.3	59.0	65.0	**63.2**	−1.8	**63.2**
7.6	13.6	10.1	9.0	6.0	**6.7**	+0.7	**6.7**
30.4	32.7	38.0	33.7	37.0	**32.7**	−4.3	**32.7**
¥ 427.38	¥ 488.96	¥ 605.99	¥ 533.93	¥ 703.62	**¥ 887.12**	+26.1%	**$ 9.01**
2,572.09	2,550.86	2,804.34	3,091.17	3,797.04	**5,489.86**	+44.6	**55.81**
130.00	160.00	230.00	180.00	260.00	**290.00**	+11.5	**2.94**
¥ 1,180.6	¥ 1,182.7	¥ 1,228.3	¥ 1,535.9	¥ 1,938.0	**¥ 3,383.7**	+74.6%	**$ 34,402**
1,958	2,258	2,203	2,088	2,222	**2,449**	+227	**2,449**
[1,310]	[1,454]	[1,370]	[1,213]	[1,250]	**[1,331]**	+[81]	**[1,331]**
[294]	[397]	[474]	[491]	[589]	**[743]**	+[154]	**[743]**
685,942	740,489	847,523	938,896	1,170,353	**1,387,367**	+217,014	**1,387,367**
8,054	11,037	11,596	14,612	18,854	**23,982**	+5,128	**23,982**

6. Calculations are based on the closing share price of ¥31,900 on August 31, 2013 and an exchange rate of ¥98.36 to U.S.$1.
7. Including franchise stores.
8. Total sales floor space includes only directly-operated stores.
9. Beginning with the fiscal year ended August 31, 2007, the number of entrusted operating officers has not been included in the number of full-time employees.

- Fast Retailing owns UNIQLO, GU, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand. After opening our first UNIQLO store, in Japan in 1984, we built a chain of suburban roadside stores. In 1998, we began opening stores in urban locations and ran a fleece campaign that ignited a UNIQLO boom across Japan. Subsequently, we opened stores within prominent shopping malls, and also global flagship and hotspot stores in Ginza, Shinjuku and Osaka. As an SPA (Specialty-store retailer of Private-label Apparel) controlling the entire clothes-making process from design through manufacture and retail, UNIQLO offers high-quality casualwear at reasonable prices, and products that other companies can't. UNIQLO accounts for 6.2%* of the Japanese apparel market. *For details regarding market share, please refer to p.45

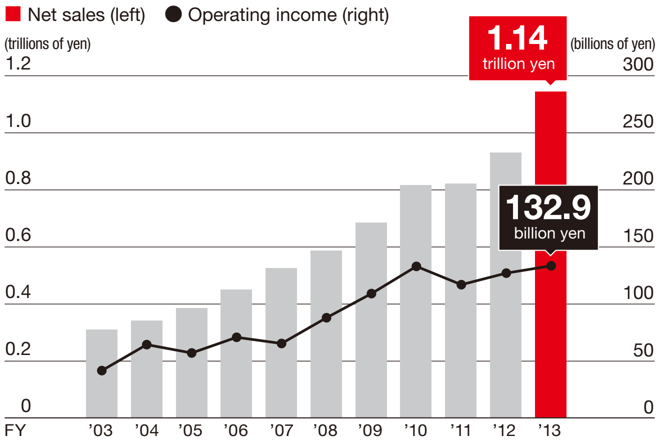
- Global markets are now our key drivers of growth. The first UNIQLO International stores opened in the United Kingdom in 2001. By August 2013, UNIQLO International constituted approximately 27% of total UNIQLO sales, with 446 stores (versus 853 stores in Japan). China, Hong Kong, Taiwan, South Korea and other parts of Asia are generating strong growth, and we are developing a network of stores in the United States.

- Our low-priced GU fashion brand, launched in 2006, enjoys increasing success in Japan. The number of GU stores reached 214 in fiscal 2013, and we expect sales to top ¥100 billion in fiscal 2014. GU, operating under the same SPA business model as UNIQLO, is able to develop unique, highly competitive products.

Fiscal 2013 Group Highlights

Net sales ¥1.14 trillion +23.1%UP

Operating income ¥132.9 billion +5.1%UP

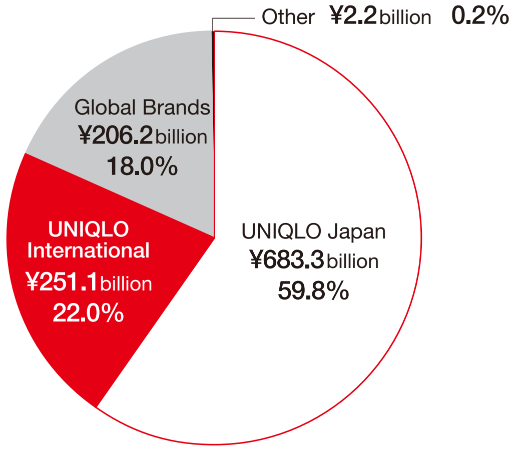


Net sales topped one trillion yen for the first time, expanding 23.1% year on year to ¥1.14 trillion. Operating income increased 5.1% year on year to a new high of ¥132.9 billion (UNIQLO Japan: ¥96.8 billion, UNIQLO International: ¥18.3 billion, Global Brands: ¥17.4 billion). The profit contribution from UNIQLO International is steadily increasing.

Breakdown of net sales

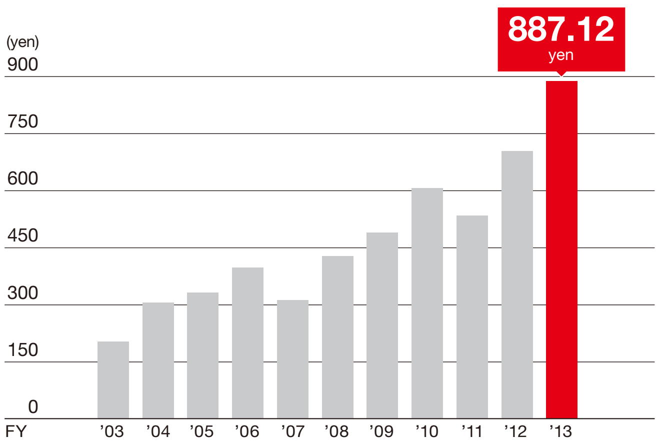
UNIQLO International 22.0% +5.5pUP

Global Brands 18.0% +1.6pUP



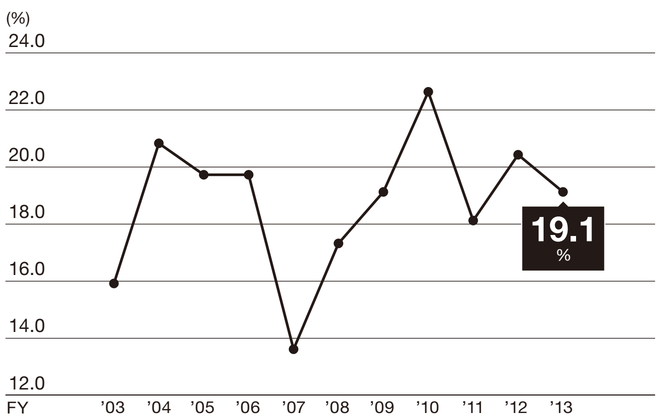
UNIQLO International accounted for 22.0% of total net sales (+5.5 points YoY), with China, Hong Kong, Taiwan and Southeast Asia generating strong growth. The Global Brands contribution to net sales also increased by 1.6 points to 18.0%. This was linked to the expansion of GU and the incorporation of J Brand.

Earnings per share ¥887.12 +26.1%UP



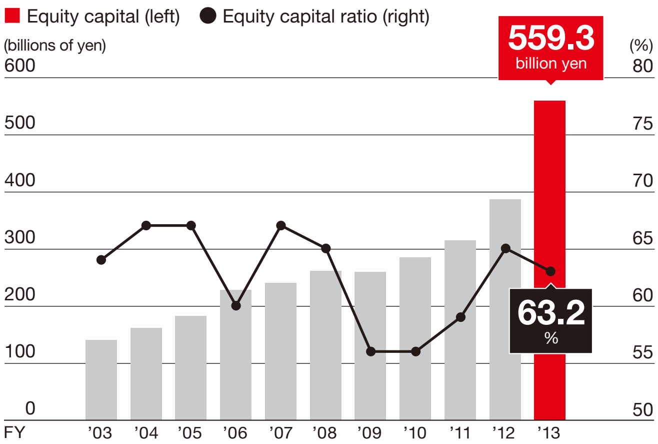
After experiencing a dip in profits in fiscal 2011, the Fast Retailing Group had a record performance in fiscal 2013, generating a 26.1% increase in earnings per share (EPS) to 887.12 yen. Over the past decade our EPS has increased 430%, from 203.1 yen in fiscal 2003.

Return on equity 19.1% -1.3pDOWN



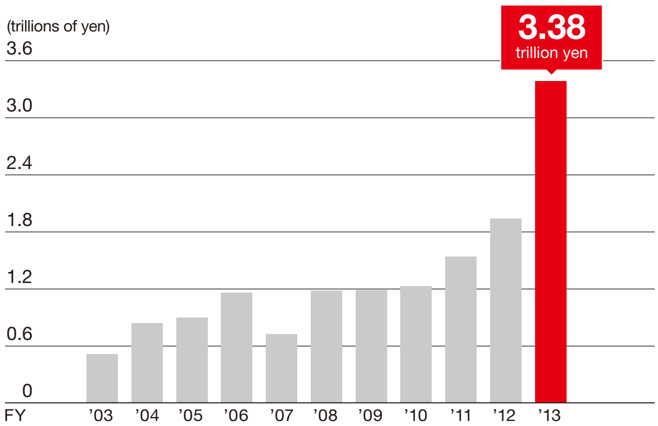
Our return on equity (ROE) remained high at 19.1%, but this does represent a 1.3-point contraction year on year. Despite the increase in Group profits, the weakening of the yen significantly boosted deferred gains on hedging transactions, and as a consequence, our equity capital swelled from ¥386.7 billion to ¥559.3 billion.

Equity capital ratio 63.2% -1.8p DOWN



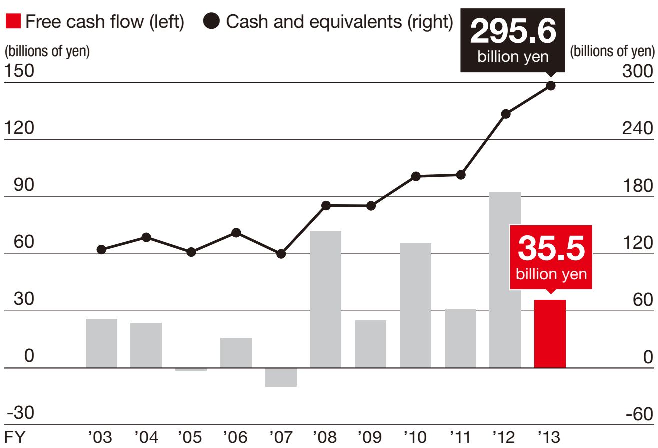
Our equity capital ratio remained high at 63.2%. Total assets increased by ¥290.6 billion year on year to ¥885.8 billion (current assets: +¥215.5 billion, fixed assets: +¥75.1 billion). However, our equity capital increased just ¥172.6 billion to ¥559.3 billion, resulting in a 1.8-point fall in the equity capital ratio compared to fiscal 2012.

Market capitalization ¥3.38 trillion +74.6% UP



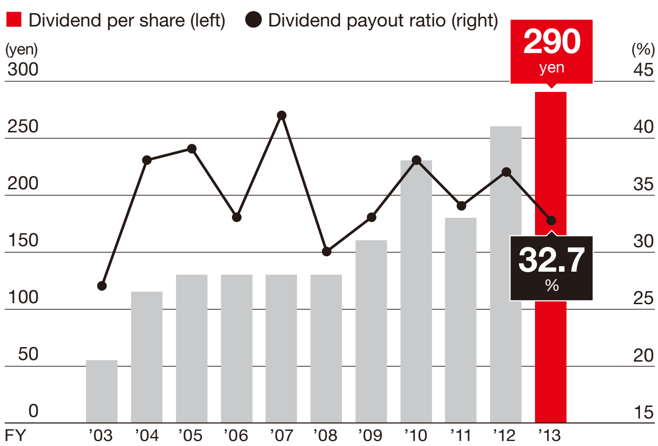
Due to the significant rise in our share price — from ¥18,720 on August 31, 2012 to ¥31,900 on August 31, 2013 — market capitalization rose to ¥3.38 trillion. Fast Retailing Co., Ltd. now ranks seventeenth on the Tokyo Stock Exchange in terms of market capitalization, and first among listed retail companies.

Cash and equivalents ¥295.6 billion +11.1% UP



Cash, cash equivalents and marketable securities increased by ¥29.6 billion year on year to ¥295.6 billion. Free cash flow totaled ¥35.5 billion, representing the balance between cash inflows from operating activities of ¥99.4 billion versus cash outflows for investment activities of ¥63.9 billion.

Dividend per share ¥290 +¥30 UP



In fiscal 2013 the annual dividend per share increased 30 yen year on year to 290 yen. In accordance with our policy of paying high dividends linked to Group performance, this annual dividend payout ratio is equivalent to approximately one third of consolidated net income.

Fiscal 2013 Performance

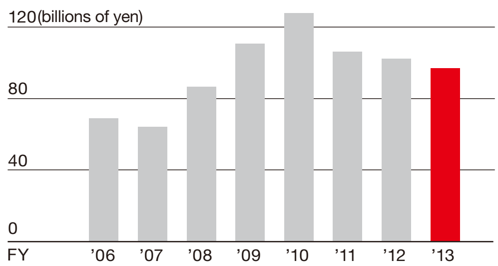
In fiscal 2013, Fast Retailing's net sales topped one trillion yen for the first time and operating income reached a new record. Net sales totaled ¥1.14 trillion (+23.1% YoY) and operating income ¥132.9 billion (+5.1% YoY). Profits expanded at UNIQLO International and Global Brands, but at UNIQLO Japan a fall in the gross profit margin and increased business costs knocked operating income lower. Net income jumped 26.1% year on year to ¥90.3 billion, as the weaker yen generated a foreign exchange gain of ¥15.5 billion. We increased our annual dividend by 30 yen to 290 yen.

Performance by Business Segment

UNIQLO Japan

The mainstay UNIQLO Japan operation accounted for 59.8% of consolidated sales. We successfully boosted customer visits to our stores by aggressively promoting core ranges such as HEATTECH, Ultra Light Down and AIRism through TV commercials, fliers and other advertising. Customer visits rose 12.0% and same-store sales increased 7.3% year on year as a result, but operating income contracted 5.4%, as purchases of predominantly discounted items dampened our gross profit margin, and personnel and other business expenses increased.

■ Operating Income/Loss

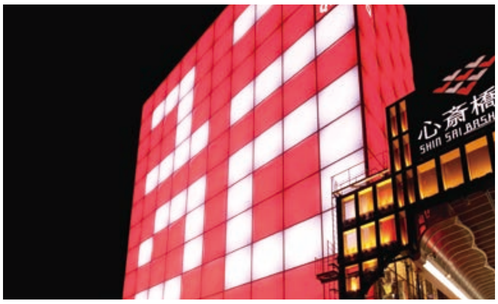


Growth Initiatives

- Aiming for 5% annual growth in sales floor area
- Achieving high efficiency through "scrap and build" of stores

Current Challenges

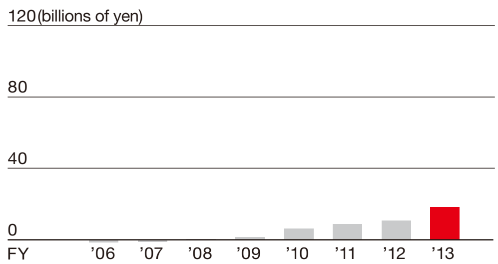
- Managing cost increases stemming from a weaker yen, higher factory labor costs and higher raw materials prices
- Controlling discounts and production volumes
- Boosting share of women's wear and urban markets



UNIQLO International

UNIQLO International contributed greatly to company growth, with store numbers increasing rapidly in China, Hong Kong, Taiwan and other parts of Asia. Greater China (China, Hong Kong and Taiwan) expanded significantly to generate sales of ¥125.0 billion and operating income of ¥13.5 billion. We opened our first store in Indonesia in June 2013, and plan to open our first stores in Australia and Germany in spring 2014. We opened 10 in-mall stores in the United States in fall 2013, and plan to increase UNIQLO USA's store total to 22 by the end of August 2014.

■ Operating Income/Loss



Growth Initiatives

- Multiple stores generating strong growth in Greater China and S.E. Asia
- Building a store network in the U.S. (20-30 stores annually)
- Opening first stores in Australia and Germany in spring 2014

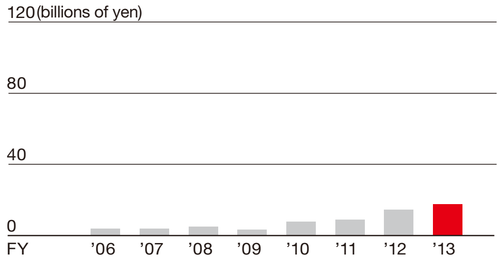
Current Challenges

- Nurturing store managers and developing management teams in each region
- Generating swift profit at UNIQLO USA
- Boosting brand visibility and opening stores in major European cities

Global Brands

Profits increased significantly. GU performed especially well, boosting sales from approximately ¥58 billion in fiscal 2012 to ¥83.7 billion in fiscal 2013, and operating income from approximately ¥5.0 billion to ¥7.6 billion. Theory also reported a record performance. We used the existing Group infrastructure to effectively expand globally. The first GU store outside Japan proved a success when it opened in the basement of the global flagship UNIQLO Shanghai Store in September 2013. In addition, J Brand opened its first directly run store in Japan in October.

■ **Operating Income/Loss**



Growth Initiatives

- GU sales set to top ¥100 billion in fiscal 2014
- Achieving stable growth for Theory in Japan and the U.S.

Current Challenges

- Accelerating GU's international expansion
- Promoting synergies with leading denim company J Brand
- Boosting performance at France-based CDC & PTT

GU

Increasingly well known for its fun fashion at amazingly low prices, GU boosted its network in Japan to 214 stores in fiscal 2013, and brand awareness in the Japanese market climbed to 85% (GU survey). There are many potential locations in Japan to continue store openings, and GU could gain popularity across Asia representing fast fashion from Japan. GU aims to expand its operations by strengthening its design and merchandising capability.

Theory

Theory, known for its simple, basic designs and quality fabrics, performed well in Japan and the United States. At the same time, the Theory brand is becoming popular in China, South Korea and other parts of Asia, and we plan to open more stores in these regions. PLST, a Japan-based Theory sub-brand, also performed well, boasting 61 stores at end August 2013. PLST took its first step outside Japan in September 2013 and opened a store within the UNIQLO Shanghai Store.

Comptoir des Cotonniers (CDC)

The casual, chic French fashion brand is known for its timeless elegance and clever use of the latest trends. Comptoir des Cotonniers boasted a network of 375 stores at end August 2013, located mainly in France, other parts of Europe and Japan. With 45 stores in Japan, CDC clothing is featured in many fashion magazines every season.

Princesse tam.tam (PTT)

Princesse tam.tam, famous for its original prints and refreshing bright colors, specializes in three lines for women: corsetry, home wear and swimwear. PTT enjoys an expanding worldwide network, anchored by a strong presence in Europe, both in directly run boutiques and leading department stores. The first directly run PTT store in Japan opened inside Printemps Ginza in November 2012.

J Brand

J Brand is a leading U.S. contemporary fashion company with significant experience in the denim category. Fast Retailing purchased a majority share in J Brand in December 2012. J Brand clothing is sold in over 2,000 outlets in the United States, including leading department stores, select shops and specialty boutiques. J Brand denim garments, well known for their sophisticated designs, beautiful silhouettes and perfect fit, are extremely popular with many actors, models and stylists. J Brand opened its first directly run store in Japan, in Osaka's prominent Hankyu Umeda department store, in October 2013.

Message from the CEO

Aiming for Excellence through Globalization, Group-wide Cooperation, and Reignited Entrepreneurship

In fiscal 2013, total net sales topped one trillion yen for the first time, and we recorded a record profit. Our quest to promote globalization, strengthen overall Group management and reignite our entrepreneurial spirit has really begun to bear fruit. We are determined to keep going.

Seven of the top ten selling UNIQLO stores, and one third of all UNIQLO stores, are outside Japan. UNIQLO International is today the undisputed driver of Fast Retailing's growth. Of all the international markets, Asia and the Pacific Rim offer the greatest potential. With the rapid expansion in the middle-income population boosting consumption, these regions are expected to fuel future global economic development. UNIQLO is pursuing especially strong growth in Greater China (China, Hong Kong and Taiwan), where we are opening approximately 100 new stores each year. The United States is another promising source of growth. In fiscal 2014 we plan to open 15 new UNIQLO stores there in suburban malls; over the next few years we expect to develop a network of 100 stores in the U.S.

Buoyant growth at our low-priced GU casualwear brand has added new vigor to the Group. The opening of its first store outside Japan—in Shanghai in September 2013—marked the first step towards GU becoming a global brand. A GU survey revealed that recognition of GU as a brand that offers fun fashion at amazingly low prices has now risen to 85% in Japan. I am confident that GU will continue with its stellar expansion.

Our irrepressible entrepreneurial spirit drove the launch of a new category of clothing: LifeWear, a natural extension of sportswear and casualwear. LifeWear is high-quality, fashionable clothing designed to be every bit as comfortable as conventional basic wear. LifeWear perfectly complements and enhances daily life. UNIQLO's fleece, HEATTECH, AIRism, Ultra Light Down, and cashmere sweaters, are all LifeWear items which have contributed greatly to our dynamism and success. I believe LifeWear will give UNIQLO an unrivalled, enviable position as we expand globally.

Each new achievement strengthens our commitment to society and to the improvement of lives through our clothes. To name one example, UNIQLO is working with Grameen Bank in Bangladesh to create a local social business. This is generating significant, visible social benefits by establishing an entire clothes-making process from design through production and retail. Looking ahead, the Fast Retailing Group will continue to channel its collective strength and expertise to improve the lives of people around the world through its social business and various other CSR activities.

January 2014

Tadashi Yanai

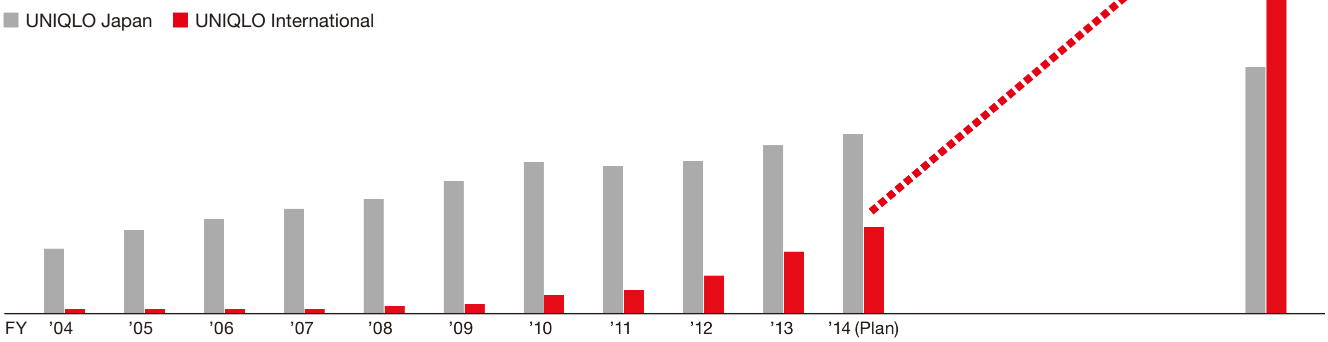
Tadashi Yanai
Chairman, President & CEO

Transforming UNIQLO into a Truly Global Brand

UNIQLO Builds its Position in the Global Marketplace

In fiscal 2013, the number of UNIQLO stores located outside Japan rose to 446, which is one third of the total. The growth of UNIQLO International is increasingly important to our business. UNIQLO is drawing worldwide attention as an up-and-coming apparel manufacturer and retailer from Asia, in a global industry that has been led primarily by European and American brands. The scale of business generated by UNIQLO International will one day overtake that of UNIQLO Japan, and it will then become the undisputed growth driver for the Fast Retailing Group.

■ My Sales Targets for UNIQLO International vs. UNIQLO Japan



Gold Rush Opportunities Abound in Asia and the Pacific Rim

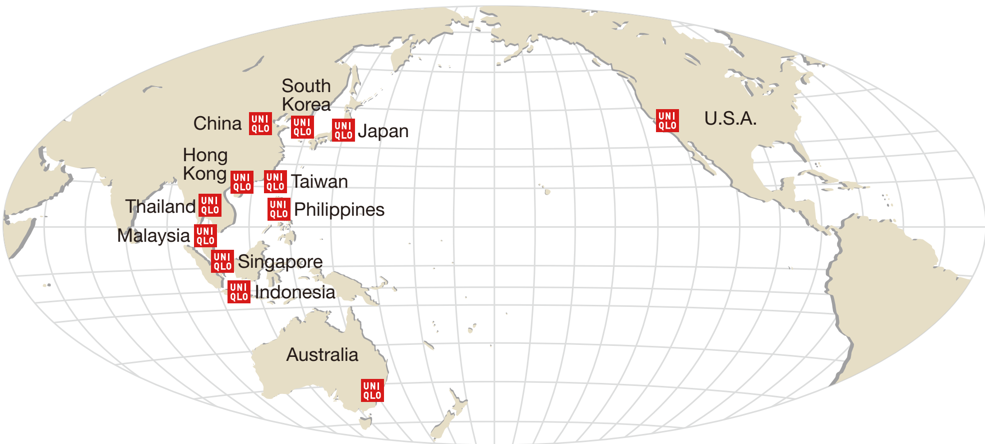
UNIQLO International's growth has been underpinned by strong economic activity in the Pacific Rim, encompassing China, South Korea, Southeast Asia, Oceania and the West Coast of the United States. The situation seems to me like a "gold rush." Global development used to revolve around Europe and the United States. Now Asia is the focal point for generating prosperity and eradicating poverty. This historic change is creating huge business opportunities. With our business bases in Japan and mainland Asia, Fast Retailing can use its geographical advantage over major European and American apparel brands.

Disposable incomes are expected to grow strongly in China and Southeast Asia, and the middle-income population is expected to increase fast. In the 1990s, Japan's apparel market was slightly smaller than that of the United States', at 11 trillion yen (95 billion dollars)*, and subsequently decreased to 9 trillion yen (88 billion dollars)* following the bursting of Japan's economic bubble. By contrast, the American apparel industry expanded with the broader economy to reach 36 trillion yen (370 billion dollars)*.

Today the Chinese apparel market is estimated at 30 trillion yen (310 billion dollars)*, Asia is expected to become the world's largest apparel market within a few years assuming China and other Asian economies continue their robust growth. The region's vast number of young people could fuel an explosion in apparel demand. We are swiftly building operations in Asia that will enable us to take full advantage of this phenomenal business opportunity.

*According to Euromonitor International and Textile Industry

■ **UNIQLO's Expanding Presence in Asia & Pacific Rim**



High Expectations for Expansion in the U.S. Retail Chains Now a Real Possibility

At the opening of the UNIQLO San Francisco Union Square Store in October 2012, the majority of customers were of Asian descent. With its innovative IT industry, strong economic growth, and diverse, young population, the West Coast reminded me of Asia's many vibrant economies.

Favorable conditions on the West Coast increase our prospects for business expansion elsewhere in the United States. Sales from the 10 in-mall stores we opened on the East and West Coasts in fall 2013 have outstripped our expectations. The Menlo Park Mall store in New Jersey, for example, achieved stellar sales of 10 million yen on opening day. This success is significant given UNIQLO's short-lived presence in the very same mall eight years earlier. Back then, sales on opening day totaled only one million yen, largely because consumers in the United States were still unfamiliar with the UNIQLO brand. Today, the UNIQLO brand is much better known, and the new store attracted considerable attention in the local media.

The opening of the New York Fifth Avenue Store in October 2011 seems to have marked the turning point for UNIQLO in the U.S. Once we had opened a dazzling global flagship store at the heart of the most famous fashion boulevard in the United States, Fast Retailing received dozens of invitations from large-scale developers to open outlets in malls nationwide. Today, UNIQLO attracts extremely talented and effective local managers. The local management team at UNIQLO USA has begun flexing its muscles, and in the future I expect to see chains of 100 stores on both the East Coast and West Coast.

LifeWear— A New Clothing Category

LifeWear — Comfortable Fashion Enhancing Everyday Life

UNIQLO has refined its MADE FOR ALL clothing concept into something new: LifeWear. LifeWear clothes are designed to enrich people's lives and enhance their everyday comfort.

Let's look at fashion history. Europe invented the dress. Then, in the United States work clothes evolved into jeans, while undergarments became T-shirts. Casualwear and sportswear followed. UNIQLO wants to create the next category of clothing, the clothes of the future. LifeWear apparel is high-quality, fashionable basic wear that enables people to go about their daily lives with ease and comfort.

Prime examples include UNIQLO fleece, highly functional HEATTECH and AIRism innerwear, Ultra Light Down, and cashmere sweaters. Our quest is to perfect these ranges and create clothes that people everywhere love to wear.

True Globalization Demands Focused Localization

The simultaneous pursuit of globalization and localization may appear contradictory, but it is actually vital if we are to optimize the success of LifeWear. UNIQLO clothes have evolved from Japanese ways of life. As we expand globally, we must adapt UNIQLO clothes to suit local cultures and lifestyles.

To boost UNIQLO's presence in malls across the United States, we must identify and develop everyday wear to suit the needs of suburban American consumers. Consumers at our American high street stores, including New York Fifth Avenue, have so far proved similar to those in Tokyo and other global cities. However, the consumer base outside of the major U.S. cities is more diverse in terms of ethnicity, body size and shape, and preferred colors and styles. UNIQLO must provide the right mix of everyday wear, which is so vital to daily wellbeing, not only in the United States but in every market.

Our U.S. management team, made up of designers and merchandisers with lots of experience in the market, is beginning to adapt UNIQLO products to local needs. This strategy of focused localization will help UNIQLO become a strong brand globally.

A New Approach for UNIQLO Japan

Marketing to Highlight UNIQLO's Unparalleled Materials and Product Functionality

In fiscal 2013, sales at UNIQLO Japan rose rapidly, while profits shrank. To ensure that profits recover in fiscal 2014, we are reviewing our marketing strategy, improving control over profit margins and increasing production volume accuracy.

On the marketing front, we are drawing attention to the high quality and superior functionality of UNIQLO products. We will continue to actively promote how these highly functional materials are revolutionizing the way we wear clothes. I have great respect for Peter F. Drucker, the famous business management expert who said, "Business has only two functions: marketing and innovation." At UNIQLO, we pursue marketing and innovation with relentless devotion, so that our clothes are overwhelmingly better than our competitors', and that our customers understand their quality. UNIQLO brand awareness is close to 100% in Japan, but I think we can always do more to tell people about the outstanding benefits and superior functionality of our unique HEATTECH and Ultra Light Down ranges.

Two New Exciting Global Hotspot Stores to Open in Tokyo in Spring 2014

As a result of our "scrap and build" policy—replacing small stores with larger ones that have a sales space of over 1,650 square meters—we have boosted our proportion of large-format stores to approximately 20% of the total. Our large-format stores enable customers to enjoy a full range of products in an easy, comfortable shopping environment. With ample space to display our clothing to customers, we can suggest new looks and styles that emphasize every product's features and attractive details.

UNIQLO began successfully transforming its image in Japan with the opening of global flagship stores in Ginza, Tokyo and Shinsaibashi, Osaka, and then a global hotspot store in Shinjuku, Tokyo. The BICQLO Shinjuku East Exit Store UNIQLO, which we opened in collaboration with leading consumer electronics retailer BIC CAMERA in September 2012, uses never-before-seen ways of making the shopping experience more fun. We plan to open two more global hotspot stores in Tokyo's Ikebukuro and Okachimachi districts in spring 2014, so that more people can enjoy UNIQLO products and UNIQLO's unique in-store experience.

GU — Our Second Mainstay Brand

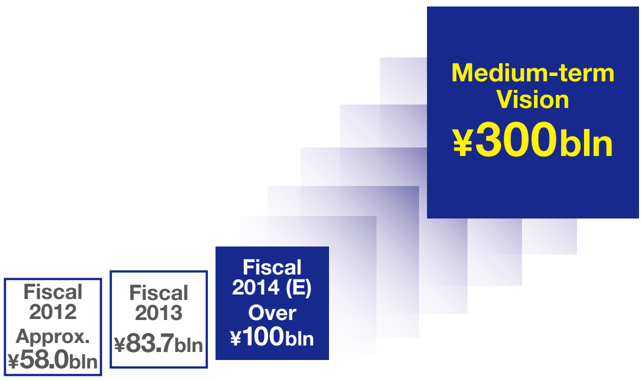
GU Growth Accelerating
Targeting Sales Surpassing ¥100 Billion for Fiscal 2014

Our low-priced GU casualwear brand has been doing really well, boosting sales to ¥83.7 billion, operating income to ¥7.6 billion and total store number to 214 in fiscal 2013. GU is now much better known in Japan as the brand offering fun fashion at amazingly low prices, and sales will top ¥100 billion in fiscal 2014.

Fast fashion companies such as H&M and Primark have enjoyed success in Europe and the U.S. selling clothes that mimic the latest fashion trends cheaply. Young people in these markets want to enjoy fashion without the fuss. Today, we are seeing a similar trend in Japan, even though very few apparel brands can fulfill this desire.

GU is filling a gap in the fashion market for young people who want to enjoy the latest fashion trends easily and affordably, and who want to enjoy mixing and matching different looks without spending a fortune. I am convinced that our medium-term vision for GU sales of ¥300 billion is now firmly on the horizon, and that GU will whip up a storm in the Asian apparel market as we open stores for the brand in China and elsewhere.

■ GU Sales Growth Accelerates



Capitalizing on Group Synergies to Launch GU in Global Markets as a Fast Fashion Brand from Japan

To achieve our medium-term vision—GU sales of ¥300 billion—we will need to work on many key areas, including management training, hiring, new-store planning, product development, marketing, materials procurement, production bases, and more. The Fast Retailing Group is ready to supply whatever GU needs by galvanizing its extensive networks and expertise.

In terms of global expansion, GU can benefit greatly from synergies with the UNIQLO brand. Since the two brands are designed to complement—not cannibalize—each other, I like the idea of opening joint GU and UNIQLO stores worldwide. Indeed, the first GU store outside Japan was successfully opened in the basement of the global flagship UNIQLO Shanghai Store in September 2013.

But if GU is to succeed in global markets, it must be able to develop ten times the number of fashionable items it is developing today. To do this, GU needs to build development teams to research and devise new ranges in Tokyo and in the key fashion centers of Paris and New York. GU has a unique advantage because it can draw on the expertise of UNIQLO, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand. Once it has refined its products and boosted its product power, I have no doubt that GU will be able to compete on equal terms with similar European and U.S. fashion brands. We intend to build GU into the strongest, most successful fast fashion brand from Japan.

Building the Best Global Corporate Group

The Full Launch of Our Management Training System Will Help Us Build the Best Together

Our corporate philosophy, the Fast Retailing Way, was designed to help Fast Retailing become a truly good company. As part of our corporate mission—"Changing clothes. Changing conventional wisdom. Change the world."—we strive to provide people all over the world with great clothing. Japanese DNA forms the backbone of the Fast Retailing Way—a passion for fine craftsmanship, an emphasis on superior customer service and a work ethic that values diligence and teamwork. Every employee should adopt the mindset of a business manager. All Group managers and employees should share the same strong ambition and aim to be the world's best, while staying firmly grounded in their immediate surroundings.

I believe our most important challenge today is how to rapidly nurture large numbers of capable managers. Our Fast Retailing Management and Innovation Center (FRMIC) offers complete and thorough management training courses. We distribute our "Notes on Becoming a Business Leader" to all management personnel worldwide. These notes detail the lessons I learned as a business leader over the years and explain the four most vital management skills: the abilities to change, to earn a profit, to build a team and to pursue an ideal.

Fast Retailing is becoming increasingly global, but Japanese people simply don't have enough chances to develop international mindsets, or to experience different cultures firsthand. We need more people with experience living and working outside Japan in order to carve a winning position in global markets and further develop as a global company. To achieve this, we are currently sending many Japanese employees overseas and hiring more non-Japanese nationals at our Tokyo headquarters.

"Notes on Becoming a Business Leader" in English and Japanese

The Fast Retailing Way —FR Group Corporate Philosophy—

Changing clothes. Changing conventional wisdom.
Change the world.

Group Mission

- To create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes
- To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society

Contributing to Global Society through Clothes

We contribute to global society through our business: clothes. In fact, our corporate social responsibility (CSR) is as important to me as our core business activities because when customers buy our clothes, we also want them to buy our corporate spirit—who we are and what we stand for.

Our 2001 Fleece Recycling Campaign subsequently blossomed into our All-Product Recycling Campaign. Fast Retailing is proud of this and its many other CSR activities. In summer 2013, we opened our first Grameen UNIQLO store in Bangladesh as part of our social business there. This business has boosted local employment opportunities by building a clothes-making operation spanning design, manufacture and retail. As an experienced apparel manufacturer and retailer, UNIQLO can help this local operation to procure materials, and to manufacture and retail T-shirts, polo shirts and casual men's shirts, and other garments at affordable prices. All profits are reinvested. Our social business and other CSR activities are our way of helping improve people's lives.

Pursuing M&A to Strengthen Our Operational Base

The active pursuit of potential mergers and acquisitions can help secure new sources of future Group growth by facilitating the expansion of our brand portfolio and creating multiple profit-generating pillars. M&A can also find partners that might facilitate a significant expansion of the UNIQLO brand in Europe and the United States.

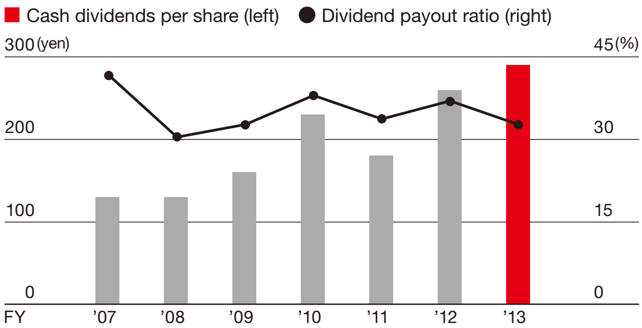
In December 2012, we purchased J Brand Holdings, a leading American premium denim company. We are now drawing on J Brand's expertise to boost Fast Retailing's denim products across the Group.

Our Theory operation, purchased in 2004, is fast developing into a one billion dollar business. The Theory purchase illustrates how Fast Retailing can use the acquisition of affordable luxury brands to create multiple profit-generating business pillars, and further strengthen our Group operational base. With a strong global operational platform, we can then develop newly acquired brands into full-fledged global brands. Our UNIQLO operation can also reap benefits from the broader corporate Group in areas such as personnel, product and store development. M&A opportunities will likely increase in importance as we expand our global reach.

Strong Performance = Strong Dividends

Rewarding shareholders is one of Fast Retailing's most important objectives. Our policy is to offer high dividends that closely reflect business performance. We use profits to fund future business expansion, retaining earnings to ensure healthy finances and provide good shareholder returns. In fiscal 2013, we paid an annual dividend of 290 yen (payout ratio: 32.7%).

■ Cash Dividends per Share and Dividend Payout Ratio



Our Approach to Corporate Governance

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

We introduced a system that uses entrusted operating officers, to separate the decision-making and executive functions of management. The majority of directors on the Board are external to heighten the Board's independence and its surveillance ability.

The Group has adopted the corporate auditor governance model, which assigns responsibility for the oversight of corporate governance to a Board of Auditors. At the same time, governance committees support the decision-making duties of the Board of Directors. Separate governance committees oversee human resources, corporate social responsibility (CSR), disclosure, IT investment, the Code of Conduct and business ethics.

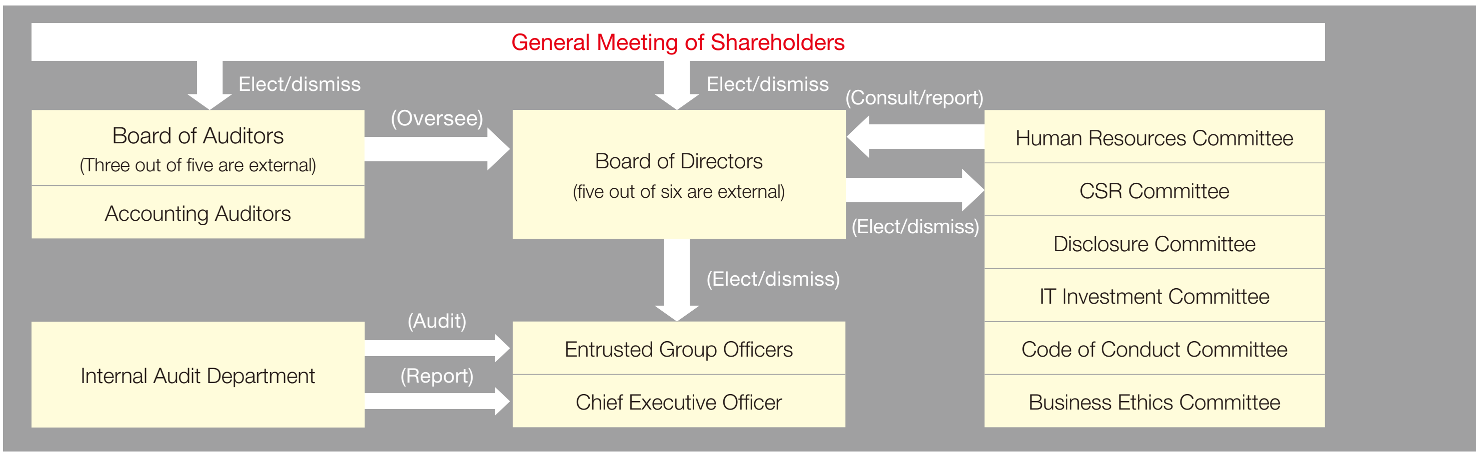
Fast Retailing Head Office, Yamaguchi

Outline of Corporate Governance (Year ending August 31, 2013)

Form of Organization		Corporate auditor governance model
Chairman of the Board		Tadashi Yanai
Number of Directors		6, including 5 external directors
Number of Auditors		5, including 3 external auditors
Details of Board of Directors Meetings in Fiscal 2013	· Number of Meetings · Director Attendance*1 · Auditor Attendance*2 · Sample Agenda	13 100% 98.5% Fiscal year budget, Approval of corporate results, Approval of group officers appointments, UNIQLO operations in Indonesia
Details of Board of Auditors Meetings in Fiscal 2013	· Number of Meetings · Auditor Attendance*2 · Sample Agenda	14 95.8% Auditing policy, Auditing planning, Discussion with Executive Board, GU business and future issues, Key labor issues, Current Production Department Issues, Auditing of UNIQLO Japan and UNIQLO International stores
Main Meetings Requiring Auditor Attendance		Board of Directors Meetings, Human Resources Committee, CSR Committee, Disclosure Committee, Code of Conduct Committee, Business Ethics Committee, IT Investment Committee
Election of Independent Directors		3 external directors and 3 external auditors elected
Determination of Individual Director Remuneration		Overall limit approved at the General Shareholders Meeting. Individual remuneration determined by the Executive Board to reflect occupational duties, responsibilities, actual performance and contributions. Fiscal 2013 compensation to the six directors totaled 447 million yen, including 47 million yen to external directors
Determination of Individual Auditor Remuneration		Overall limit determined at the general shareholders meeting. Individual compensation decided through mutual consultation between auditors. Fiscal 2013 compensation to the six auditors totaled 61 million yen, including 31 million yen to statutory auditors.*3
Accountant Auditor		Ernst & Young ShinNihon LLC

*1 Average attendance of each director *2 Average attendance of each auditor
*3 Includes remuneration for one statutory auditor who resigned his post at the General Shareholders' Meeting held on November 22, 2012

Corporate Governance at Fast Retailing (As of December 31, 2013)



Internal Control

Fast Retailing seeks to consistently improve its corporate ethics and compliance through a number of internal controls, ensuring strict adherence to the Group's policies and rules, including the Group's management principles, the Fast Retailing Way and the Fast Retailing Group Code of Conduct (CoC). In conjunction with this, we have internal control systems for financial reporting and information disclosure. Our Internal Audit Department, which is entirely separate from Group business activities, and our Legal Department, which oversees compliance issues, work to ensure the smooth operation of this system. These departments regularly conduct risk analyses.

Code of Conduct for Officers and Employees

We heighten awareness of the Fast Retailing Group CoC by requiring all officers and employees to confirm and sign a written commitment each year. Our internal reporting system, or hotline, is accessible by any employee wishing to report a potential violation of the CoC or to discuss work concerns. Employees receive confidential advice pertaining to communication problems with managers, sexual harassment, working hours and paid vacations, renewal of employment contracts, etc. In some cases, advice can be sought from external legal counsel. If necessary, reports received via the hotline will be referred to the Code of Conduct Committee.

Guidelines to Prevent the Abuse of Superior Bargaining Power

Building equal and amicable relationships with our business partners is extremely important. The Fast Retailing Group is in a particularly strong position in terms of bargaining leverage given that it operates approximately 2,400 stores worldwide and orders more than 800 million items annually. As a pre-emptive measure, the Business Ethics Committee established the Guidelines to Prevent the Abuse of Superior Bargaining Power, which ensure that our partner factories and suppliers do not consider themselves under inappropriate pressure.

The Business Ethics Committee sends surveys to the Group's principal business partners on an annual basis, and discusses and advises the relevant departments if any issues arise. The Committee deliberated on 63 specific survey responses in fiscal 2013.

CoC and Monitoring Workplace Conditions at Partner Factories

UNIQLO works with partner companies to manage product safety, quality and working conditions, and has instituted a Code of Conduct for Production Partners. We check working conditions at partner factories twice a year* for any inappropriate practices, such as child or forced labor, and instigate improvements. We have also compiled the Environmental Standards for Materials Factories for sewing factories and fabric manufacturing plants, which are now monitored* by specialized external institutions.

*For more information on monitoring activities, p.58-59

Composition of Committees (As of December 31, 2013)

✓ = Committee Members

	Internal Director	External Directors					Full-time Auditors		Statutory Auditors			Officers and Other External Professionals
	Yanai	Hambayashi	Hattori	Murayama	Shintaku	Nawa	Tanaka	Shinjo	Yasumoto	Watanabe	Kaneko	
Human Resources Committee	✓	Chairperson	✓	✓	✓	✓	✓		✓			—
CSR Committee	✓						✓		✓			3
Disclosure Committee	✓							✓				6
IT Investment Committee	Chairperson			Observer	Observer			✓				4
Code of Conduct Committee							✓				✓	8
Business Ethics Committee								✓	✓	✓		3

Notes: The head of the CSR Department chairs both the CSR Committee and the Business Ethics Committee.
The Disclosure Committee is chaired by the individual responsible for disclosing information to the Tokyo Stock Exchange.
The head of the General Administration & Employee Satisfaction Department chairs the Code of Conduct Committee.
The required notification pertaining to independent directors has been submitted to the Tokyo Stock Exchange for Toru Hambayashi, Nobumichi Hattori, Masaaki Shintaku, Takaharu Yasumoto, Akira Watanabe and Keiko Kaneko.

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

Messages from Our External Directors

Fast Retailing's Growing Orientation as a Public Corporation

Today, Fast Retailing is making the transition from being a 'my company' under founder, CEO and major shareholder Tadashi Yanai, to being a 'your company,' a more public corporation. While Mr. Yanai is undeniably an amazing businessman, our task is to evaluate, on behalf of various stakeholders, whether Fast Retailing is generating sound results. Although this is still some way off, at some point we will have to offer advice regarding Mr. Yanai's successor.

Fast Retailing aspires to become the world's top apparel retailer, and I intend to use my management experience to help realize that aim. Regardless of what happens in the global economy, we need to maintain profitability at UNIQLO Japan, expand buoyant and profitable UNIQLO operations in Asia, and nurture a strong operational base. Accelerating UNIQLO's development in the United States and Europe will also be key. No doubt, Fast Retailing will face some tough challenges, and this is why it must continue improving its corporate culture and push on with its philosophy of ZEN-IN KEIEI, where everybody thinks like a business manager.

Toru Hambayashi
External Director

Appointed November 2005. Former president of Nichimen Corp., then chairman and co-CEO of Nissho Iwai-Nichimen Holdings Corp. (currently Sojitz Corp.). Also an external director at MAEDA Corp. and UNITIKA Ltd.

Making Winning Investments

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

Fast Retailing is now much more adept than it once was at conducting in-depth discussions on levels of profit and potential growth following a merger or acquisition, as well as on the potential synergies for the Group and adjustments to its management systems. Fast Retailing's high level of growth is clearly an advantage and has attracted a greater number of potential M&A opportunities, including even some large-scale candidates. In such an environment, the Board of Directors has the increasingly important role of resolutely highlighting any downside risks.

Nobumichi Hattori
External Director

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

Conflict and Tradeoffs — Energy Sources for Growth

Companies face conflicts of interest and tradeoffs as they expand and grow, but in resolving these issues they often discover new sources of further growth. Under the astute leadership of Mr. Yanai, Fast Retailing has developed new approaches to management. Now, in the manner of a true global retailer, its management team must strive to resolve conflicts by forming strong channels of communication across all geographical locations, businesses and operations. To that aim, it is extremely important to instill FR's management principles in all employees worldwide, and ensure they have the appropriate means to act on these principles swiftly.

Fast Retailing's success to date has been based on its ability to constantly question established convention, develop new product concepts, and suggest new lifestyles. The development of innovative ideas will always generate some friction, but that friction can also generate fresh energy and momentum. I will help train FR's new managers to keep on generating these vital sources of power.

Toru Murayama
External Director

Appointed November 2007. Previously representative director, chairman and president of Accenture Japan Ltd., he is now a professor in the Faculty of Science and Engineering of Waseda University and an advisor to Microsoft Japan, Ltd.

Implementing Our Determined Global Strategy

Over my four years as external director, I have witnessed the determined progress that Fast Retailing has made on its globalization strategy. Employees and top management are united in their quest to build a successful presence in markets worldwide. The challenges are clear, the people and systems are in place, and the Group is pursuing global expansion with speed and conviction. Resolving difficult problems is a great way to grow and evolve. But the starting line is the toughest place to be.

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

Masaaki Shintaku
External Director

Appointed November 2009. Previously executive vice president of Oracle Corp. (U.S.) and chairman of Oracle Corp. (Japan). Currently, he is an advisory board member of NTT DOCOMO, INC., and also vice chairman of the NPO Special Olympics Nippon.

Training New Leaders to Promote Global Growth

Training new leaders is key to ensuring successful sales growth for any globally expanding company. As a consultant, I have advised companies not just from Japan, but also from places including the United States, China, and South Korea on global development. In order to help Fast Retailing achieve global growth, I consider whether its training systems can equip new managers with the entrepreneurial spirit they need, and whether the company as a whole is achieving diversity.

Employing my expertise in working with non-Japanese companies and IT firms inside and outside Japan, I aim to point out the best global corporate governance practices. The Fast Retailing Board of Directors is extremely sharp and dynamic. Our frank exchanges and lively debates help us form firm decisions on how to move forward. I have been on the Board for one year now, and I will continue to support Fast Retailing in its pursuit of global growth.

Takashi Nawa
External Director

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

Takaharu Yasumoto
Statutory Auditor

Statutory auditor since November 1993. President of the Yasumoto CPA Office. Serves as auditor for UNIQLO Co., Ltd., Link Theory Japan and ASKUL Corp. Statutory auditor at UBIC, Inc.

Akira Tanaka
Full-time Corporate Auditor

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

Akira Watanabe
Statutory Auditor

Statutory auditor since November 2006. Attorney and representative of the Seiwa Meitetsu Law Office. Serves as statutory auditor to MAEDA Corp., MS & AD Insurance Group Holdings and Dunlop Sports Co., Ltd.

Keiko Kaneko
Statutory Auditor

Statutory auditor since November 2012. Currently a partner in the Anderson, Mori & Tomotsune law firm and statutory auditor at The Asahi Shimbun Company and UNIQLO Co., Ltd.

Masaaki Shinjo
Full-time Corporate Auditor

Full-time corporate auditor from November 2012. Since joining FR in February 1994, he has served as general manager of both FR Group Auditing and FR Group Planning Management and auditor of G.U. Co., Ltd.

Auditor Message

Nurturing a Better Corporate Culture for Women

Keiko Kaneko
Statutory Auditor

I have only been a statutory auditor for a little over a year, and I believe that I can therefore offer firm, fresh ideas. As a member of the Code of Conduct Committee, I comment frequently on Fast Retailing's working environment. The company's strict policy on working hours supports women who want to continue their careers after marrying and having children. Female personnel constitute a formidable force in a business where the majority of customers are women, and I believe more and more women will fill positions of responsibility at Fast Retailing in the future.

I have worked with a variety of companies in my capacity as a lawyer. Our society is built on the rule of law, and management decisions should also be governed by rules. Mr. Yanai is an impressive leader, but I sometimes feel the company's culture is rather male-oriented and could benefit from a stronger female perspective. In general, Fast Retailing must take into account more diverse opinions as it seeks to promote globalization and expand its corporate group. I hope to continue expressing objective views and offering candid advice regarding the company's corporate culture.

UNIQLO

Business Model

Global Expansion

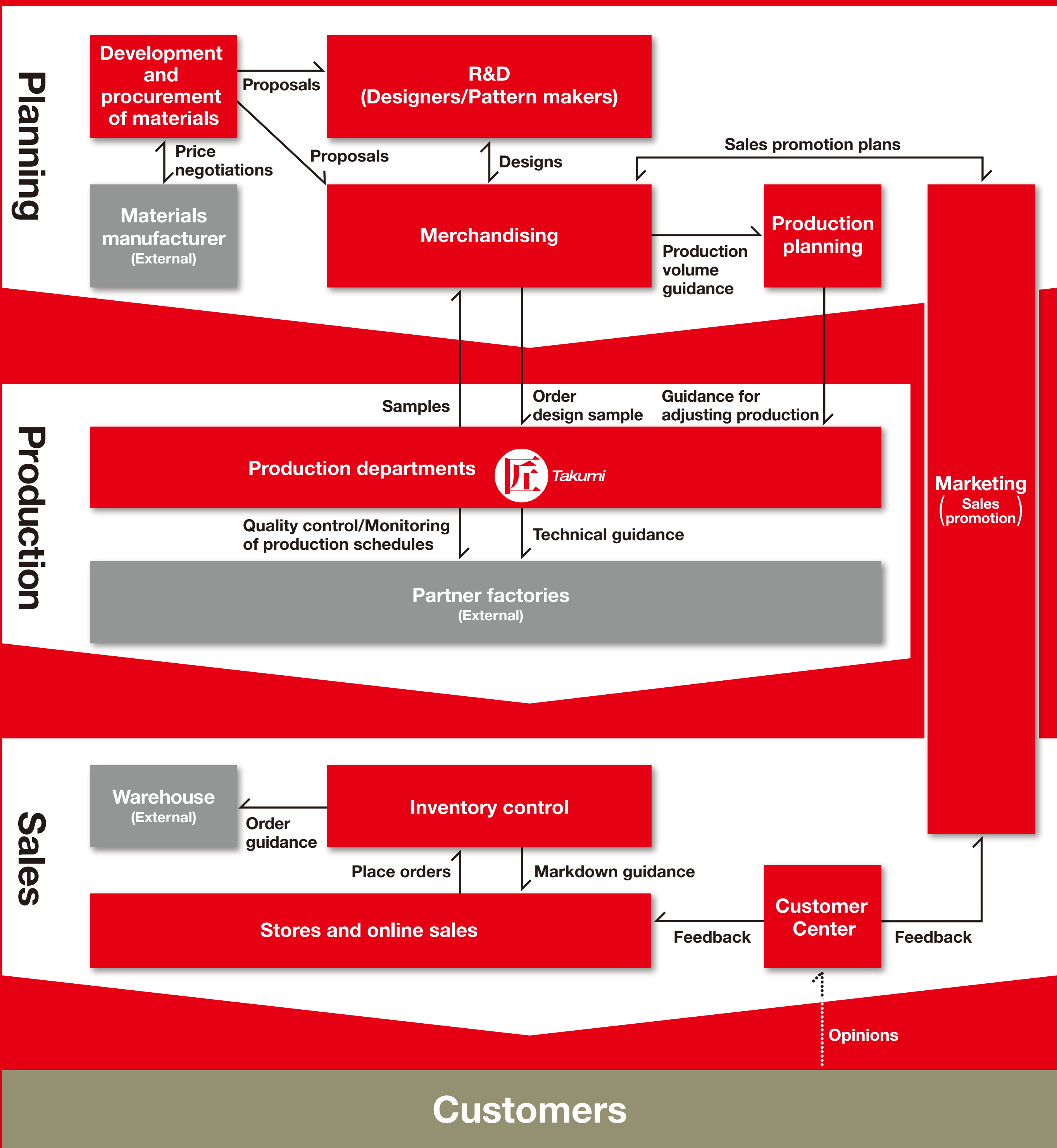
Asia

United States

Japan

UNIQLO Business Model

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



* The SPA (Specialty store retailer of Private label Apparel) business model incorporates the entire clothes-making process from procurement of materials, product planning, development and manufacture through distribution and retail to inventory management.

Planning

Product concept | Material selection | Design samples

Research & Development (Designers/Pattern makers)

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

Concept meetings are held roughly one year before a product's intended launch. On these occasions, R&D designers meet with representatives from the merchandising, marketing, materials development and production departments to discuss and finalize concepts for upcoming seasons. Then UNIQLO's R&D centers prepare designs and refine samples until each product is finalized.

Merchandising

Merchandisers play a vital role from product planning through production. After meeting with the R&D designers, merchandisers then apply the concepts for each season to product plans, materials and designs.

Next, merchandisers decide the product lineup and volume for each season, paying close attention to a detailed marketing strategy.

One other important task for our merchandisers is to decide when to increase or reduce production during a season. Any decisions to adjust production in line with demand are made jointly with the product planning department.

R&D prepares multiple samples until each final product is perfected

UNIQLO's Strengths

1 We Seek the World's Best Materials

UNIQLO is able to offer reasonably priced garments made with luxury materials such as cashmere, Supima cotton, merino wool and premium down.

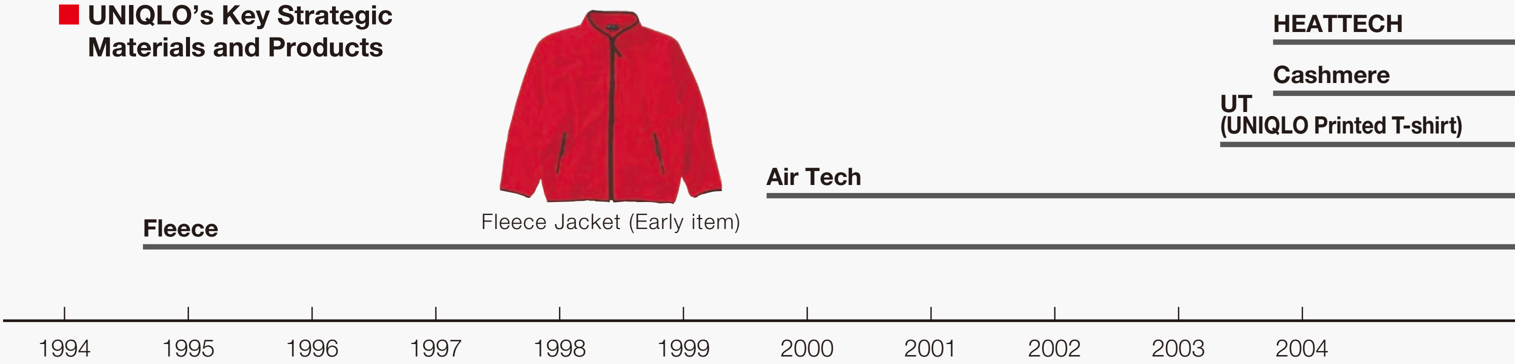
You might expect to pay several hundred dollars for a women's cashmere V-neck sweater, but at UNIQLO you can purchase one for under 80 dollars. This strength is based on our ability to negotiate directly with global materials manufacturers and secure mass-volume orders at low cost.

2 New Functional Materials Create Demand

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

For example, UNIQLO developed its innovative HEATTECH materials with Toray Industries, and steady improvements over the years have resulted in superb high-quality garments. Today, products such as HEATTECH (thin, light clothing that keeps you warm during cold winters) are transforming people's lives.

UNIQLO's Key Strategic Materials and Products



Planning

Materials procurement → **Materials development**

Development and Procurement of Materials

UNIQLO secures a stable, high-volume supply of top-quality materials at low cost by negotiating directly with materials manufacturers. Indeed, our large-volume orders of single materials mean UNIQLO can negotiate better terms for materials procurement than any other apparel manufacturer.

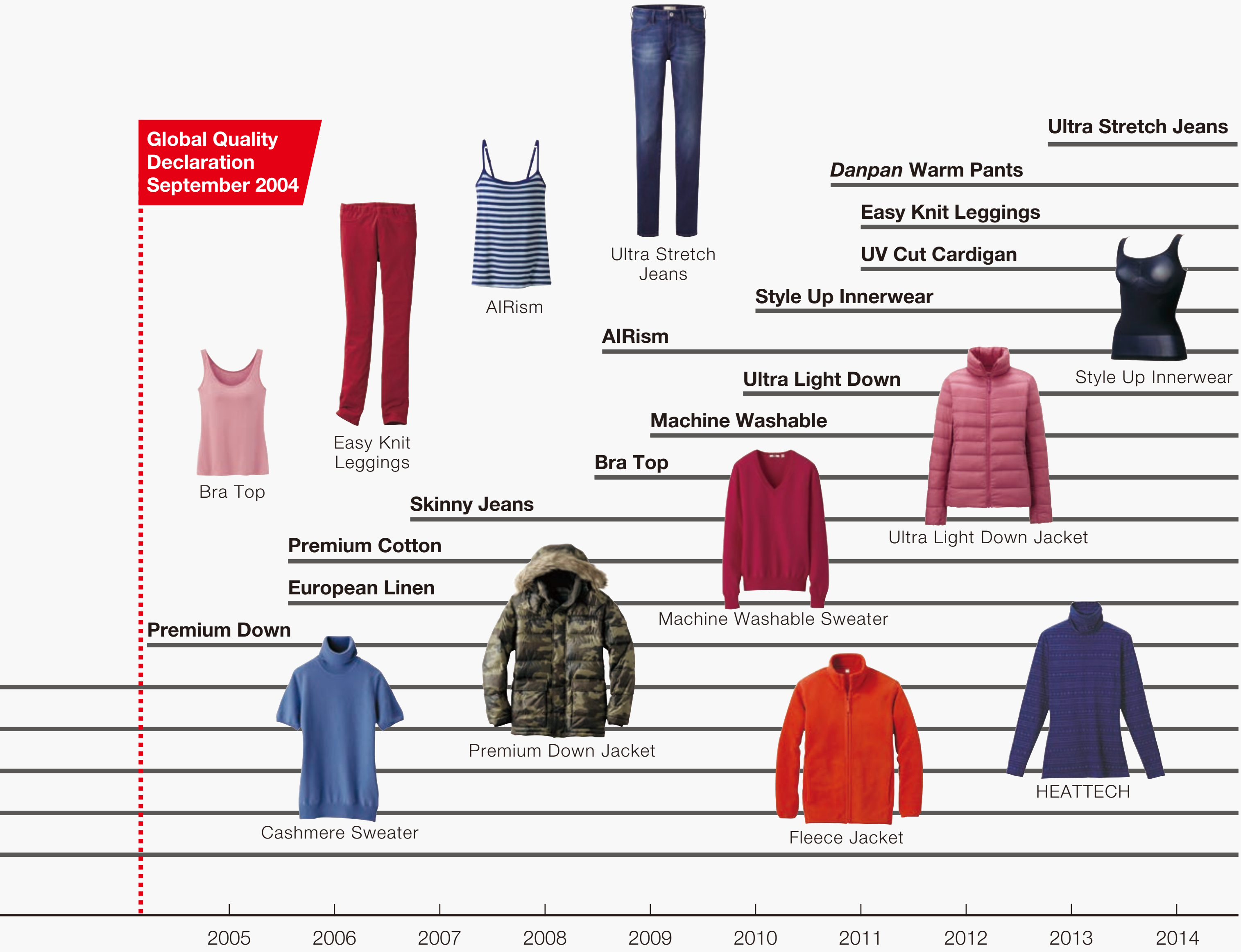
Since implementing our Global Quality Declaration in September 2004, UNIQLO's increased attention to material quality has led to the development of new products including HEATTECH, premium down, cashmere sweaters and premium cotton shirts. We place particular importance on the materials used for our core items, and our persistent, in-depth research and experimentation continues to generate multi-layered improvements to the functionality, feel, silhouette and texture of our clothes.

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

We have also created new, revolutionary products such as HEATTECH by jointly developing materials with synthetic fiber manufacturer and strategic partner Toray Industries. UNIQLO can work with materials manufacturers in this way because it produces over 700 million items annually.

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

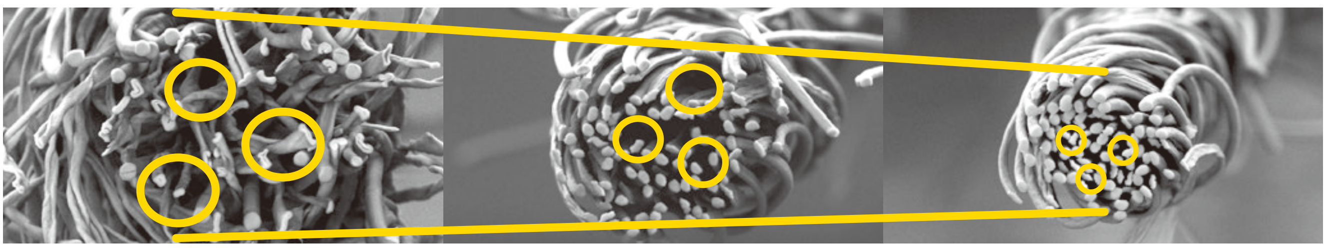

The intensity of the dyed fabric is measured and tested



Materials and design

The Evolution of HEATTECH

HEATTECH thread is made up of a combination of four fibers: acrylic, rayon, polyester and polyurethane. Some people thought the first HEATTECH garments, launched in 2003, were too stiff for innerwear, so we softened the acrylic and rayon fibers to achieve HEATTECH's renowned soft, silky feel.



2003

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

2006

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

2013

Rayon evolved into micro rayon in 2010, making the thread even thinner and improving the feel of HEATTECH. In 2013, we added Camellia oil as a moisturizing agent to our women's range for a softer, gentler feel.

Production

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

Quality and Production Control

UNIQLO deploys about 400 staff and textile *takumi* (skilled artisans) to offices in Shanghai, Ho Chi Minh City, Dhaka and Jakarta. Production managers visit partner factories each week to resolve outstanding issues. Customer concerns regarding quality are communicated immediately to production departments, and then improvements are made.

UNIQLO *Takumi* Teams

"By offering instruction on dyeing technology to UNIQLO's partner factories, I can encourage workers to embrace a new production management philosophy and improve the factories themselves. Our cultures may be different, but our aim is the same—to make truly great products. I am proud to be passing on expert Japanese techniques to the next generation of Chinese technicians."

匠 Dyer *Takumi*
Kazuaki Iida

Expanding Our Production Network

Broadening its global reach, UNIQLO has formed business relationships with partner factories in China, Vietnam, Bangladesh and Indonesia. We have production offices in Shanghai, Ho Chi Minh City, Dhaka and Jakarta to ensure our clothes are made to the highest global standard of quality.

■ UNIQLO Production Offices

Introduce World-class Business Processes with Top-class Partner Factories

UNIQLO forms solid partnerships with carefully selected, world-class factories that share our corporate philosophy and vision. For us, these relationships are much more than simple business deals. They represent a joint commitment to work together. We produce high-quality garments at reasonable prices by dividing our long-term production plans into manageable monthly production volumes and by implementing the best global business practices to increase operational efficiency.

We resolve any issues that may arise during the production process swiftly and firmly, and implement fundamental measures to ensure the same problem does not recur. We believe we can grow along with our partner factories by maintaining this patient, steady commitment to perfecting our techniques and improving our business procedures.

By controlling the entire clothes-making process from materials procurement through manufacture and retail, we can offer our customers truly great clothing at reasonable prices, which makes us very happy.

Group Executive Vice President
Fast Retailing Co., Ltd.
Head of Production Dept.
Yoshihiro Kunii

Processing and finishing » **Product inspection** » **Shipped to destination**

■ **The Cut and Sew Manufacturing Process**

Spinning

The spinning begins with the unravelling of raw yarn materials. Cotton is blended from multiple localities to ensure quality.

Dyeing

Computer-generated test colors are adjusted by skilled artisans with an eye for slight differences in color.

Knitting and sewing

The sewing process begins with cutting, followed by machine sewing, which requires both precision and patience.

Processing and finishing

Ironing and packing are performed with great care. Quality and safety inspections are conducted several times.

Sales

Products reach the warehouse **Shipped to stores**

Inventory Control

The Inventory Control Department maintains the optimum level of store inventory by monitoring sales and stock on a weekly basis, and dispatching necessary inventory and new products to fulfill product orders.

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

Promotional flyer

Marketing

Each season, UNIQLO conducts promotional campaigns for core products such as fleece, Ultra Light Down jackets, polo shirts and HEATTECH. During the campaigns, UNIQLO advertises these core products' unique qualities and noteworthy features on TV and in other media. In Japan, for example, weekly flyers in the Friday edition of national newspapers promote the apparel that will be discounted that weekend.

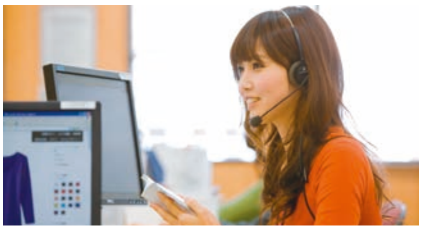
TV commercial

Online Store

Sales from the UNIQLO Japan Online Store totaled 24.2 billion yen in fiscal 2013, or 3.5% of total UNIQLO sales. We also offer online sales in China, Hong Kong, Taiwan and the U.S.

Customer Center

The Customer Center deals with more than 90,000 comments and requests annually. Appropriate departments then act on them to improve products, stores and services.



Customer Center

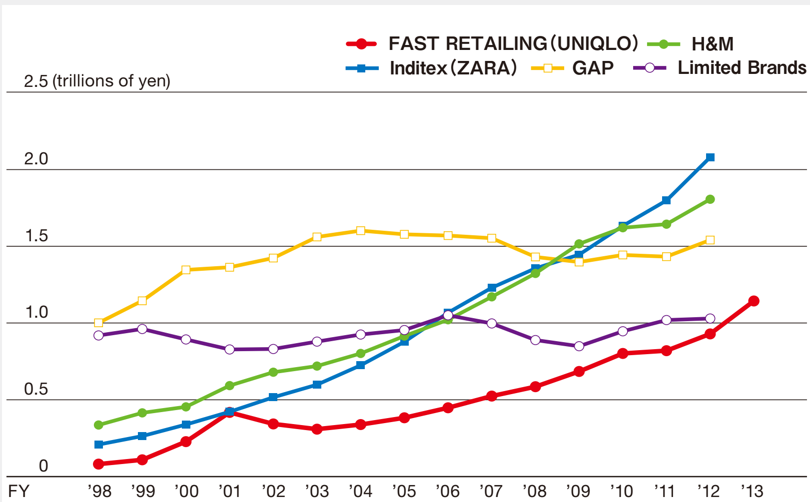
In-store and online sales

UNIQLO Stores

UNIQLO Japan had 853 stores nationwide (including 19 franchise stores) at the end of August 2013. Since opening the first store outside Japan in 2001, UNIQLO International has expanded to 446 stores, including 280 stores in Greater China, 105 in South Korea, and 39 elsewhere in Asia. Store development has been especially rapid in Asia, and we have begun to develop a full-fledged store network in the United States.

Roadside UNIQLO store

■ **Sales of major global SPA Firms**



Note: Compiled using data from the annual reports converted at August 31, 2013 exchange rates

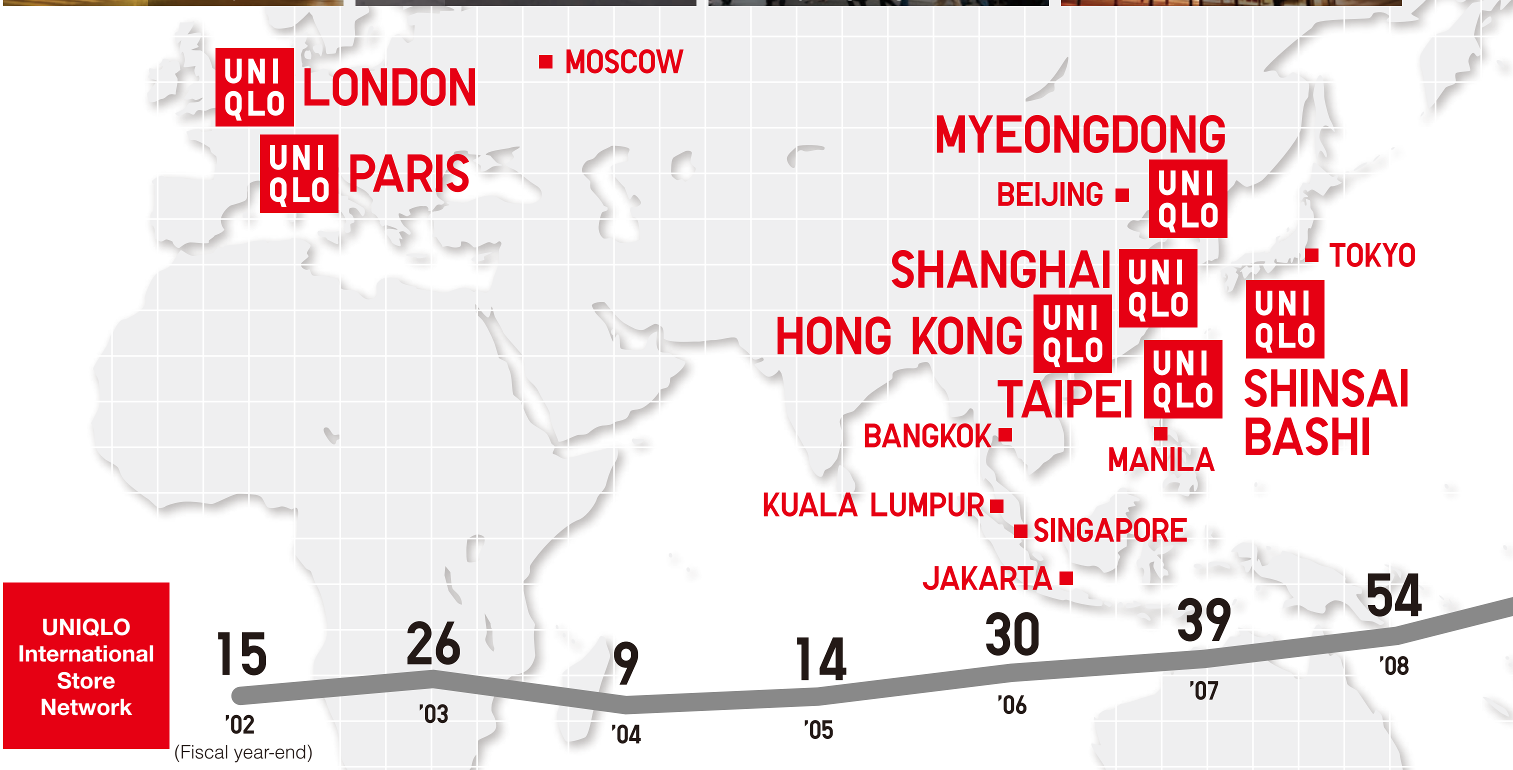
UNIQLO Gaining Recognition as a Global Brand


Paris Opéra Store


311 Oxford Street Store


Myeongdong Central Store


Shinsaibashi Store



UNIQLO is crossing the threshold into a new era as a global brand. We are bringing UNIQLO to the attention of more and more people, and offering them the products and services that are just right for them. We are opening global flagship stores and hotspot stores in major cities worldwide, as well as aggressively opening first stores in new markets. This strategy is fast transforming UNIQLO into one of the most prominent retailers in the world.


Lee Theatre Store, Hong Kong


Shanghai Store


BICQLO Shinjuku East Exit Store


Ginza Store

UNIQLO
Global Flagship and
Hotspot Stores


Shanghai West Nanjing Road Store


Mingyao Department Store, Taipei


Soho New York Store


New York Fifth Avenue Store

UNIQLO in China Prepared for Dramatic Growth

UNIQLO Shanghai Store
(Global flagship store)

Success of Shanghai Global Flagship Store Fuels Momentum

UNIQLO opened a global flagship store on Shanghai's prime Huaihai Road in September 2013. From the day it opened, the store has attracted far more customers than initially predicted. Boasting a sales floor area of approximately 6,600 square meters, the Shanghai Global Flagship Store is UNIQLO's biggest store to date. Four other Fast Retailing Group brands—GU, Comptoir des Cotonniers, Princesse tam.tam and PLST—also made their debut in China by opening outlets in the same building. The five brands together command retail space in excess of 7,200 square meters. Part of this combined store's attraction lies in the fact that customers can enjoy comparing UNIQLO with other Group brands that offer different designs and price ranges.

The opening event was attended by UNIQLO Global Brand Ambassador and top tennis player Novak Djokovic. In October 2013, Djokovic won the China Open and defended his title at the Shanghai Masters. Yet he still found time to attend the store opening and have fun communicating with young tennis fans. UNIQLO's brand image also benefitted from the extensive global media coverage of this charming exchange.

Overall, the opening of the Shanghai flagship store proved extremely beneficial, with many people across China talking about the personable, cheerful and cool nature of the UNIQLO brand. UNIQLO already has stores in 55 cities, but the success of the Shanghai flagship is likely to fuel further expansion.

Highly Profitable Expansion outside Major Cities Now a Realistic Prospect

We want people to think of UNIQLO as their favorite brand and UNIQLO garments as their favorite clothing. Chinese consumers, particularly outside of major cities, tend to be conservative in terms of brand loyalty. They prefer established Chinese brands, and do not readily purchase items from new stores set up by new companies. In the past, while the UNIQLO brand was widely recognized in major cities such as Shanghai and Beijing, residents of China's smaller cities and regional areas were less familiar with it. However, UNIQLO has spent the past two to three years earnestly developing and promoting its retail business in smaller cities and regions across China. This has greatly boosted recognition of the UNIQLO brand in these areas, and also earned the loyalty of local customers.

Indeed, over this period, we have succeeded in altering long-held consumer patterns outside China's major cities. People in these regional areas now like the UNIQLO brand and want to wear UNIQLO clothing. As a result, UNIQLO is now ready to move onto the next stage of its development in China. We intend to create a dominant retail position in cities such as Chengdu, Chongqing, Nanjing, Changsha, Wuhan, Xi'an and Shenyang, and to achieve the same level of brand loyalty in these smaller cities as UNIQLO enjoys in Shanghai and Beijing. The creation of this dominant retail presence will enable us to develop highly profitable operations in these cities. UNIQLO's operation in China has expanded rapidly from 54 stores at the end of August 2010 to 225 stores at the end of August 2013. However, we believe our initial rapid expansion will prove a mere prelude to the wider-scale expansion that is to come.

The growth of UNIQLO in China also provides increased employment opportunities for young people seeking fruitful and rewarding careers. We aim to be a company where employees feel motivated and inspired—a healthy corporate environment is vital to building a well-supported brand. We continue to strive each and every day to fulfill the expectations and earn the trust of our customers.

Fast Retailing Group Executive Vice President,
CEO of UNIQLO Greater China
CEO of FAST RETAILING (CHINA) TRADING CO., LTD.
Pan Ning

Aiming to Become the Top Casualwear Brand


Bay Street Emeryville Store


Union Square Store


Palisades Center Store


Garden State Plaza Store


Westfield Trumbull Shopping Center Store


Fifth Avenue Store

UNIQLO's High-Quality, High-Value Clothing Will Also Triumph in the U.S.

I love businesses that influence people's lives. I worked for a popular U.S. casualwear chain for many years which grew from a network of 100 to 500 stores. Even before I joined UNIQLO USA, I admired the UNIQLO brand—I saw how the opening of a new UNIQLO store attracted long lines of expectant customers. I was also struck by how thoroughly UNIQLO embraces the challenge of globalization, considering what it needs to do and where it needs to invest. Now, I am excited to be part of the UNIQLO family, working to achieve its goals from the inside.

I believe UNIQLO products offer high value. UNIQLO's highly functional materials are fantastic examples of the latest Japanese technology. Many UNIQLO garments, including HEATTECH, Ultra Light Down and AIRism, have the potential to transform our lifestyles. I believe these revolutionary products will triumph in the United States.

The U.S. apparel industry is relentless and extremely competitive. Careful store development is very important if UNIQLO is to secure victory. My career in this arena spans over 20 years, and I intend to apply this experience to the development of new UNIQLO stores in the United States. When planning a new store, it is vital to select a location that best suits the brand, and to decide how to market the brand to local customers. This is especially true with a new brand such as UNIQLO, which must be able to present itself as offering unique features. The U.S. market is extremely large, and a brand that is recognized in New York may not be familiar to customers in the suburbs. I therefore believe that our marketing and new store strategies hold the key to the future success of UNIQLO in the U.S.

Fortunately, many people in the United States are open-minded when sampling new brands. For that reason, high-quality UNIQLO products can definitely win the hearts and minds of local customers. The decision to advertise the opening of our new in-mall stores through free local newspapers and community-based marketing proved successful, and these stores have subsequently generated higher-than-expected sales.

UNIQLO in the United States Treasures its Japanese DNA

My mission is to make UNIQLO the number one apparel brand in the United States, while treasuring UNIQLO's Japanese origins. I believe our greatest chance of success lies in using our Japanese DNA to differentiate ourselves in the highly competitive U.S. apparel market.

UNIQLO USA operated 17 stores at the end of December 2013, with five stores on the West Coast and 12 stores in and around New York City. Going forward, we want to build an initial network of 100 stores by steadily opening 20 to 30 stores annually. To do this, we need to nurture personnel who can absorb the vital UNIQLO DNA. We began training newly hired university graduates to become store managers several years ago. Fall 2012 saw the first U.S. citizen become a store manager. Now all new store managers are hired locally, and our in-store service and store design are comparable to UNIQLO stores in Japan.

It is an exciting challenge for me to use my experience in the retail industry to grow UNIQLO into a leading retail brand in the U.S. I shall work to make UNIQLO USA a fun and vibrant company where young people can pursue their dreams with confidence and passion.

Fast Retailing Group Senior Vice President
CEO of UNIQLO USA
Larry Meyer

Improve Brand Image, Ensure Stable Growth

Boost Market Share in Promising Urban Areas

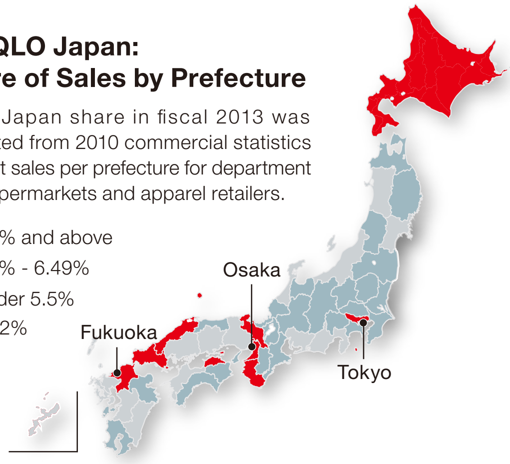
According to the Ministry of Economy, Trade and Industry (METI), Japan's department store, supermarket and apparel retail sales totaled 10.7 trillion yen in 2010. Based on METI's data, UNIQLO's market share in Japan in 2013 was 6.2%. (Its 2013 menswear market share was 10.0%, and its women's wear market share was 4.7%.) However, given its origins as a chain of suburban roadside stores, UNIQLO has traditionally been under-represented in major urban areas such as Tokyo, Osaka and Fukuoka.

Since opening our first in-mall stores in 2004, UNIQLO's image has been transforming from a suburban discount retailer to a high-quality, high-street brand. Commercial property developers recognize UNIQLO's power to attract customers, and we receive many invitations to open stores from prime large-scale shopping malls, urban department stores and fashion buildings.

Our new global hotspot store, the BICQLO Shinjuku East Exit Store, has enjoyed great success in a location formerly occupied by a prominent department store. We will continue to expand our urban market share by aggressively opening stores in major cities. In spring 2014, we plan to open global hotspot stores in Ikebukuro and Okachimachi, two thriving Tokyo commercial districts on a par with Shinjuku.

■ UNIQLO Japan: Share of Sales by Prefecture

UNIQLO Japan share in fiscal 2013 was extrapolated from 2010 commercial statistics totaling net sales per prefecture for department stores, supermarkets and apparel retailers.

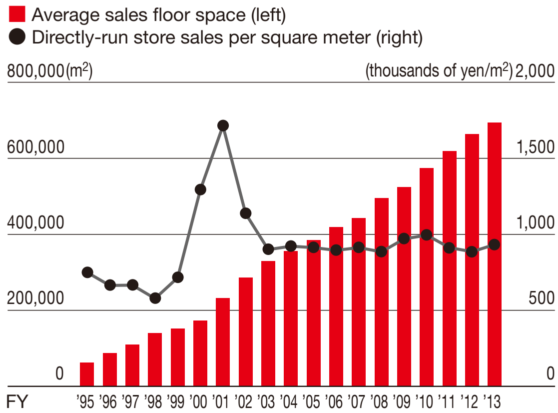


UNIQLO's Successful Large-Scale Store Model Maintains Efficiency and Boosts Total Sales Floor Space

In 2005, UNIQLO began opening large-scale stores of over 1,600 square meters in Japan. Today, large-scale stores account for approximately 20% of UNIQLO's total, and the majority of openings are of large-scale stores. As we expand our total sales space, we are careful to avoid any cannibalization of business. When we open a new large-scale location, we make sure to close regular-sized (800 square meters) stores nearby.

In the apparel industry, sales and profitability per square meter in a given store typically decrease as sales area increases. However, UNIQLO's business model for profitable large-scale stores has proved highly successful. UNIQLO's big break came with the opening of a store in Tokyo's trendy Harajuku district. In 2000 and 2001, our popularity surged, and sales per square meter increased. Since then, we have maintained sales per square meter of approximately one million yen per year (the figure in fiscal 2013 was 933,000 yen).

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



AIRism Comfort Takes the World by Storm

Top world professional tennis player
Novak Djokovic wearing
AIRism during a match

Comfort Unlimited
Any Person, Any Season, Anywhere

AIRism functional innerwear has taken its place alongside HEATTECH as one of our global strategic product brands. Wearing AIRism eliminates the sweaty feeling you get in hot, humid weather. Ultra-fine fiber technology regulates the circulation of the air between your skin and your outer layers of clothing for a light, cool, soft feel.

For men who struggle with sweat-stained clothes, UNIQLO and leading synthetic fiber manufacturer Toray Industries have developed ultra-fine microfibers that quickly absorb and dry away perspiration and feel so soft that you often forget you are wearing them. AIRism's lines for women combine breathable, natural cupro fibers (produced by top materials manufacturer Asahi Kasei) with Toray's micro nylon to keep women dry and reduce the chill factor associated with air conditioning. With a single piece of innerwear that guarantees comfort, UNIQLO's products are changing people's lives worldwide.

Resounding Global Support
98.7% Vote Yes To AIRism's Comfort Unlimited

Comments from Customers Who Wear AIRism

It's so light that I can hardly feel it.
(France, Female, 28)

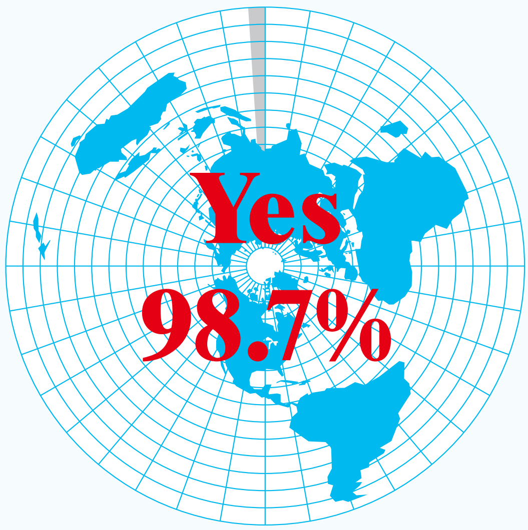
It's great for basketball.
I feel dry and fresh for the entire game.
(United States, Male, 17)

Even if I'm sweaty, I don't get that cold feeling from the air conditioning. I want to wear these all year round.
(Japan, Female, 46)

I felt dry and comfortable, even in a humid office during a power outage.
(Malaysia, Female, 42)

I really love the smooth, silky feel.
(China, Female, 35)

Do you feel "comfort unlimited"? Yes or no?



100,000 participants in 13 countries and regions where UNIQLO operates were asked to try the new AIRism lines and decide whether they felt "comfort unlimited." During the voting period, from June 1 to July 15, 2013, 98.7% voted yes.

Global Brands

J Brand

GU

Theory

Comptoir des Cotonniers

Princesse tam.tam

J BRAND

GU

theory

COMPTOIR DES COTONNIERS

PRINCESSE tam•tam PARIS

J BRAND

Global Celebrities Love This Premium Denim Label from L.A.

J Brand Hankyu Umeda Store

J Brand is a Los Angeles-based contemporary fashion brand that specializes in denim. J Brand Holdings was founded in 2005 by Jeff Rudes, who is currently Chief Executive Officer of J Brand and Group Senior Vice President of Fast Retailing Co., Ltd. His 30 years of experience in the industry helped the company develop a variety of unique denim fabrics, and today J Brand is recognized for its sophisticated product design, beautiful silhouettes and perfect fit. In particular, J Brand's premium denim ranges for women are highly regarded by actresses, models and stylists in the United States. J Brand began selling casualwear to complement its denim ranges in fall 2012.

In December 2012, J Brand became a subsidiary of Fast Retailing. J Brand opened its first store in Japan in Osaka's highly popular Hankyu Umeda department store on October 9, 2013. J Brand products are currently sold in over 2,000 specialty boutiques and luxury retailers, mainly in the United States. We plan to actively expand and develop the brand's presence in Japan, other parts of Asia and Europe going forward.

GU

G.U. CO., LTD.
http://www.gu-japan.com/

The flagship GU Shinsaibashi Store

Business Overview

GU's is able to develop fashionable apparel at amazingly low prices—this was something entirely new for the Japanese market. Harnessing UNIQLO's SPA (Specialty store retailer of Private label Apparel) business model, GU is a full-fledged apparel-making business, from product planning through design and manufacture, inventory control and production adjustment, all the way to store operation.

In September 2013, the opening of our first GU global flagship store outside of Japan in Shanghai sparked much conversation, and helped increase the visibility of the GU brand.

In fiscal 2013, the number of GU stores expanded to 214 (including the flagship stores in Shinsaibashi in Osaka, and in the Ikebukuro and Ginza areas of Tokyo), while sales expanded to 83.7 billion yen and operating income to 7.6 billion yen. In fiscal 2014, we aim to open 70 GU stores and achieve sales of over 100 billion yen.

Fun Fashion and Fabulously Low Prices Fuel GU's Rapid Expansion

The GU Brand Takes its First Successful Steps Outside of Japan

The first GU store outside of Japan opened on September 30, 2013, in the basement of the new UNIQLO Shanghai global flagship store. The store is linked directly to the subway station servicing Shanghai's Huaihai shopping street, which attracts large numbers of customers. These customers can enjoy the GU concept of "more freedom with fashion" to their hearts' content, with the latest ranges displayed over 1,000 square meters. Shanghai customers also love GU's in-store stylists, who offer guidance on the best fashion coordination and looks for the season.

In just seven short years, GU has progressed from its initial launch in Japan to global expansion. The typical pattern when expanding an apparel brand in Asia is to open stores in Hong Kong and then in mainland China. However, we wanted to lend a sense of speed to GU's global development, so we opened the first global GU store in Shanghai.

In contrast to European and U.S. fast fashion brands such as H&M and Forever 21, GU has the chance to earn popularity in Asia with its *kawaii* Japanese image (*kawaii* roughly translates as cute). The GU brand is known for its understated designs, cleverly balanced fashion sense and attention to adorable detail.

GU UNIQLO Shanghai Store

Theory

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

The flagship Theory Aoyama Store

Business Overview

Founded in New York City in 1997 by a number of entrepreneurs including Andrew Rosen, Theory is a brand that appeals to the modern woman. The Theory concept is to create basic, fashionable clothes to suit a contemporary lifestyle. The stretch fabric used in Theory clothes fits well and creates a beautiful silhouette. In addition to the Theory brand, Link Theory Japan Co., Ltd. also boasts labels such as Theory luxe, Theory men, HELMUT LANG and PLST.

In 1999, Theory was introduced into Japan by the late Ricky C. Sasaki (former President and CEO of Link Theory Japan), a close associate of Andrew Rosen, who is now a Fast Retailing Group Senior Vice President. Winning the hearts of Japanese working women, Theory expanded swiftly.

Fast Retailing first invested in Link Theory Japan in January 2004, subsequently making it a fully owned subsidiary in March 2009. In fiscal 2013, the company generated combined sales of about 70 billion yen from 411 stores located primarily in Japan and the United States.

A Leading Contemporary Brand Driving Advances in Fashion

Theory: Thriving on Passion and DNA

The Theory brand appeals to the contemporary, sophisticated urban consumer. The brand's passion and DNA, which have been the wellspring of the label's vitality since its launch in 1997, make Theory products stand out. As artistic director since the 2011 fall/winter collection, the renowned designer Olivier Theyskens has helped Theory evolve into an even more captivating brand. Building on its continued success in the United States and Japan, Theory has expanded its network in Europe and Asia as it carves out a powerful position in the global fashion industry.

In Japan, the Theory and Theory luxe brands have been selling well in department stores. The 2013 fall/winter collection showed the brand returning to its roots with a dark-shade, classic collection featuring mannish, sharp designs. In the United States, the Theyskens' Theory collections are extremely popular. The 2013 fall/winter collection featured "sophisticated girl" designs in monotone fabrics and meticulous attention to detail.

HELMUT LANG, another Theory brand, staked its claim as a pioneer of minimalist clothing with the opening of its flagship store in New York's SoHo in fall 2013. HELMUT LANG has quietly grown in popularity as a brand offering lean, minimalist styles stripped of all ornamental features.

In addition, the Japan-born PLST brand is increasingly chosen by elegant, fashion-conscious consumers. The number of PLST stores expanded to 61 at the end of August 2013.

In fiscal 2013, the growing global presence of its brands helped the Theory business yet again generate record levels of sales and operating income.

Fashion and Style Full of French Esprit

Comptoir des Cotonniers Rue Pavée Store, Paris

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

CDC is a fashion label which offers French style and elegance that appeal directly to the modern, active city woman. Naturally, the new CDC collections also reflect the label's strong focus on and reputation for quality and attention to detail.

We continue to develop the French-based CDC brand as a luxury brand that offers women high-quality, luxury fashion at affordable prices.

CDC became a consolidated subsidiary of Fast Retailing in fiscal 2005. At the end of fiscal 2013, the brand had a total of 375 stores: 226 stores in France, 96 stores elsewhere in Europe, 45 stores in Japan and other parts of Asia, and eight stores in the United States.

Creative, Elegant French Collections Attract Loyal Customers

Princesse tam.tam Saint Honoré Store, Paris

Princesse tam.tam (PTT) is a French corsetry, homewear and swimwear brand. After winning acclaim in 1985 for lingerie that featured original prints and bright colors, the sisters Loumia and Shama Hiridjee opened their first store in the Saint Germain area of Paris in 1987. The brand concept of “lingerie made by women for women” resonates strongly and leads to repeat customers.

Benefitting from the expertise of the French corsetry industry, PTT garments are made from the finest lace, silks and cottons and crafted to the smallest detail. PTT won the prestigious Intimates and Swim Design Team Award at the 2013 Worth Global Style Network (WGSN) Global Fashion Awards. WGSN analyzes trends in the fashion industry and recognizes companies for innovation on a global scale.

PTT joined the Fast Retailing Group in fiscal 2006. At the end of August 2013, it boasted a network of over 1,000 outlets spanning 48 countries, anchored by a strong presence in leading department stores and boutiques in France such as Galeries Lafayette and Printemps. The first PTT store in Japan opened in fall 2012 inside Printemps Ginza.

Corporate Social Responsibility

- All-Product Recycling Initiative
- Monitoring of Labor Conditions
- Environmental Protection

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

■ **CSR with Focus**

All-Product Recycling Initiative
Collecting secondhand clothing for distribution to refugee camps worldwide

Social Business
Establishing and operating a social business in Bangladesh

Employing People with Disabilities
Actively hiring people with disabilities in UNIQLO and GU stores worldwide

Monitoring of Labor Conditions
Consistently monitoring working conditions at partner factories

Environmental Protection
Consistently monitoring our environmental impact

Maximizing the Value of Clothes: Reuse in the Places of Greatest Need

Children in a refugee camp in Jordan keep warm in winter wearing clothes donated through the recycling initiative

Fast Retailing has a global partnership with the United Nations High Commissioner for Refugees (UNHCR) and works closely with NGOs worldwide to deliver clothing donated through its All-Product Recycling Initiative to people in refugee camps, so many of whom are in dire need of basic necessities.

By the end of September 2013, we had collected close to 29 million used garments from customers, and made donations to 46 countries and regions. In January and December of 2013, Fast Retailing employees visited the Zaatari refugee camp in Jordan, delivering emergency clothing aid for Syrian refugees who didn't have enough winter garments.

The Syrian crisis, now in its fourth year, has created over two million refugees, including one million children. The over 110,000 refugees living in the Zaatari camp at the end of November 2013 had little to protect themselves against frigid winter temperatures. We delivered fleece and HEATTECH winter items to the many people taking refuge there.

Clothes protect against not only heat and cold, but also injury and infection. Clothes enable children to go to school and make it easier for women to get involved in the community. Fast Retailing works tirelessly to find clothing for all those around the world who need it.

UNIQLO RECYCLE

29.0 Million Items Collected	11.3 Million Items Donated
From 10 countries and regions	To 46 countries and regions

(as of September 2013)

Working with Partner Factories to Ensure Responsible Working Conditions

In 2004, Fast Retailing introduced its Code of Conduct for Production Partners. Twice a year we employ external institutions to inspect labor conditions, primarily at partner factories that have pledged to uphold the Code. These visits are designed to detect unlawful child or forced labor, enhance safety in the workplace and restrict unauthorized overtime work. In fiscal 2013, we monitored 294 partner factories. Our CSR department visits partner factories requiring improvements to offer practical advice on how to accurately verify wage calculations, record working hours, etc. Before establishing a working relationship with a potential partner factory, we conduct pre-monitoring to ensure it meets certain standards.

■ Monitoring Results

Grade	Description	Fiscal 2012	Fiscal 2013
		FR Group (UNIQLO)	FR Group (UNIQLO)
A	No violations	9 (8)	11 (10)
B	One or more minor violations	87 (59)	134 (95)
C	One or more major violations	69 (51)	97 (45)
D	One or more severe violations	56 (34)	48 (19)
E	Highly unethical, serious offense (immediate review of contract)	8 (7)	4 (1)
Number of factories monitored		229 (159)	294 (170)

Note: In fiscal 2013, we successfully decreased the number of D and E grades by offering firmer guidance to potential partner factories right after pre-monitoring, and through direct discussion and debate with existing partner factories. We continue to ensure that partner factories adhere to acceptable standards while helping them to strengthen their internal management systems.

■ Incidents Addressed in Fiscal 2013

Grade E: Child Labor (China)

One incidence of child labor came to light through an interview conducted by external inspectors (children under 16 are not allowed to work in China). A worker had entered the factory on the recommendation of relatives, but the factory could not produce a personnel file or ID card. The worker asked us to contact the parents, but they could not remember the child's exact age and had lost the relevant identity papers. We allowed the worker one month to produce an official ID, but no documents were submitted, and so we terminated all relations with this factory.

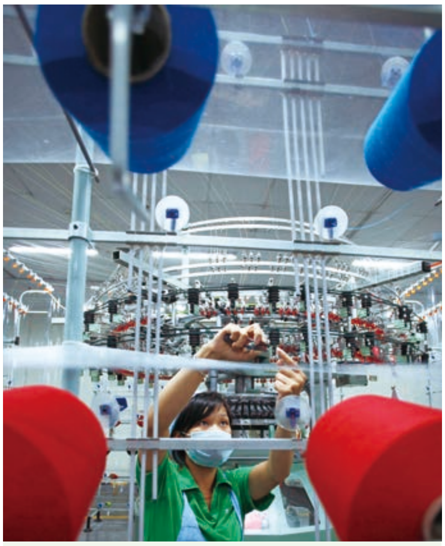
Grade E: False Reporting (China)

During a regular inspection, we discovered inaccuracies in records of working hours. Documents showed maximum monthly overtime as 36 hours, while salary slips showed as many as 105 hours worked. In addition, we noted discrepancies in the factory's records for the working hours and holidays of three employees. During a subsequent visit, our CSR team discovered the factory had also submitted false records during previous inspections. The extent of the false reporting was extremely severe, and we therefore terminated all business with the factory.

Improvements: Fire Prevention and Safety Management (Bangladesh)

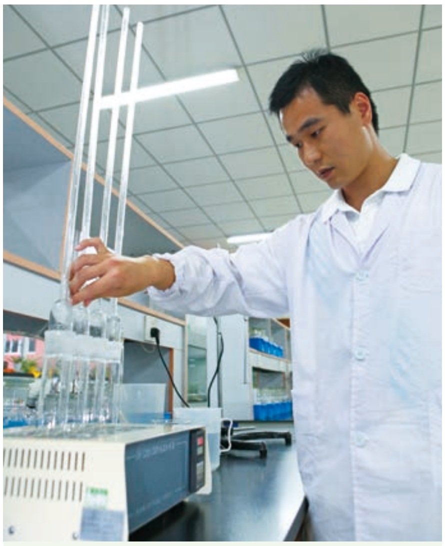
A regular inspection revealed a storeroom with too few fire exits, and a warehouse storing chemical substances whose doors opened in the opposite direction from the one indicated on the suggested evacuation route. Our CSR team requested improvements, and later confirmed that they had been implemented as directed.

Monitoring Fabric Producers to Reduce Their Environmental Impact



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

Frequent checks for appropriate effluent disposal



Enforcing proper legal management of effluents

In 2010, Fast Retailing created its own Environmental Guidebook for Fabric Producers. In addition to sewing factories, we began to inspect fabric manufacturers, whose dyeing processes tend to have a harmful impact on the environment. As detailed in the table below, we set and carefully monitor standards for: management and disposal of waste products; measurement and disposal of asbestos, PCB, discharged water and other effluents; and health and safety of the workforce. Our CSR team provides feedback to the partner factories. If necessary, they offer advice and confirm that improvements have been made.

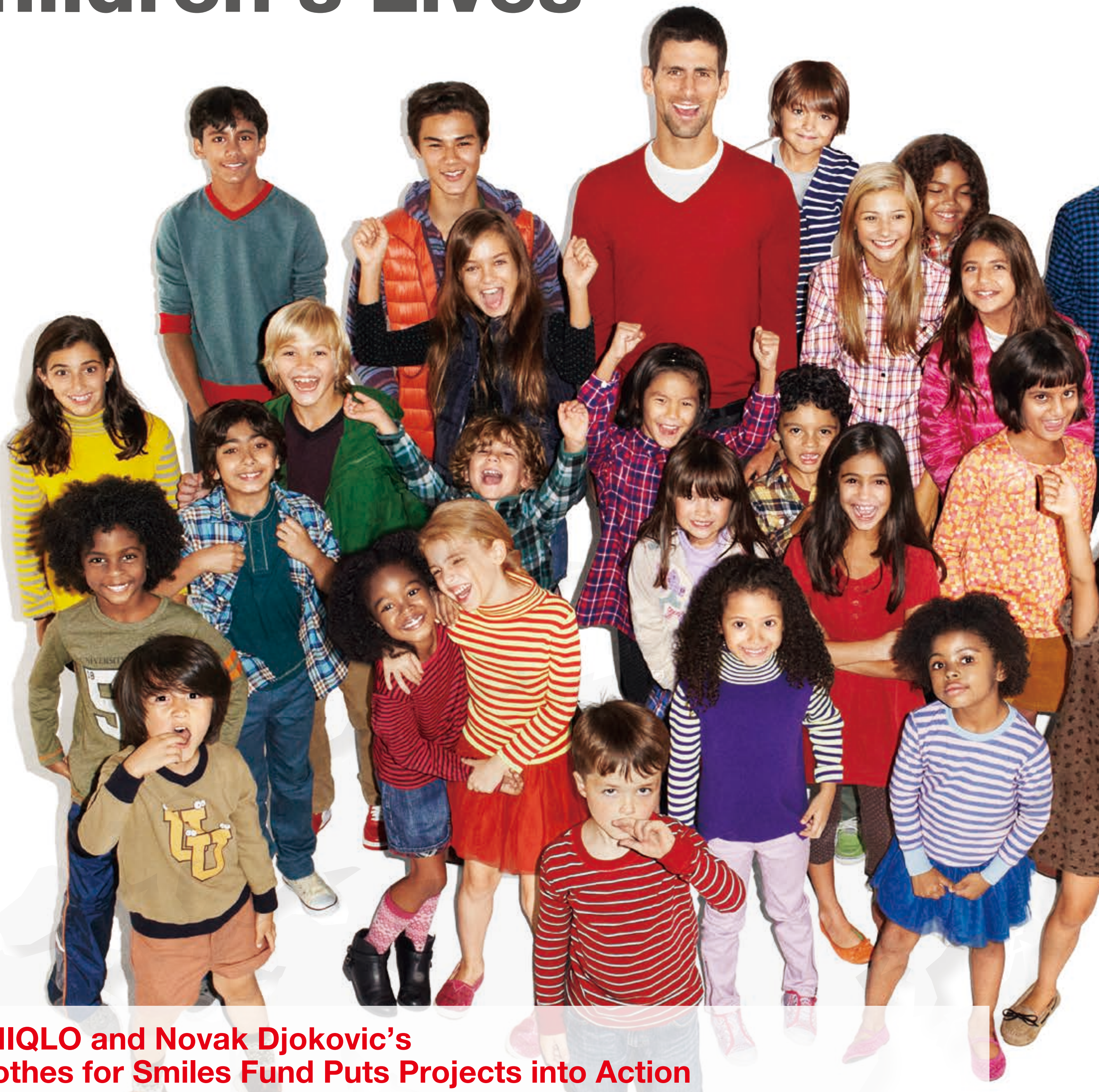
Due to the larger number of fabric manufacturers inspected, compliance rates were generally lower in fiscal 2013 (73 partner factories inspected) than in fiscal 2012 (60 factories inspected). We have since increased our practical guidance to encourage 100% compliance by fiscal 2016. We have also expanded our monitoring in fiscal 2013 to gain a more accurate picture of energy and water usage.

Most fabric producers are large and manufacture materials for many different customers. Nevertheless, as a global apparel manufacturer, Fast Retailing aims to play a leading role in training and cooperating with partner factories to establish aggressive environmental standards.

■ Compliance with FR Environmental Guidebook for Fabric Producers (as of August 2013, 73 fabric producers)

Category	Compliance	Required Improvements
Environmental Management	85%	• Appointing Environmental Officers • Training on environmental management • Environmental management planning
Chemicals Management	29%	• Creating detailed lists of chemicals used • Safe storage of chemicals (e.g. installing containers to prevent leakage, labeling, appointing Chemicals Management Officers, compiling and sharing of safety information)
Waste Materials Management & Disposal	30%	• Delivering waste materials to certified contractors • Separate treatment (e.g. of chemical and other waste), labeling • Safe storage of waste materials
Asbestos & PCB	100%	• Appropriate confirmation and management of asbestos and PCB
Measurement & Management of Effluents (Discharged Water, etc.)	74%	• Obtaining emissions permits and other licenses from the authorities • Measuring effluents from facilities and complying with legal standards
Worker Health & Safety	36%	• Wearing protective clothing (masks, earplugs, gloves, etc.) • Ensuring existence of emergency exits and fire safety equipment • Conducting health checks for occupational diseases

New Projects Brightening Children's Lives



UNIQLO and Novak Djokovic's Clothes for Smiles Fund Puts Projects into Action

UNIQLO and our Global Brand Ambassador Novak Djokovic initiated the Clothes for Smiles Project in October 2012 to help create a better society for disadvantaged children worldwide. We received more than 700 suggestions from 46 countries for projects to inspire and give hope to children. From these, we selected eight projects.

The 1 billion yen (U.S.$10 million) Clothes for Smiles fund was sourced from fall/winter 2012 sales of HEATTECH and Ultra Light Down, and divided equally into two programs. The first, as previously mentioned, solicits and implements ideas that will help disadvantaged children. The second supports United Nations Children's Fund (UNICEF) initiatives to improve education for children, through a global alliance with UNIQLO.

Clothes for Smiles supports UNICEF

Novak Djokovic

Top world professional men's tennis player. Signed five-year contract as UNIQLO Global Brand Ambassador in 2012. Notable tennis victories include Australian Open (2008, 2011-2013), Wimbledon (2011), and U.S. Open (2011). Also UNICEF Serbia Ambassador and Founder of Novak Djokovic Foundation.

Clothes for Smiles Our Eight Projects

Education Everywhere

Athletes and professionals visit children all over the world, teaching a range of topics and broadening horizons.

Social Inclusion through Shopping

Enabling Serbian children from insular environments to enjoy social activities at a simulated UNIQLO store.

E-Education

Helping children in developing countries expand their horizons through DVD-based lessons.

WAKU WORK CENTER

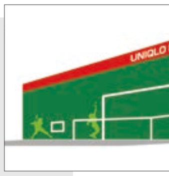
Helps young people in the Philippines achieve their goals through vocational training and career development.

Girls Soccer

Uses soccer to encourage self-confidence, independence, and teamwork among young women in Bangladesh, Ghana and Zimbabwe.

UNIQLO DREAM WALL

Allowing children from the disaster area in Tohoku, Japan to dream up limitless ways to play.



Libraries for Asia

Where children can learn to write, learn, play and dream.

Children's Hospice

Hospice care facilities in Japan for gravely ill children and their families.

Financial Information

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)					
	2013	2012	2011	2010	2009	2008
For the year:						
Net sales	**¥1,143,003**	¥928,669	¥820,349	¥814,811	¥685,043	¥586,451
Operating income	**132,920**	126,450	116,365	132,378	108,639	87,493
EBITDA[1]	**171,147**	148,196	115,714	137,132	112,621	97,467
Income before income taxes and minority interests	**141,525**	123,390	93,881	116,867	95,487	81,994
Net income	**90,377**	71,654	54,354	61,681	49,797	43,529
Net cash provided by operating activities	**99,439**	127,643	57,158	88,623	59,214	87,336
Net cash used in investing activities	**(63,901)**	(35,313)	(26,643)	(23,389)	(34,273)	(15,421)
Free cash flow[2]	**35,538**	92,329	30,515	65,234	24,941	71,915
Net cash used in financing activities	**(23,945)**	(29,056)	(26,156)	(28,897)	(16,847)	(19,054)
Cash and cash equivalents[3]	**295,622**	266,020	202,104	200,462	169,574	169,888
Depreciation and amortization	**23,691**	18,573	18,755	12,229	9,765	8,523
Capital expenditures	**39,681**	40,184	33,993	28,018	22,601	21,017
At year-end:						
Total assets	**¥885,800**	¥595,102	¥533,777	¥507,287	¥463,285	¥404,720
Total net assets	**579,591**	394,892	319,911	287,987	261,413	264,014
Interest-bearing debt	**37,259**	23,194	28,263	28,834	35,400	20,016
Reference indices:						
Operating income margin (%)	**11.6**	13.6	14.2	16.2	15.9	14.9
ROE (%)	**19.1**	20.4	18.1	22.6	19.1	17.3
Equity ratio (%)	**63.2**	65.0	59.0	56.3	56.0	64.7
Debt-equity ratio (%)	**6.7**	6.0	9.0	10.1	13.6	7.6
Dividend payout ratio (%)	**32.7**	37.0	33.7	38.0	32.7	30.4
Per share data:						
Net income (EPS) (yen)	**¥ 887.12**	¥ 703.62	¥ 533.93	¥ 605.99	¥ 488.96	¥ 427.38
Net assets (yen)	**5,489.86**	3,797.04	3,091.17	2,804.34	2,550.86	2,572.09
Cash dividends (yen)	**290.00**	260.00	180.00	230.00	160.00	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	**98**	91	98	90	96	21
Total number of stores	**2,449**	2,222	2,088	2,203	2,258	1,958
Directly-operated stores in Japan	**[1,331]**	[1,250]	[1,213]	[1,370]	[1,454]	[1,310]
Directly-operated stores overseas	**[743]**	[589]	[491]	[474]	[397]	[294]
Franchise stores	**[375]**	[383]	[384]	[359]	[407]	[354]
Commercial complexes	**4**	4	4	4	4	4
Total sales floor space (m^2)[4]	**1,387,367**	1,170,353	938,896	847,523	740,489	685,942
Number of full-time employees	**23,982**	18,854	14,612	11,596	11,037	8,054

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 2013

- Consolidated sales and income both rise: net sales ¥1.14 trillion (+23.1% YoY), operating income ¥132.9 billion (+5.1% YoY)
- Net earnings per share (EPS): ¥887.12 (+26.1% YoY)
- Annual dividend per share: ¥290 (up ¥30 YoY), dividend payout ratio: 32.7%

1 Operating Environment and Management Strategy

A determined economic strategy from the government fueled limited improvement in the Japanese economy in fiscal 2013, but conditions were still tough in terms of consumption and for the overall retail industry. We also faced tough operating challenges, as rising wages in countries where we manufacture and rising raw materials prices boosted the cost of apparel manufacturing. Despite that, net sales for the Fast Retailing Group topped one trillion yen for the first time and operating income hit a new record high. We pursued our mid-term vision of becoming the world's number one apparel manufacturer and retailer through globalization, Group-wide cooperation, and reignited entrepreneurship. We focused on expanding UNIQLO's international operations and strengthening our operational base by accelerating the pace of new store openings and opening more global flagship and global hotspot stores. We also acquired J Brand Holdings, a premium denim retailing company based in the United States, in December 2012.

We achieved gains in both sales and income in fiscal 2013. Consolidated net sales totaled ¥1.14 trillion (+23.1% YoY), operating income ¥132.9 billion (+5.1%), ordinary income ¥148.9 billion (+19.0%) and net income ¥90.3 billion (+26.1%). This strong performance was underpinned by impressive gains in sales and profit from our UNIQLO International and Global Brands segments. By contrast, the gross profit margin contracted at our mainstay UNIQLO Japan operation, resulting in a slight contraction in overall profit. However, ordinary income expanded considerably after the weakening of the Japanese currency generated a ¥15.5 billion foreign-exchange gain on foreign-currency denominated assets.

Number of Stores by Group Operation

FY	2013			2012
Unit: Stores	End Aug.	Open	Close	End Aug.
UNIQLO Japan:	**853**	51	43	845
Directly-operated	**834**	50	40	824
Large-scale	**177**	33	3	147
Standard	**657**	17	37	677
Franchise	**19**	1	3	21
UNIQLO International:	**446**	159	5	292
China	**225**	83	3	145
Hong Kong	**18**	2	0	16
Taiwan	**37**	20	0	17
South Korea	**105**	27	2	80
Singapore	**12**	5	0	7
Malaysia	**10**	5	0	5
Thailand	**10**	6	0	4
The Philippines	**6**	5	0	1
Indonesia	**1**	1	0	0
U.K.	**10**	0	0	10
U.S.	**7**	4	0	3
France	**3**	1	0	2
Russia	**2**	0	0	2
Global Brands:	**1,150**	125	60	1,085
GU	**214**	60	22	176
Theory*	**411**	53	15	373
Comptoir des Cotonniers*	**375**	10	18	383
Princesse tam.tam*	**150**	2	5	153
Total	**2,449**	335	108	2,222

*Including franchise stores
Note: This table does not include mina or Grameen UNIQLO

Performance by Group Operation

FY	2013			2012		
	Billions of yen	YoY change Billions of yen	% change	Billions of yen	YoY change Billions of yen	% change
UNIQLO Japan:						
Net sales	**¥683.3**	**¥63.2**	**+10.2**	¥620.0	¥19.9	+3.3
Operating income	**96.8**	**–5.4**	**–5.4**	102.3	–3.8	–3.6
UNIQLO International:						
Net sales	**251.1**	**98.0**	**+64.0**	153.1	59.4	+63.4
Operating income	**18.3**	**7.3**	**+66.8**	10.9	2.0	+22.9
Global Brands*:						
Net sales	**206.2**	**53.2**	**+34.8**	153.0	28.9	+23.3
Operating income	**17.4**	**2.9**	**+20.1**	14.5	5.7	+65.4

* Global Brands in fiscal 2013 includes GU, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand operations.
Global Brands in fiscal 2012 includes GU, Theory, Comptoir des Cotonniers and Princesse tam.tam.

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

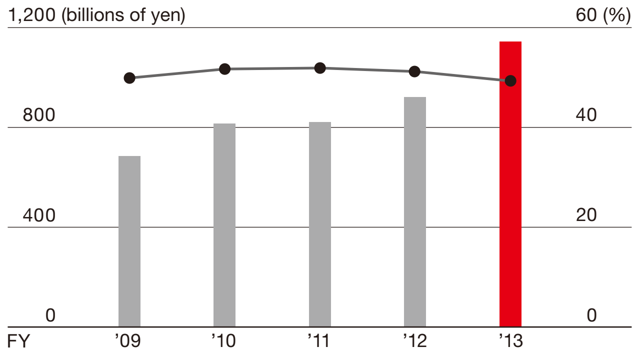
Consolidated net sales rose 23.1% year on year to ¥1.14 trillion. The ¥214.3 billion increase in sales breaks down into ¥98.0 billion from UNIQLO International, ¥63.2 billion from UNIQLO Japan, and ¥53.2 billion from Global Brands. UNIQLO International's sales network expanded by 154 stores, from 292 in fiscal 2012 to 446 in fiscal 2013, and operations in China, South Korea and Southeast Asia generated further same-store sales growth. Same-store sales also expanded at UNIQLO Japan by 7.3%, thanks to a notable 12.0% rise in the number of customers.

3 Gross Profit Margin

Gross profit rose 18.6% year on year to ¥564.0 billion while the gross profit margin contracted 1.9 points to 49.3%. This was due mainly to the 1.8 point deterioration in the gross profit margin at UNIQLO Japan, where price-sensitive customers focused on discounted garments, and we reduced prices on slow-selling items.

Net Sales and Gross Profit Margin

■ Net sales (left) ● Gross profit margin (right)



4 Selling, General and Administrative Expenses

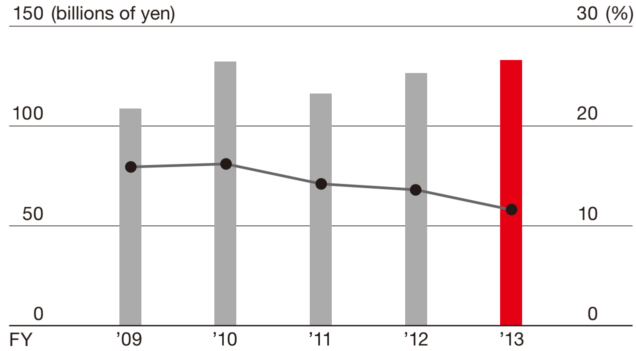
SG&A expenses totaled ¥431.0 billion while the SG&A to net sales ratio held flat at 37.7% year on year. The SG&A ratio for UNIQLO Japan expanded 0.6 point, due to an increase in store personnel costs for part-time and contract staff, and higher advertising costs.

5 Operating Income

Operating income increased 5.1% year on year to ¥132.9 billion. The operating income margin decreased 2.0 points to 11.6%.

Operating Income and Operating Income Margin

■ Operating income (left) ● Operating income margin (right)



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

We reported a non-operating balance of ¥16.0 billion (+¥17.2 billion YoY). The sharp depreciation in the Japanese yen generated a foreign exchange gain of ¥15.5 billion in fiscal 2013 (fiscal 2012: ¥1.1 billion loss). The Group reported an extraordinary loss of ¥7.8 billion, relating to impairment losses of ¥5.0 billion at UNIQLO International stores, etc.

7 Income Taxes and Other Taxes

Corporate income taxes, resident taxes, enterprise taxes and deferred income taxes totaled ¥48.2 billion in fiscal 2013. Our corporate tax rate after tax effect accounting was 34.1%, 3.9 points lower than Japan's effective tax rate of 38.0%, mainly because effective tax rates at our rapidly expanding Asian operations tend to be low. We also reported some deferred tax credits relating to the acquisition of J Brand Holdings.

Breakdown of SG&A Expenses

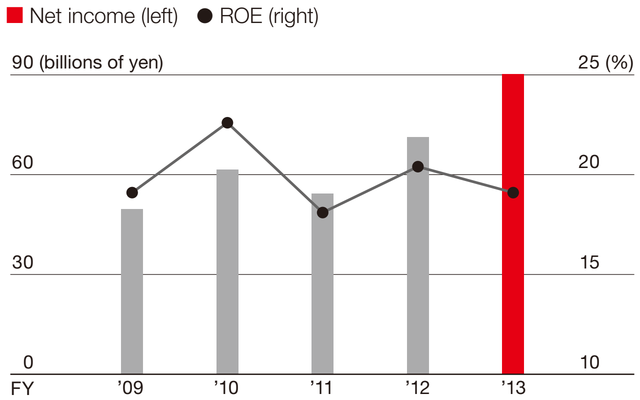
FY	2013			2012			2011		
	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change
Personnel	**¥139,746**	**12.2**	**+24.5**	¥112,238	12.1	+10.6	¥101,459	12.4	+0.2
Advertising and promotion	**52,519**	**4.6**	**+20.2**	43,694	4.7	+21.8	35,871	4.4	–4.8
Rent	**113,068**	**9.9**	**+21.6**	93,010	10.0	+13.3	82,060	10.0	+3.7
Depreciation	**23,691**	**2.1**	**+27.6**	18,573	2.0	+26.3	14,704	1.8	+20.2
Others	**102,067**	**8.9**	**+25.2**	81,501	8.8	+8.2	75,307	9.2	+29.5
Total	**¥431,091**	**37.7**	**+23.5**	¥349,016	37.6	+12.8	¥309,401	37.7	+7.2

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 and Dividend

Net income rose 26.1% year on year to ¥90.3 billion. Net earnings per share totaled ¥887.12, up ¥183.5 year on year. The annual dividend increased by ¥30 per share to ¥290, and, at 32.7%, the dividend payout ratio was maintained at approximately one third of net earnings. ROE contracted 1.3 points to 19.1%.

■ Net Income and ROE

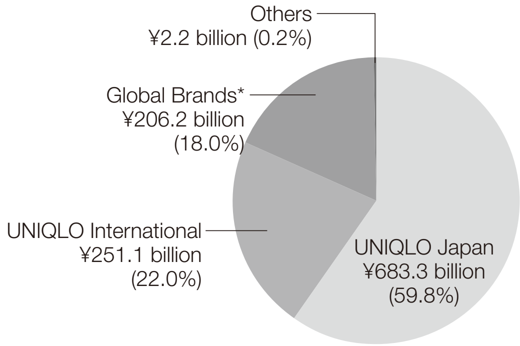


■ Consolidated Subsidiaries (at end August 2013)

Company name	Share ownership
Holding Companies	
FAST RETAILING CO., LTD.	—
Fast Retailing USA, Inc.	100.00%
FAST RETAILING FRANCE S.A.S.	100.00%
FAST RETAILING (SINGAPORE) PTE. LTD.	100.00%
UNIQLO Business	
UNIQLO CO., LTD.	100.00%
UNIQLO (U.K.) LIMITED	100.00%
FAST RETAILING (CHINA) TRADING CO., LTD.	100.00%
FRL Korea Co., Ltd.	51.00%
UNIQLO HONG KONG, LIMITED	100.00%
UNIQLO FRANCE S.A.S.	100.00%
UNIQLO (SINGAPORE) PTE. LTD.	51.00%
LLC UNIQLO (RUS)	100.00%
UNIQLO TRADING CO., LTD.	100.00%
UNIQLO TAIWAN LTD.	100.00%
UNIQLO (MALAYSIA) SDN. BHD.	55.00%
FAST RETAILING (SHANGHAI) TRADING CO., LTD.	100.00%
Non-UNIQLO Business	
G.U. CO., LTD.	100.00%
Créations Nelson S.A.S.	100.00%
PETIT VEHICULE S.A.S.	100.00%
LINK THEORY JAPAN CO., LTD.	100.00%
J Brand, Inc.	80.76%

9 Results by Group Operation

■ Breakdown of Net Sales by Operation



* Global Brands in fiscal 2013 includes: GU, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand.

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

UNIQLO Japan

UNIQLO Japan reported significant gains in sales but a fall in profit in fiscal 2013. Sales expanded by 10.2% year on year to ¥683.3 billion while operating income contracted 5.4% to ¥96.8 billion.

We managed to increase customers by actively promoting core ranges such as HEATTECH and AIRism functional innerwear, Ultra Light Down, Ultra Stretch Jeans, and lightweight Steteco and Relaco summer ranges through TV commercials and paper fliers. As a result, the number of customers grew by 12.0% year on year and same-store sales increased 7.3%. However, our gross profit margin contracted 1.8 points as customers focused predominantly on discounted promotional items, and as we reduced prices towards the end of the season to shift remaining inventory. On business expenses, our SG&A to net sales ratio increased 0.6 point as we introduced taller store shelves, launched a new bonus scheme for store managers in April, and increased the number of part-time and temporary staff.

We successfully increased the average size of UNIQLO Japan stores through our "scrap and build" policy of replacing small stores with large-scale stores of 1,600 square meters or more. We opened 50 stores and closed 40 stores, resulting in a total of 834 stores (excluding 19 franchise stores). The number of large-scale outlets increased by 30 to 177 stores, and the average shop floor space for directly-run stores expanded by 4.6% year on year to 845 square meters.

UNIQLO International

UNIQLO International achieved significant gains in revenue and operating income. Sales expanded 64.0% year on year to ¥251.1 billion and operating income increased 66.8% to ¥18.3 billion.

Our network increased by 154 to 446 stores, with 102 extra stores in Greater China (China, Hong Kong and Taiwan), 25 in South Korea, and 22 in Southeast Asia (Singapore, Malaysia, Thailand, the Philippines and Indonesia). This rapidly expanding store network and growth in same-store sales resulted in a strong performance across Asia.

UNIQLO's Greater China operation generated impressive sales and income growth (sales: ¥125.0 billion, operating income: ¥13.5 billion). UNIQLO South Korea reported gains in sales and income for fiscal 2013 as a whole, but unseasonal weather and poor economic conditions knocked profits lower in the second half. UNIQLO's Southeast Asian operations reported growth in both sales and income, and we opened our first UNIQLO store in Indonesia in June 2013.

In fall 2012, UNIQLO USA added to its three existing stores in New York City by opening four stores in suburban malls, bringing its total to seven. The new stores generated favorable sales, but unseasonal weather in the second half of the year and early costs associated with the opening of a further 10 stores in fall 2013 left operating losses hovering close to the previous year's level. UNIQLO Europe (U.K., France and Russia) opened one new store in France, bringing the total to 15. As expected, the operation came close to breaking even in fiscal 2013.

Global Brands

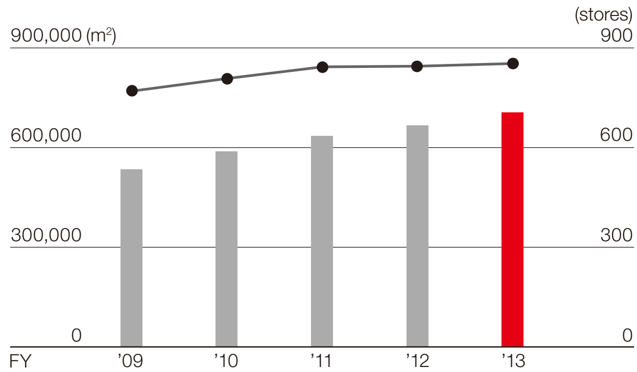
Global Brands reported large gains in sales and income. Sales expanded 34.8% to ¥206.2 billion and operating income rose 20.1% to ¥17.4 billion.

Sales and income growth at our low-priced GU casualwear label was particularly strong. Sales rose from ¥58.0 billion in fiscal 2012 to ¥83.7 billion in fiscal 2013, while operating income expanded from ¥5.0 billion to ¥7.6 billion. GU generated double-digit growth in same-store sales, and the number of stores rose by 38 to 214.

Our Theory fashion label reported another record result, thanks to strong performances in Japan and the United States. Our French fashion label, Comptoir des Cotonniers, reported rising sales but a fall in profits. J Brand, newly consolidated in December 2012, generated the expected level of sales, but fell short of target for operating income.

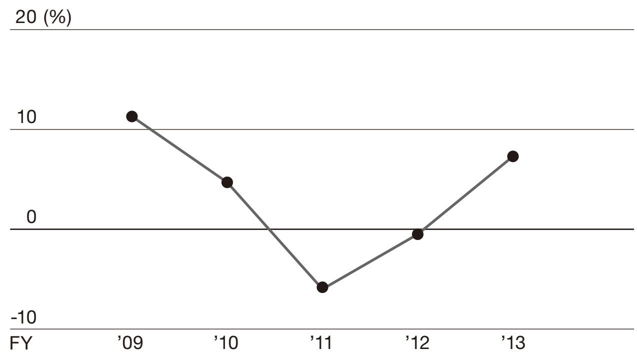
■ Number of Stores and Sales Floor Space (UNIQLO Japan)*

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



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

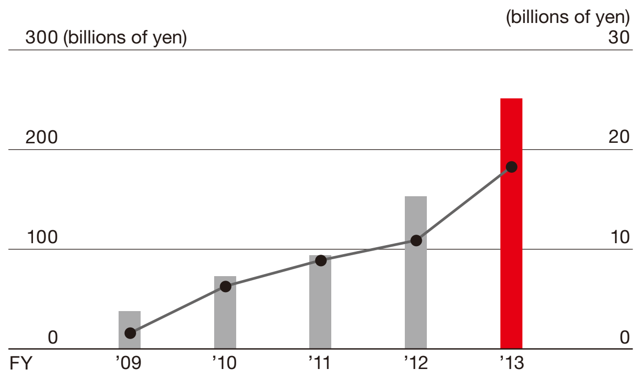
■ Same-Store Sales Year-on-Year (UNIQLO Japan)*



* Directly-operated stores only

■ UNIQLO International Sales, Operating Income/Loss

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



10 Balance Sheet

Total assets rose ¥290.6 billion year on year to ¥885.8 billion. Current assets increased ¥215.5 billion to ¥640.1 billion, with ¥136.2 billion of that increase due to the impact of a weaker Japanese yen on our forward currency contracts account. The period-end yen-dollar exchange rate was lower than the average rate on our forward contract holdings. As a result, liabilities on the account fell by ¥22.6 billion, while assets expanded by a considerable ¥113.6 billion. Meanwhile, inventory assets increased by ¥67.6 billion to ¥166.6 billion, and cash, cash equivalents and marketable securities increased by ¥29.6 billion to ¥295.6 billion.

Inventory assets rose by ¥20.8 billion at UNIQLO Japan, ¥38.5 billion at UNIQLO International and ¥7.1 billion at Global Brands. Taller store shelves from April boosted in-store inventory at UNIQLO Japan. Inventory of basic garments to be sold year round also increased. Meanwhile, the addition of 154 new stores and the opening of the new Hong Kong global flagship store led to an increase in inventory at UNIQLO International. The opening of new GU and Theory stores and the consolidation of J Brand inventory both increased inventory at Global Brands.

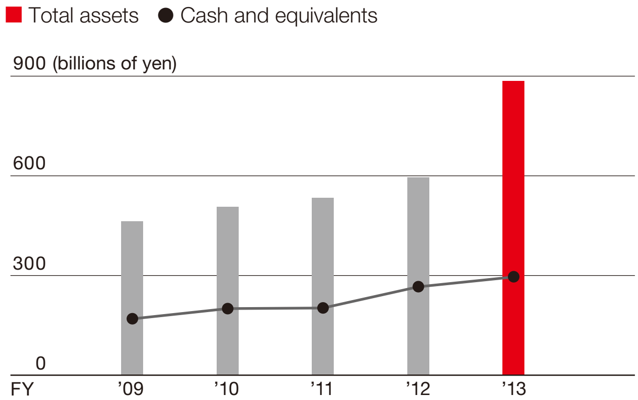
Fixed assets grew ¥75.1 billion to ¥245.6 billion. Tangible assets increased ¥21.1 billion as UNIQLO International added 154 stores to its total network, and Global Brands added 65 new stores. Intangible assets expanded ¥39.8 billion following the consolidation of J Brand Holdings.

Current liabilities increased ¥80.5 billion to ¥253.9 billion. Accounts payable rose because banks were closed on the last day of the business year. The acquisition of J Brand also led to an increase in deferred tax liabilities.

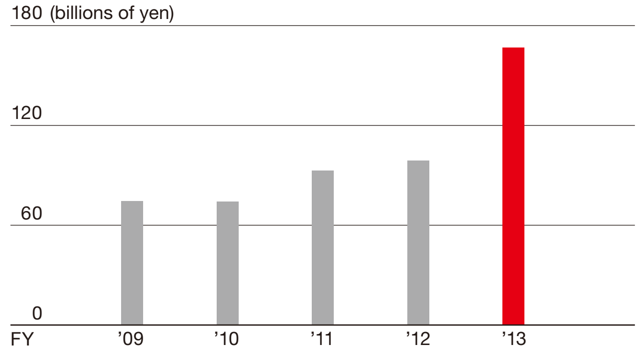
Fixed liabilities grew ¥25.4 billion to ¥52.2 billion. This was due primarily to a ¥12.7 billion increase in long-term borrowings, bringing that total to ¥21.9 billion.

Net assets increased ¥184.6 billion to ¥579.5 billion. This includes a ¥90.3 billion increase in net income, a ¥85.5 billion increase in deferred income from gains and losses on hedges, and a ¥28.3 billion decrease in dividend payments on retained earnings. The equity ratio fell 1.8 points to 63.2%; total assets grew by ¥290.6 billion, but equity capital expanded only ¥172.6 billion.

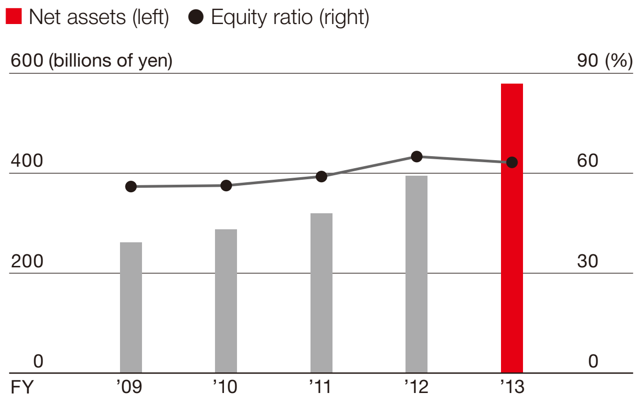
Total Assets and Cash and Equivalents



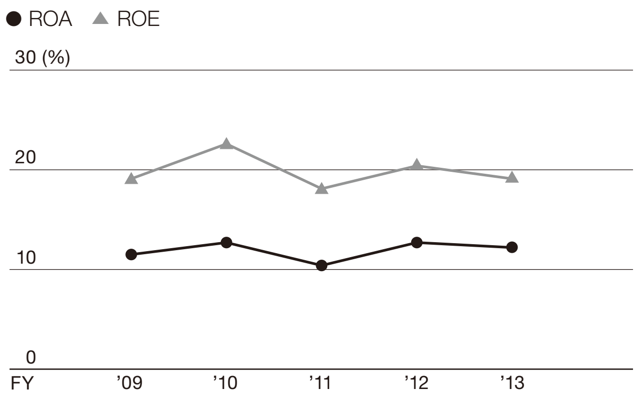
Inventory Assets



Net Assets and Equity Ratio



ROA and ROE



11 Cash Flows

In fiscal 2013, net cash from operating activities totaled ¥99.4 billion, net cash used in investing activities totaled ¥63.9 billion and net cash used in financing activities totaled ¥23.9 billion. As a result, total free cash flow from both operating and investing activities stood at ¥35.5 billion, and the balance of cash and cash equivalents increased by ¥29.6 billion to ¥295.6 billion at the end of fiscal 2013.

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 can help strengthen the operational base of Group companies.

Net Cash Inflow from Operating Activities: ¥99.4 Billion

Inflows for fiscal 2013 included net income before income taxes and minority interests of ¥141.5 billion; depreciation and amortization of ¥23.6 billion; and amortization of goodwill of ¥5.2 billion. Working capital outflows totaled ¥14.4 billion in trade receivables, inventory and purchasing debt. Net income taxes paid totaled ¥55.4 billion.

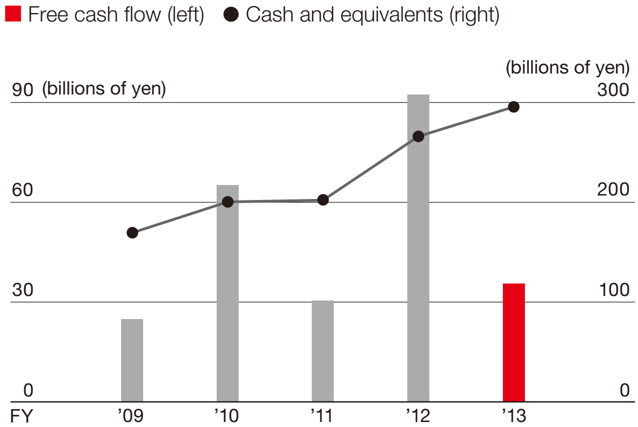
Net Cash Outflow for Investing Activities: ¥63.9 Billion

Purchase of property and equipment to increase UNIQLO's global store network totaled ¥27.6 billion. Lease deposits totaled ¥5.2 billion. Consolidated capital expenditure totaled ¥39.6 billion, with UNIQLO Japan accounting for ¥8.8 billion of the total.

Net Cash Outflow for Financing Activities: ¥23.9 Billion

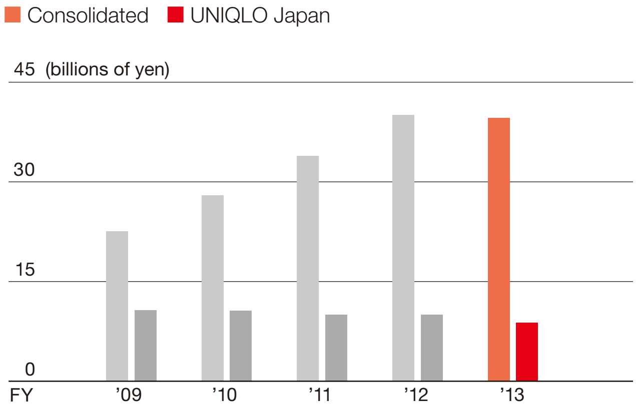
Proceeds from long-term loans payable linked to the acquisition of J Brand Holdings totaled ¥16.6 billion, dividend payments totaled ¥28.3 billion, ¥1.7 billion was spent on reducing short-term debt, and ¥7.4 billion on repayment of long-term debt.

Free Cash Flow and Cash and Equivalents



Note: Free cash flow = net cash from operating activities + net cash used in investing activities

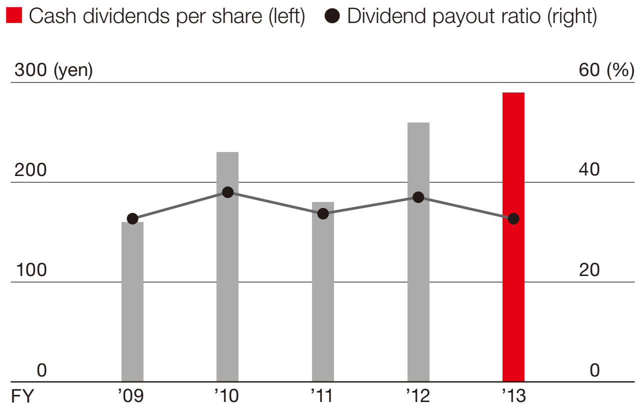
Capital Expenditures (Consolidated and UNIQLO Japan)



12 Dividend Policy

Consistently returning a portion of our profits to shareholders is a top priority. Our policy is to pay an appropriate dividend, closely 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 ¥290 per share in fiscal 2013. This translates into an annual dividend payout ratio of 32.7%, or one third of consolidated net income.

Cash Dividends per Share and Dividend Payout Ratio



13 Outlook for Fiscal 2014 (as of January 9, 2014)

We forecast rises in consolidated sales and profit, with sales reaching ¥1.32 trillion (+15.7% YoY), operating income ¥156.0 billion (+17.4%) and net income ¥92.0 billion (+1.8%). We forecast net earnings per share (EPS) of ¥902.85, and an annual dividend per share of ¥300 (¥150 interim and year-end dividends).

■ Sales Outlook by Group Operation

FY	2014 (Plan)			2013
	Billions of yen	YoY change Billions of yen	YoY change %	Billions of yen
UNIQLO Japan:				
Net sales	**¥720.0**	¥36.7	+5.4	¥683.3
Operating income	**114.5**	17.7	+18.2	96.8
UNIQLO International:				
Net sales	**350.0**	98.9	+39.3	251.1
Operating income	**28.0**	9.7	+52.6	18.3
Global Brands:				
Net sales	**250.0**	43.8	+21.2	206.2
Operating income	**24.0**	6.6	+37.4	17.4

■ Fiscal 2014 Store Forecast by Business

FY	2014 (plan)				2013
Units : Stores	Open	Close	Net	End Aug.	End Aug.
UNIQLO Japan:	55	42	+13	**866**	853
Directly-operated	53	42	+11	**845**	834
Large-scale	27	2	+25	**202**	177
Standard	26	40	−14	**643**	657
Franchise	2	0	+2	**21**	19
UNIQLO International:	188	5	+183	**629**	446
China	82	2	+80	**305**	225
Hong Kong	5	1	+4	**22**	18
Taiwan	10	0	+10	**47**	37
South Korea	30	2	+28	**133**	105
Singapore	6	0	+6	**18**	12
Malaysia	10	0	+10	**20**	10
Thailand	10	0	+10	**20**	10
Philippines	11	0	+11	**17**	6
Indonesia	3	0	+3	**4**	1
Australia	1	0	+1	**1**	0
U.K.	0	0	0	**10**	10
U.S.	15	0	+15	**22**	7
France	2	0	+2	**5**	3
Russia	2	0	+2	**4**	2
Germany	1	0	+1	**1**	0
Global Brands:	129	18	+111	**1,261**	1,150
GU	70	7	+63	**277**	214
Theory*	49	3	+46	**457**	411
Comptoir des Cotonniers*	4	6	−2	**373**	375
Princesse tam.tam*	4	2	+2	**152**	150
J Brand	2	0	+2	**2**	0
Total	372	65	+307	**2,756**	2,449

* Including franchise stores
Note: This table does not include mina or Grameen UNIQLO

UNIQLO Japan

In fiscal 2014, sales are expected to increase to ¥720.0 billion (+5.4% YoY) and operating income to ¥114.5 billion (+18.2%).

Same-store sales are forecast to grow 1.6%, and total store numbers (excluding 21 franchises) are expected to increase by 11 to 845. The number of large-scale (1,600m^2 plus) stores is expected to rise by 25 to 202 stores.

The gross profit margin is forecast to expand 2.1 points year on year to 48.6%. While we forecast the gross margin will hold flat in the first half (September 2013-February 2014), we expect the margin to expand slightly in the second half (March-August 2014) by controlling discounts. The SG&A to net sales ratio is forecast to hold flat at 32.7%.

UNIQLO International

UNIQLO International anticipates further significant gains in both sales and income, with sales rising 39.3% year on year to ¥350.0 billion and operating income 52.6% to ¥28.0 billion.

We plan to open 94 new stores in Greater China (China, Hong Kong and Taiwan), 28 in South Korea, and 41 in Southeast Asia and Oceania. We plan to add 183 new stores, which would bring the total to 629 by the end of fiscal 2014.

Global Brands

Global Brands is forecast to generate further strong gains, with sales expanding 21.2% year on year to ¥250.0 billion and operating income 37.4% to ¥24.0 billion. GU and Theory are expected to achieve further growth.

Higher same-store sales and an additional 63 stores should help propel GU sales above ¥100.0 billion and improve profitability.

Theory is expected to generate another record profit, with 49 new stores scheduled worldwide, including 29 Theory stores and 12 PLST stores. Comptoir des Cotonniers and Princesse tam.tam are forecast to maintain a steady performance. We will seek to expand the J Brand label by opening directly-run stores, and maximize synergy benefits by extending J Brand's denim expertise to other Group brands.

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. Management 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 25, 2013) 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 the management 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 same 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 of 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, 2013 and 2012

ASSETS	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
Current assets:			
Cash and deposits (Note 3)	**¥147,429**	¥132,238	**$1,498,874**
Notes and accounts receivable — trade	**34,187**	19,920	**347,574**
Less — allowance for doubtful accounts	**(488)**	(268)	**(4,965)**
Net trade receivables	**33,698**	19,652	**342,608**
Short-term investment securities (Notes 3 and 5)	**148,215**	133,788	**1,506,871**
Inventories (Note 4)	**166,654**	98,963	**1,694,330**
Deferred tax assets (Note 6)	**4,002**	16,987	**40,691**
Income taxes receivable	**8,980**	10,628	**91,302**
Forward exchange contracts	**113,641**	—	**1,155,364**
Other	**17,486**	12,256	**177,782**
Total current assets	**640,109**	424,516	**6,507,825**
Noncurrent assets:			
Property, plant and equipment:			
Buildings and structures	**129,341**	95,686	**1,314,979**
Furniture and equipment	**21,959**	15,723	**223,258**
Land	**3,879**	3,879	**39,442**
Leased assets (Note 17)	**16,851**	12,184	**171,321**
Construction in progress	**4,214**	1,947	**42,843**
Total	**176,246**	129,420	**1,791,846**
Less — accumulated depreciation	**(85,840)**	(60,197)	**(872,718)**
Net property, plant and equipment	**90,405**	69,222	**919,128**
Intangible assets:			
Goodwill	**31,691**	15,992	**322,199**
Other (Note 12)	**46,423**	22,224	**471,975**
Total intangible assets	**78,115**	38,216	**794,175**
Investments and other assets:			
Investment securities (Note 5)	**470**	354	**4,788**
Deferred tax assets (Note 6)	**9,498**	4,057	**96,566**
Lease and guarantee deposits (Note 12)	**47,997**	42,883	**487,975**
Construction assistance fund receivables	**15,280**	14,232	**155,348**
Other	**4,002**	2,456	**40,692**
Less — allowance for doubtful accounts	**(78)**	(837)	**(800)**
Total investments and other assets	**77,170**	63,146	**784,571**
Total noncurrent assets	**245,690**	170,586	**2,497,874**
Total assets	**¥885,800**	¥595,102	**$9,005,700**

See accompanying notes to consolidated financial statements.

LIABILITIES	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current liabilities:			
Notes and accounts payable — trade	**¥121,951**	¥ 71,142	**$1,239,853**
Short-term loans payable	**1,862**	2,505	**18,934**
Current portion of long-term loans payable (Notes 7 and 12)	**3,632**	3,410	**36,932**
Forward exchange contracts	**—**	22,625	**—**
Income taxes payable (Note 6)	**26,005**	27,738	**264,391**
Deferred tax liabilities	**38,494**	33	**391,366**
Provisions	**10,081**	8,430	**102,494**
Other	**51,937**	37,491	**528,035**
Total current liabilities	**253,966**	173,378	**2,582,008**
Noncurrent liabilities:			
Long-term loans payable (Notes 7 and 12)	**21,926**	9,129	**222,924**
Deferred tax liabilities	**10,371**	2,553	**105,446**
Provisions	**75**	64	**767**
Other (Note 12)	**19,868**	15,084	**202,002**
Total noncurrent liabilities	**52,243**	26,831	**531,140**
Total liabilities	**306,209**	200,210	**3,113,149**
Net assets:			
Capital stock (Note 9)	**10,273**	10,273	**104,452**
Capital surplus (Note 9)	**5,963**	5,541	**60,626**
Retained earnings (Note 10)	**482,109**	419,093	**4,901,478**
Treasury stock, at cost (Note 11)	**(15,851)**	(16,003)	**(161,154)**
Valuation difference on available-for-sale securities	**(6,978)**	(16,434)	**(70,951)**
Deferred gains or losses on hedges	**71,005**	(14,532)	**721,892**
Foreign currency translation adjustment	**12,875**	(1,193)	**130,897**
Subscription rights to shares	**1,170**	755	**11,895**
Minority interests	**19,024**	7,392	**193,414**
Total net assets	**579,591**	394,892	**5,892,551**
Commitments and contingencies (Note 13)			
Total liabilities and net assets	**¥885,800**	¥595,102	**$9,005,700**

Consolidated Statements of Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended August 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Net sales	**¥1,143,003**	¥928,669	¥820,349	**$11,620,617**
Cost of sales	**578,992**	453,202	394,581	**5,886,462**
Gross profit	**564,011**	475,466	425,767	**5,734,154**
Selling, general and administrative expenses (Note 14)	**431,091**	349,016	309,401	**4,382,790**
Operating income	**132,920**	126,450	116,365	**1,351,364**
Other income (expenses):				
Interest and dividends income	**598**	690	408	**6,080**
Interest on refund of income taxes and other	**433**	525	72	**4,406**
Penalty income	**65**	79	143	**661**
Interest expenses	**(633)**	(568)	(532)	**(6,436)**
Foreign exchange gains (losses)	**15,580**	(1,148)	(8,382)	**158,407**
Gain on sales of noncurrent assets	**390**	327	134	**3,975**
Reversal of allowance for doubtful accounts	**—**	—	7	**—**
Loss on changes of accounting treatment	**—**	—	(2,699)	**—**
Non-recurring depreciation on noncurrent assets	**—**	—	(4,050)	**—**
Loss on retirement of noncurrent assets	**(504)**	(1,028)	(567)	**(5,128)**
Impairment loss (Note 15)	**(5,068)**	(116)	(832)	**(51,531)**
Loss on disaster	**—**	—	(999)	**—**
Provision for loss on business liquidation	**—**	—	(800)	**—**
Expenses incurred for share purchase	**(759)**	—	—	**(7,725)**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	—	(2,913)	**—**
Loss on valuation of investment securities	**—**	(281)	—	**—**
Other, net	**(1,497)**	(1,538)	(1,474)	**(15,226)**
Total	**8,604**	(3,060)	(22,484)	**87,483**
Income before income taxes and minority interests	**141,525**	123,390	93,881	**1,438,848**
Income taxes (Note 6)**:**				
Current	**54,486**	45,879	41,906	**553,952**
Deferred	**(6,218)**	3,084	(4,336)	**(63,223)**
Total	**48,268**	48,964	37,569	**490,728**
Income before minority interests	**93,256**	74,426	56,311	**948,119**
Minority interests	**2,879**	2,771	1,956	**29,277**
Net income	**¥ 90,377**	¥ 71,654	¥ 54,354	**$ 918,841**

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, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Income before minority interests	**¥ 93,256**	¥74,426	¥56,311	**$ 948,119**
Other comprehensive income:				
Valuation difference on available-for-sale securities	**9,455**	106	(2,624)	**96,134**
Deferred gains or losses on hedges	**85,538**	21,050	(642)	**869,643**
Foreign currency translation adjustment	**17,078**	918	(797)	**173,635**
Total other comprehensive income	**¥112,072**	¥22,075	¥ (4,064)	**$1,139,412**
Comprehensive income	**¥205,329**	¥96,501	¥52,246	**$2,087,531**
Comprehensive income attributable to:				
Comprehensive income attributable to shareholders of FAST RETAILING CO., LTD.	**199,439**	93,833	50,328	**2,027,648**
Comprehensive income attributable to minority interests	**5,890**	2,667	1,918	**59,883**

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, 2013, 2012 and 2011

	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, 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
Net income	**—**	**—**	**90,377**	**—**	**—**	**—**	**—**	**—**	**—**	**90,377**
Dividends from surplus (Note 10)	**—**	**—**	**(27,504)**	**—**	**—**	**—**	**—**	**—**	**—**	**(27,504)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(9)**	**—**	**—**	**—**	**—**	**—**	**(9)**
Decrease in treasury stock (Note 11)	**—**	**—**	**—**	**161**	**—**	**—**	**—**	**—**	**—**	**161**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**421**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**421**
Change of scope of consolidation	**—**	**—**	**143**	**—**	**—**	**—**	**—**	**—**	**—**	**143**
Net change during the year	**—**	**—**	**—**	**—**	**9,455**	**85,538**	**14,068**	**414**	**11,631**	**121,108**
Balance at August 31, 2013	**¥10,273**	**¥5,963**	**¥482,109**	**¥(15,851)**	**¥ (6,978)**	**¥71,005**	**¥12,875**	**¥1,170**	**¥19,024**	**¥579,591**

	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, 2012	$104,452	$56,339	$4,260,810	$(162,704)	$(167,085)	$(147,751)	$ (12,131)	$ 7,677	$ 75,160	$4,014,768
Net income	**—**	**—**	**918,841**	**—**	**—**	**—**	**—**	**—**	**—**	**918,841**
Dividends from surplus (Note 10)	**—**	**—**	**(279,631)**	**—**	**—**	**—**	**—**	**—**	**—**	**(279,631)**
Increase in treasury stock (Note 11)	**—**	**—**	**—**	**(94)**	**—**	**—**	**—**	**—**	**—**	**(94)**
Decrease in treasury stock (Note 11)	**—**	**—**	**—**	**1,644**	**—**	**—**	**—**	**—**	**—**	**1,644**
Issuance of new shares (Exercise of subscription rights to shares)	**—**	**4,286**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,286**
Change of scope of consolidation	**—**	**—**	**1,458**	**—**	**—**	**—**	**—**	**—**	**—**	**1,458**
Net change during the year	**—**	**—**	**—**	**—**	**96,134**	**869,643**	**143,028**	**4,217**	**118,253**	**1,231,277**
Balance at August 31, 2013	**$104,452**	**$60,626**	**$4,901,478**	**$(161,154)**	**$ (70,951)**	**$721,892**	**$130,897**	**$11,895**	**$193,414**	**$5,892,551**

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, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Net cash provided by (used in) operating activities:				
Income before income taxes and minority interests	**¥141,525**	¥123,390	¥ 93,881	**$1,438,848**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	**23,691**	18,573	18,755	**240,867**
Impairment loss	**5,068**	116	832	**51,531**
Amortization of goodwill	**5,297**	5,664	6,596	**53,854**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	—	2,913	**—**
Increase (decrease) in allowance for doubtful accounts	**(258)**	166	62	**(2,630)**
Increase in provision for retirement benefits	**11**	0	18	**116**
Increase in other provisions	**749**	1,534	371	**7,618**
Interest and dividends income	**(598)**	(690)	(408)	**(6,080)**
Interest expenses	**633**	568	532	**6,436**
Foreign exchange (gains) losses	**(13,195)**	491	314	**(134,159)**
Loss on retirement of noncurrent assets	**504**	1,028	567	**5,128**
Increase in notes and accounts receivable — trade	**(11,070)**	(2,290)	(2,097)	**(112,555)**
Increase in inventories	**(50,293)**	(6,899)	(21,051)	**(511,318)**
Increase in notes and accounts payable — trade	**46,911**	11,670	5,767	**476,933**
Decrease (increase) in other assets	**(4,496)**	4,404	2,067	**(45,709)**
Increase in other liabilities	**12,515**	3,760	3,455	**127,242**
Other, net	**(2,095)**	(1,319)	1,563	**(21,299)**
Subtotal	**154,899**	160,172	114,141	**1,574,824**
Interest and dividends income received	**598**	695	408	**6,080**
Interest expenses paid	**(637)**	(590)	(526)	**(6,481)**
Repayments of debt associated with reorganizing subsidiary	**—**	—	(916)	**—**
Income taxes paid	**(65,795)**	(42,913)	(69,043)	**(668,927)**
Income taxes refund	**10,375**	10,280	13,093	**105,481**
Net cash provided by (used in) operating activities	**99,439**	127,643	57,158	**1,010,977**
Net cash provided by (used in) investing activities:				
Decrease in time deposits	**—**	—	1,465	**—**
Proceeds from sales and redemption of short-term and long-term investment securities	**—**	—	498	**—**
Purchase of property, plant and equipment	**(27,668)**	(23,980)	(18,902)	**(281,301)**
Proceeds from sales of property, plant and equipment	**280**	229	164	**2,851**
Purchase of intangible assets	**(4,070)**	(7,451)	(6,636)	**(41,387)**
Payments for lease and guarantee deposits	**(5,205)**	(7,900)	(7,080)	**(52,925)**
Proceeds from collection of lease and guarantee deposits	**2,126**	3,260	5,002	**21,614**
Payments for construction assistance fund receivables	**(2,736)**	(852)	(1,373)	**(27,820)**
Collection of construction assistance fund receivables	**1,706**	1,876	2,137	**17,346**
Increase in loans receivable	**(322)**	(63)	(812)	**(3,281)**
Purchase of shares of consolidated subsidiary	**(26,771)**	—	—	**(272,181)**
Other, net	**(1,237)**	(432)	(1,105)	**(12,584)**
Net cash provided by (used in) investing activities	**(63,901)**	(35,313)	(26,643)	**(649,669)**
Net cash provided by (used in) financing activities:				
Net decrease in short-term loans payable	**(1,722)**	(1,288)	(3,814)	**(17,516)**
Proceeds from long-term loans payable	**16,640**	2,381	11,484	**169,180**
Repayments of long-term loans payable	**(7,474)**	(5,626)	(10,608)	**(75,995)**
Payment for treasury stocks, net	**(9)**	(5)	(2)	**(94)**
Cash dividends paid	**(27,507)**	(21,892)	(21,370)	**(279,665)**
Other, net	**(3,870)**	(2,623)	(1,845)	**(39,354)**
Net cash provided by (used in) financing activities	**(23,945)**	(29,056)	(26,156)	**(243,447)**
Effect of exchange rate changes on cash and cash equivalents	**18,007**	68	(3,142)	**183,081**
Net increase in cash and cash equivalents	**29,600**	63,341	1,215	**300,941**
Cash and cash equivalents at beginning of period (Note 3)	**266,020**	202,104	200,462	**2,704,561**
Increase in cash and cash equivalents from newly consolidated subsidiary	**1**	574	427	**17**
Cash and cash equivalents at end of period (Note 3)	**¥295,622**	¥266,020	¥202,104	**$3,005,520**

See accompanying notes to consolidated financial statements.

1 Basis of Presentation and Financial Statement Translation

(a) Basis of Presentation

The accompanying consolidated financial statements of FAST RETAILING CO., LTD. ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18), the accompanying consolidated financial statements for the years ended August 31, 2013 and 2012 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 ¥98.36=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of August 31, 2013. 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 98 subsidiaries (91 in 2012) over which the Company has power of control through substantial ownership of majority voting rights.

The main subsidiaries are as follows:

Consolidated Subsidiaries As of August 31	Ownership percentage 2013	2012
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%
FAST RETAILING (SINGAPORE) PTE. LTD.	**100%**	100%
FAST RETAILING (SHANGHAI) TRADING CO., LTD.	**100%**	—
J Brand, Inc.	**80.76%**	—

UNIQLO USA LLC, UNIQLO California LLC and UNIQLO New Jersey LLC, accounted for as non-consolidated subsidiaries in the fiscal year ended August 31, 2012, commenced operations and thus increased in importance during the fiscal year ended August 31, 2013. These companies have therefore been included within the scope of consolidation from the fiscal year under review.

FAST RETAILING (SHANGHAI) TRADING CO., LTD., PT. FAST RETAILING INDONESIA and UNIQLO Connecticut LLC were established during the fiscal year ended August 31, 2013. These companies have therefore been included within the scope of consolidation from the fiscal year under review.

J Brand Holdings, LLC, JB Intermediate Holdings, Inc. and J Brand, Inc. were acquired during the fiscal year ended August 31, 2013. These companies have therefore been included within the scope of consolidation from the fiscal year under review.

In the fiscal year ended August 31, 2013, Theory SCP, Inc. and KOOKAI LINGERIE S.A. 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., Fast Retailing (Shanghai) Business Management Consulting Co., Ltd., FAST RETAILING (SHANGHAI) TRADING CO., LTD. and LLC UNIQLO (RUS) 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 eight 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).

(p) Changes in Estimated Useful Lives

Effective September 1, 2012, the Company has changed the estimated useful lives of fixtures of specific retail stores, included in buildings and structures, thereby reflecting a more appropriate usage pattern. The estimated useful lives of these individual assets of specific retail stores are still within the range of 3 to 10 years.

3 Cash and Cash Equivalents

Cash and cash equivalents as of August 31, 2013, 2012 and 2011 consist of the following:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	**2013**
Cash	**¥147,429**	¥132,238	¥ 64,386	**$1,498,874**
Time deposits with maturities over three months	**(22)**	(6)	(10)	**(225)**
Short-term investment securities	**148,215**	133,788	137,728	**1,506,871**
Cash and cash equivalents	**¥295,622**	¥266,020	¥202,104	**$3,005,520**

4 Inventories

Inventories as of August 31, 2013 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Merchandise	**¥163,072**	¥96,725	**$1,657,914**
Supplies	**3,581**	2,237	**36,415**
Total	**¥166,654**	¥98,963	**$1,694,330**

5 Short-Term Investment Securities and Investment Securities

Investment securities as of August 31, 2013 and 2012 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, 2013 and 2012:

	Millions of yen		
As of August 31, 2013	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**¥ 151**	**¥ 247**	**¥ 96**
Other	**3,425**	**3,548**	**123**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**—**	**—**	**—**
Other	**144,723**	**144,723**	**—**
Total	**¥148,299**	**¥148,519**	**¥219**

	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)

	Thousands of U.S. dollars		
As of August 31, 2013	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**$ 1,536**	**$ 2,518**	**$ 981**
Other	**34,822**	**36,073**	**1,251**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**—**	**—**	**—**
Other	**1,471,366**	**1,471,366**	**—**
Total	**$1,507,725**	**$1,509,958**	**$2,233**

6 Income Taxes

The Company and subsidiaries are subject to a number of taxes based on income. The aggregate statutory tax rates for the Company were approximately 38.0% for the year ended August 31, 2013 and approximately 40.5% for the years ended August 31, 2012 and 2011.

Reconciliations between the statutory income tax rates and the effective income tax rates as a percentage of income before income taxes and minority interests for fiscal 2013, 2012 and 2011 are as follows:

	2013	2012	2011
Statutory income tax rate:	**38.0%**	—%	—%
Decrease in reserves for valuation changes	**(2.5)**	—	—
Amortization of goodwill	**1.4**	—	—
Lower income tax rates applicable to income in certain foreign countries	**(2.6)**	—	—
Other	**(0.2)**	—	—
Effective income tax rates	**34.1%**	—%	—%

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, 2013 and 2012 are presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets—current	¥ 4,002	¥16,987	$ 40,691
Total gross deferred tax assets:			
Accrued business tax	2,123	1,967	21,590
Allowance for bonuses	2,707	2,203	27,524
Allowance for doubtful accounts	288	104	2,936
Loss on impairment	2,123	130	21,590
Valuation difference on available-for-sale securities	2,509	5,822	25,515
Excess depreciation	5,705	4,068	58,002
Operating loss carryforward	9,239	7,348	93,935
Deferred losses on hedges	—	8,840	—
Other	16,593	11,562	168,700
	41,291	42,049	419,797
Valuation allowance	(15,264)	(17,984)	(155,190)
	26,026	24,064	264,607
Total gross deferred tax liabilities:			
Loss on considered transfer for shares of subsidiary	(2,203)	(2,190)	(22,404)
Allowance on excess depreciation	(2,645)	(2,136)	(26,893)
Deferred gains on hedges	(42,951)	—	(436,674)
Intangible assets	(8,344)	—	(84,831)
Other	(5,248)	(1,278)	(53,356)
	(61,392)	(5,606)	(624,161)
Net deferred tax assets (liabilities)	¥(35,365)	¥18,458	$(359,554)

A breakdown of net deferred tax assets as of August 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets—current	¥ 4,002	¥16,987	$ 40,691
Deferred tax assets—noncurrent	9,498	4,057	96,566
Deferred tax liabilities—current	(38,494)	(33)	(391,366)
Deferred tax liabilities—noncurrent	(10,371)	(2,553)	(105,446)
Net deferred tax assets (liabilities)	¥(35,365)	¥18,458	$(359,554)

7 Long-Term Debt

Long-term debt as of August 31, 2013 and 2012 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unsecured loans mainly from Japanese financial institutions, with weighted average interest of 1.55% due 2014 through 2020	¥25,559	¥12,540	$259,856
Less: current portion	3,632	3,410	36,932
Total	¥21,926	¥ 9,129	$222,924

The annual maturities of long-term debt subsequent to August 31, 2013 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2014	¥ 3,632	$ 36,932
2015	4,571	46,478
2016	4,571	46,478
2017	1,967	20,000
2018	2,950	30,000
Thereafter	7,865	79,968
Total	¥25,559	$259,856

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, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligations	¥75	¥64	$767
Less: Plan assets	—	—	—
Unfunded benefit obligations	75	64	767
Unrecognized actuarial loss	—	—	—
Accrued retirement and severance obligations	¥75	¥64	$767

The components of net retirement benefit costs for the years ended August 31, 2013, 2012 and 2011 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	2013
Service cost	¥ 8	¥ 0	¥ 18	$ 86
Interest cost	—	—	—	—
Expected return on plan assets	—	—	—	—
Expenses related to defined contribution plans	691	374	335	7,029
Others	—	—	—	—
Total	¥699	¥374	¥354	$7,116

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, 2013. Issued and outstanding shares were 106,073,656 shares for each of the three years in the period ended August 31, 2013.

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 ¥150 ($1.52) per share, aggregating to ¥15,284 million ($155,393 thousand). These dividends were approved at the meeting of the Board of Directors held on November 4, 2013 in respect of the fiscal year ended August 31, 2013.

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, 2013, 2012 and 2011 are summarized as follows:

	Number of shares	Millions of yen	Thousands of U.S. dollars
Balance as of August 31, 2010	4,288,758	¥16,260	
Repurchase of common stock	216	2	
Issuance of treasury stock, net	(31,331)	(119)	
Balance as of August 31, 2011	4,257,643	16,144	
Repurchase of common stock	372	5	
Issuance of treasury stock, net	(38,581)	(145)	
Balance as of August 31, 2012	4,219,434	16,003	$162,704
Repurchase of common stock	335	9	94
Issuance of treasury stock, net	(42,605)	(161)	(1,644)
Balance as of August 31, 2013	**4,177,164**	**¥15,851**	**$161,154**

12 Pledged Assets

As of August 31, 2013 and 2012, the following assets are pledged as collateral for debts and other liabilities:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Pledged assets:			
Other intangible assets	**¥—**	¥109	**$—**
Total	**—**	109	**—**
Corresponding liabilities:			
Portion of long-term debt due within one year	**—**	79	**—**
Long-term debt	**—**	30	**—**
Total	**¥—**	¥109	**$—**

13 Commitments and Contingencies

The Company had the following contingent liabilities as of August 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Loan guarantees for:			
Employees' benefit society	**¥8**	¥12	**$88**

14 Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended August 31, 2013, 2012 and 2011 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	**2013**
Advertising and promotion	**¥ 52,519**	¥43,694	¥35,871	**$ 533,948**
Salaries	**105,143**	83,970	77,003	**1,068,962**
Rent	**111,171**	90,509	78,891	**1,130,247**
Depreciation	**23,691**	18,573	14,704	**240,867**
Amortization of goodwill	**¥ 5,297**	¥ 5,664	¥ 6,596	**$ 53,854**

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 ¥5,068 million ($51,531 thousand), ¥116 million and ¥255 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, 2013, 2012 and 2011, respectively. These assets consisted of the following:

	Millions of yen			Thousands of U.S. dollars
Assets	**2013**	2012	2011	**2013**
Buildings and structures	**¥4,551**	¥ 57	¥234	**$46,274**
Furniture and equipment	**—**	—	20	**—**
Other	**517**	59	—	**5,256**
Total	**¥5,068**	¥116	¥255	**$51,531**

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, 2013:

	Millions of yen	Thousands of U.S. dollars
Amount arising during the year	**¥ 9,491**	**$ 96,494**
Valuation difference on available-for-sale securities	**9,491**	**96,494**
Amount arising during the year	**137,328**	**1,396,179**
Deferred gains or losses on hedges	**137,328**	**1,396,179**
Amount arising during the year	**16,951**	**172,345**
Reclassification adjustments for gains and losses included in net income	**126**	**1,289**
Foreign currency translation adjustment	**17,078**	**173,635**
Tax effects	**(51,825)**	**(526,896)**
Total other comprehensive income	**¥112,072**	**$1,139,412**

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		
	2013		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**¥—**	**¥—**	**¥—**
Accumulated depreciation	**—**	**—**	**—**
Impairment	**—**	**—**	**—**
Net balance	**¥—**	**¥—**	**¥—**

	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

	Thousands of U.S. dollars		
	2013		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**$—**	**$—**	**$—**
Accumulated depreciation	**—**	**—**	**—**
Impairment	**—**	**—**	**—**
Net balance	**$—**	**$—**	**$—**

	Millions of yen			Thousands of U.S. dollars
	2013	2012	2011	**2013**
Lease payments	**¥275**	¥1,062	¥1,871	**$2,805**
Reversal of allowance for loss on impairment of leased assets	**0**	14	13	**3**
Depreciation expenses	**48**	905	1,765	**493**
Interest expenses	**1**	15	46	**19**

Future minimum lease payments relating to finance leases accounted for as operating leases as of August 31, 2013 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2014	¥—	$—
2015 and thereafter	—	—
Total	¥—	$—

Future minimum lease payments relating to operating leases as of August 31, 2013 are as follows:

Year ending August 31	Millions of yen	Thousands of U.S. dollars
2014	¥ 16,672	$ 169,508
2015 and thereafter	101,195	1,028,822
Total	¥117,867	$1,198,331

18 Per Share Data

Net income per share for the years ended August 31, 2013, 2012 and 2011 is as follows:

	Yen			U.S. dollars
	2013	2012	2011	**2013**
Basic	**¥887.12**	¥703.62	¥533.93	**$9.01**
Diluted	**886.31**	703.06	533.66	**9.01**

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.

Net assets per share as of August 31, 2013 and 2012 are as follows:

	Yen		U.S. dollars
	2013	2012	**2013**
Basic	**¥5,489.86**	¥3,797.04	**$55.81**

19 Related Party Transactions

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

For the year ended August 31, 2013, related party transactions were as follows:

Transactions with directors and major individual shareholders of the Company (including entities controlled by them).

Classification	Name	Address	Capital (Millions of yen)	Business or Position	Ownership (%)	Transaction description	Contents	Transaction amount (Millions of yen)	Account	Balance (Millions of yen)
Non-executive Director	Toru Murayama	—	—	Non-executive Director	(Ownership by the related party) Direct 0.0	Outsourcing	Consulting agreement and advisory agreement for personnel training	¥11	Other current liabilities	¥1
			(Thousands of U.S. dollars)					(Thousands of U.S. dollars)		(Thousands of U.S. dollars)
			—					$113		$16

Note: (1) Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.
(2) Terms of transactions and policy for the terms
Transaction amounts were determined based on negotiations with the related party considering market prices.

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, 2013 and 2012 are as follows:

	Millions of yen		
	2013		
	Carrying value	Fair value	Difference
Cash and deposits	**¥147,429**	**¥147,429**	**¥ —**
Short-term investment securities	**148,215**	**148,215**	**—**
Lease and guarantee deposits	**47,997**	**47,057**	**(939)**
Notes and accounts payable-trade	**(121,951)**	**(121,951)**	**—**
Income taxes payable	**(26,005)**	**(26,005)**	**—**
Derivatives transactions	**113,641**	**113,641**	**—**
Derivatives transactions not applicable under hedge accounting criteria	**(369)**	**(369)**	**—**
Derivatives transactions applicable under hedge accounting criteria	**114,011**	**114,011**	**—**

	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)	—

	Thousands of U.S. dollars		
	2013		
	Carrying value	Fair value	Difference
Cash and deposits	**$1,498,874**	**$1,498,874**	**$ —**
Short-term investment securities	**1,506,871**	**1,506,871**	**—**
Lease and guarantee deposits	**487,975**	**478,421**	**(9,554)**
Notes and accounts payable-trade	**(1,239,853)**	**(1,239,853)**	**—**
Income taxes payable	**(264,391)**	**(264,391)**	**—**
Derivatives transactions	**1,155,364**	**1,155,364**	**—**
Derivatives transactions not applicable under hedge accounting criteria	**(3,760)**	**(3,760)**	**—**
Derivatives transactions applicable under hedge accounting criteria	**1,159,124**	**1,159,124**	**—**

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, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Contract value	**¥38,828**	¥16,776	**$394,754**
Portion of contract value exceeding one year	**—**	—	**—**
Fair value	**(369)**	(144)	**(3,760)**
Unrealized gain (loss)	**(369)**	(144)	**(3,760)**

Derivatives transactions applicable under hedge accounting criteria as of August 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Contract value	**¥886,454**	¥619,510	**$9,012,342**
Portion of contract value exceeding one year	**548,859**	349,719	**5,580,105**
Fair value	**114,011**	(22,481)	**1,159,124**

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, 2011	¥5,722	
Increase due to acquisition of property, plant and equipment	682	
Accretion adjustment	26	
Decrease on settlement of asset retirement obligations	(205)	
Other	(29)	
Balance as of August 31, 2012	¥6,196	$62,999
Increase due to acquisition of property, plant and equipment	**1,679**	**17,077**
Accretion adjustment	**87**	**894**
Decrease on settlement of asset retirement obligations	**(226)**	**(2,298)**
Other	**444**	**4,520**
Balance as of August 31, 2013	**¥8,182**	**$83,192**

23 Subsequent Event

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

At the Board of Directors' meeting held on October 10, 2013, the Company decided to offer 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 December 3, 2013.

24 Segment Information

Segments of the Company are distinct 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, g.u. and J Brand 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, 2013	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
	Millions of yen						
Sales	**¥683,314**	**¥251,191**	**¥206,234**	**¥1,140,740**	**¥2,263**	**¥ —**	**¥1,143,003**
Segment income	**96,852**	**18,350**	**17,463**	**132,667**	**99**	**153**	**132,920**
Depreciation and amortization	**6,975**	**7,601**	**4,062**	**18,640**	**176**	**4,875**	**23,691**

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, 2013	UNIQLO Japan	UNIQLO International	Global Brands	Total	Others	Adjustment	Consolidated
	Thousands of U.S. dollars						
Sales	**$6,947,081**	**$2,553,792**	**$2,096,733**	**$11,597,608**	**$23,008**	**$ —**	**$11,620,617**
Segment income	**984,673**	**186,568**	**177,549**	**1,348,791**	**1,015**	**1,557**	**1,351,364**
Depreciation and amortization	**70,922**	**77,284**	**41,305**	**189,512**	**1,790**	**49,563**	**240,867**

Notes: 1. The J Brand business (distribution of J Brand clothing), which the Company acquired during the fiscal year ended August 31, 2013, is newly included in the Global Brands segment from the fiscal year under review.
2. "Others" includes real estate leasing business, etc.
3. Adjustments for the year ended August 31, 2013 include a total of ¥5,297 million ($53,854 thousand) in goodwill amortization (unamortized balance of goodwill: ¥31,691 million ($322,199 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, 2013:		
Japan	**¥ 810,040**	**$ 8,235,467**
Countries outside Japan	**332,963**	**3,385,149**
Total	**¥1,143,003**	**$11,620,617**
Property, plant and equipment as of August 31, 2013:		
Japan	**¥ 40,172**	**$ 408,424**
China	**15,040**	**152,910**
North America	**10,671**	**108,490**
Other countries/ regions outside Japan	**24,521**	**249,302**
Total	**¥ 90,405**	**$ 919,128**

	Millions of yen
Net sales for the year ended August 31, 2012:	
Japan	¥716,625
Countries outside Japan	212,043
Total	¥928,669
Property, plant and equipment as of August 31, 2012:	
Japan	¥ 37,281
China	8,034
North America	10,532
Other countries/ regions outside Japan	13,374
Total	¥ 69,222

25 Business Combinations

For the year ended August 31, 2013, details on business combinations were as follows:

Acquisition

1. Names and line of business of companies acquired, purpose of acquisition, date of acquisition, legal form of share purchase, names of companies after acquisition, acquired voting rights, and for determining the acquiring company

(1)Names and lines of business of companies acquired

Name: J Brand Holdings, LLC and its wholly-owned subsidiaries – JB Intermediate Holdings, Inc. and J Brand, Inc. (collectively, "J Brand")

Line of business: Design and distribution of clothing

(2)Purpose of acquisition

- To expand the brand portfolio among the affordable luxury apparel category
- To strengthen the Group's capability to develop denim products by leveraging J Brand's outstanding know-how in the area of premium denim
- To reinforce the presence of the Group by acquiring a Los Angeles-based apparel brand in the crucial U.S. market

(3)Date of acquisition

December 20, 2012

(4)Legal form of share purchase

Share acquisition in the form of cash

(5)Name of company after acquisition

J Brand Holdings, LLC, JB Intermediate Holdings, Inc. and J Brand, Inc.

(6)Percentage of acquired voting rights

80.76%

(7)Determining acquiring company

The subsidiary of the Group acquired the shares in the form of a cash consideration and thus became the acquiring company.

2. Period for which the acquired company's results were included in the consolidated financial statements

From December 21, 2012 to August 31, 2013

3. The Group has elected to measure the minority interest in J Brand at the minority interests' proportionate share of J Brand's identifiable net assets.

The fair value of the identifiable assets and liabilities of J Brand (including the minority interest) at the acquisition date were as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 4,673	$ 47,517
Noncurrent assets	38,506	391,486
Total assets acquired	¥43,180	$439,004
Current liabilities	¥ 1,423	$ 14,471
Noncurrent liabilities	8,255	83,933
Total liabilities	¥ 9,679	$ 98,405

4. Details of acquisition cost

	Millions of yen	Thousands of U.S. dollars
Cash consideration paid for acquisition of shares	¥26,834	$272,819
Acquisition cost	26,834	272,819

5. Amount of goodwill recognized, reasons for recognizing goodwill, amortization method and amortization period

(1)Amount of goodwill : ¥18,737 million ($190,495 thousand)

(2)Reasons for recognizing goodwill:

The acquisition cost of the shares of J Brand exceeded the fair value of the net assets of the acquired company at the acquisition date. The corresponding tax effect was included therein.

(3)Amortization of goodwill and amortization period:

Amortized on a straight-line basis over an estimated useful life of 10 years.

6. Estimated impact on consolidated statement of income for the year ended August 31, 2013 if the business combination had taken place at the beginning of the fiscal year

This information is not applicable due to its immateriality.

7. The following is a summary of assets acquired and liabilities assumed through the acquisition of shares of J Brand Holdings, LLC, related acquisition costs and net disbursement.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 4,673	$ 47,517
Noncurrent assets	19,769	200,991
Goodwill	18,737	190,495
Current liabilities	(1,423)	(14,471)
Noncurrent liabilities	(8,255)	(83,933)
Minority interests	(6,392)	(64,993)
Subscription rights to shares	(274)	(2,785)
Acquisition cost of shares of J Brand Holdings, LLC	¥26,834	$272,819
Cash and cash equivalents of J Brand Holdings, LLC	(62)	(638)
Net disbursement	¥26,771	$272,181

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Independent Auditor's Report

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, 2013, 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, 2013, 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.

Ernst & Young ShinNihon LLC

November 25, 2013
Tokyo, Japan

History

1949.3
Men's Shop Ogori Shoji is founded in Ube City, Yamaguchi Prefecture, Japan.

1963.5
Ogori Shoji Co., Ltd., is established with capital of 6 million yen.

1984.6
The first UNIQLO store, the Fukuromachi store in Hiroshima, opens and specializes in casual apparel (closes in August 1991).

1985.6
First UNIQLO roadside store opens. Proving an immediate success, the format is adopted as the new standard.

1991.9
Company name is changed to FAST RETAILING CO., LTD.

1994.7
Company stock is listed on the Hiroshima Stock Exchange.

1998.2
Head office is constructed in Yamaguchi Prefecture, Japan.

1998.10
1,900-yen fleece campaign succeeds in attracting large public attention.

1998.11
First urban UNIQLO store opens in the fashionable Harajuku district of Tokyo.

1999.2
Company stock is listed on the First Section of the Tokyo Stock Exchange.

1999.4
Shanghai office is established to further enhance production management.

2000.4
Headquarter functions move to Tokyo to promote merchandising and marketing.

2000.10
Online sales business launches.

2001.9
First UNIQLO overseas store opens in London.

2002.4
UNIQLO Design Studio (current R&D Center) is established.

2002.9
First UNIQLO China store opens in Shanghai.

2002.11
SKIP brand food business starts (exits the business in April 2004).

2003.10
UNIQLO cashmere campaign generates high level of consumer interest.

2004.1
Fast Retailing invests in Link International Co., Ltd. (now LINK THEORY JAPAN CO., LTD.), developer of Theory brand apparel.

2004.10
First large-scale UNIQLO store opens in Shinsaibashi, Osaka (closes in 2010).

2004.12
UNIQLO Design Studio, New York, Inc. is established.

2004.12
Joint venture with Lotte Shopping Co., Ltd. Of South Korea is established to expand UNIQLO business.

2005.3
Footwear retail chain Onezone Corp. becomes a subsidiary (comes under UNIQLO Co., Ltd. in April 2010).

2005.5
Nelson Finance S.A.S. (currently Création Nelson S.A.S.) is acquired as a subsidiary to develop the Comptoir des Cotonniers brand.

2005.9
First UNIQLO South Korea store opens in Seoul.

2005.9
First UNIQLO U.S. store opens in New Jersey (closes in 2006).

2005.9
First UNIQLO Hong Kong store opens in the Tsim Sha Tsui shopping district.

2005.10
Large-scale UNIQLO store opens in Ginza, Tokyo.

2005.11
Holding company structure is adopted at Fast Retailing.

2006.2
PETIT VEHICULE S.A.S. is acquired as a subsidiary to develop the Princesse tam.tam brand.

2006.4
Fast Retailing invests in women's apparel company Cabin Co., Ltd. (Cabin becomes a subsidiary in August 2006, merges with LINK THEORY JAPAN CO., LTD. in September 2010).

2006.6
Strategic business partnership is established between UNIQLO and Toray Industries, Inc.

2006.9
UNIQLO All-Product Recycling Initiative commences.

2006.10
First g.u. store opens in Chiba Prefecture, Japan.

2006.11
First UNIQLO global flagship store opens, in Soho, New York City.

2007.11
Second UNIQLO global flagship store, 311 Oxford Street Store, opens in London.

2007.12
First UNIQLO France store opens in the Paris suburb of La Défense.

2008.9
Subsidiaries G.U. Co., Ltd., Viewcompany Co., Ltd. and Onezone Corp. merge into GOV Retailing Co., Ltd. (footwear business comes under UNIQLO Co., Ltd. in April 2010).

2009.3
g.u. 990-yen jeans are introduced to broad public acclaim.

2009.3
LINK THEORY JAPAN CO., Ltd. becomes a subsidiary.

2009.4
First UNIQLO Singapore store opens in the Tampines district.

2009.10
Third UNIQLO global flagship store, Paris Opéra Store, opens.

2010.4
First UNIQLO Russia store opens in Moscow.

2010.5
Fourth UNIQLO global flagship store, West Nanjing Road Store, opens in Shanghai.

2010.7
Second five-year plan between UNIQLO and Toray is announced, extending their strategic partnership.

2010.7
Joint venture between UNIQLO and Grameen Bank is agreed, with the aim to pursue a social business in Bangladesh.

2010.10
First UNIQLO global flagship store opens in Japan, in Shinsaibashi, Osaka.

2010.10
First g.u. flagship store opens in Shinsaibashi, Osaka.

2010.10
First UNIQLO Taiwan store opens in Taipei.

2010.11
First UNIQLO Malaysia store opens in Kuala Lumpur.

2011.2
Global Partnership Agreement between Fast Retailing and United Nations High Commissioner for Refugees (UNHCR) is established, reinforcing All-Product Recycling Initiative.

2011.3
Clothing for Japanese disaster relief is donated by UNIQLO and G.U.

2011.9
First UNIQLO Thailand store opens in Bangkok.

2011.9
Sixth UNIQLO global flagship store, UNIQLO Mingyao Department Store, opens in Taipei.

2011.10
Seventh UNIQLO global flagship store, New York Fifth Avenue Store, opens in New York City.

2011.11
Eighth UNIQLO global flagship store, Myeongdong Central Store, opens in Seoul.

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

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

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

2012.6
First UNIQLO Philippines store opens in Manila.

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

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

2012.12
Fast Retailing acquires U.S.-based contemporary fashion and premium denim company J Brand Holdings, LLC.

J BRAND

2013.3
UNIQLO appoints pro golfer Adam Scott as Global Brand Ambassador.

2013.4
UNIQLO global flagship store, UNIQLO Lee Theatre Store, opens in Hong Kong.

2013.6
First UNIQLO Indonesia store opens in Jakarta.

2013.7
First two Grameen UNIQLO stores open in Dhaka, Bangladesh.

2013.9
UNIQLO global flagship store, UNIQLO Shanghai Store, opens in China.

Investor Information (As of August 31, 2013)

Securities Code: 9983

Stock Exchange Listing: Tokyo Stock Exchange (First Section)

Stock Information

Number of shares authorized	300,000,000
Number of issued and outstanding shares (including holders of treasury stock)	106,073,656
Number of shareholders (including holders of treasury stock)	8,833

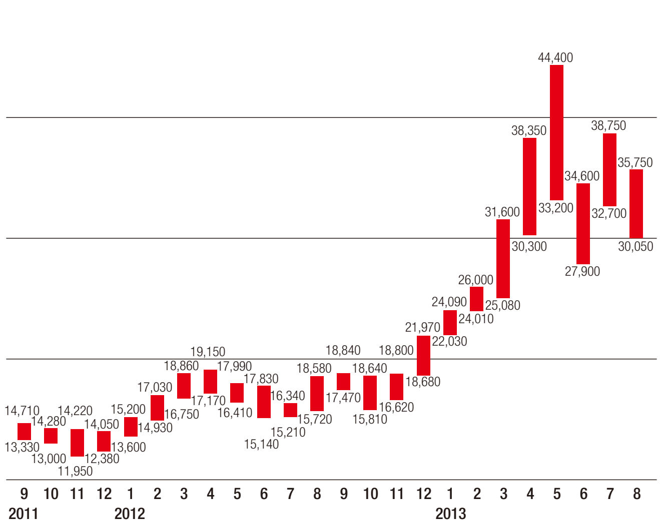
Principal Shareholders

	Number of shares	Percentage of total shares in issue (%)
Tadashi Yanai	22,987,284	21.67
The Master Trust Bank of Japan, Ltd.	10,009,100	9.44
Japan Trustee Services Bank, Ltd.	6,599,800	6.22
TTY Management B.V.	5,310,000	5.01
Kazumi Yanai	4,781,808	4.51
Koji Yanai	4,780,600	4.51
Fight & Step Co., Ltd.	4,750,000	4.48
Fast Retailing Co., Ltd.	4,177,164	3.94
Mastermind Co., Ltd.	3,610,000	3.40
Teruyo Yanai	2,327,848	2.19

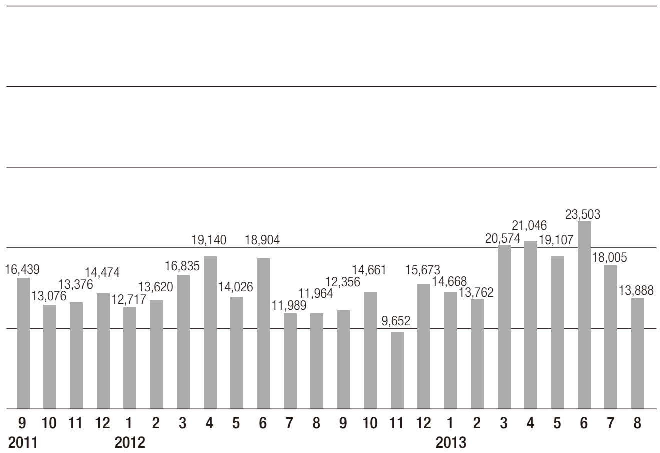
Shareholder Breakdown

	Number of shareholders	Number of shares (Thousands)	Percentage of total shares in issue (%)
Individuals and others	8,068	40,949	38.60
Other financial institutions	54	22,676	21.38
Foreign investors	527	26,400	24.89
Companies and corporations	131	8,686	8.19
Securities companies	53	7,360	6.94
Total	8,833	106,073	100.00

Stock Price (yen)



Trading Volume (thousands of shares)



Information Available in the Investor Relations (IR) Section of Our Website

Monthly Retail Data: You can view monthly sales for UNIQLO Japan.

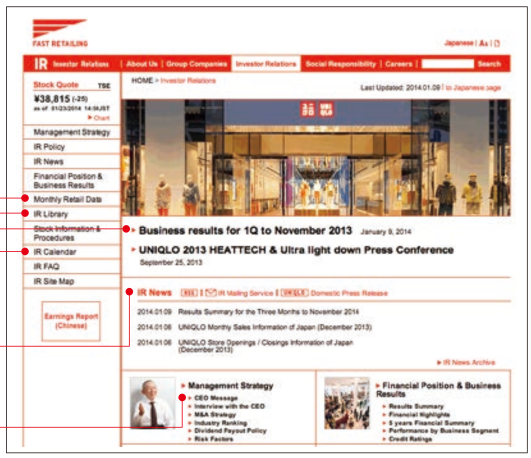
IR Library: You can access the latest IR publications, including the Annual Report, Fact Book, Business Review and CSR Report.

You can access materials and videos of our latest business results, meetings and press conferences.

IR Calendar: You can access the schedule for monthly announcements, business results meetings and other events.

IR News: You can access the latest IR news and releases.

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



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

Corporate Information

Corporate Data
(As of December 31, 2013)

FAST RETAILING CO., LTD.

Head Office
717-1, Sayama, Yamaguchi City,
Yamaguchi 754-0894, Japan

Tokyo Office
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan

Established
May 1, 1963

Paid-in Capital
¥10,274 million

Line of Business
Control and management of overall Group activities as owner and holding company

Number of Full-time Employees (Consolidated)
23,982 (As of August 31, 2013)

Settlement Date
August 31

Annual Shareholders' Meeting
End of November

Transfer Agent
The Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome,
Chiyoda-ku,
Tokyo 100-8212, Japan
Telephone: 0120-232-711
(From Japan)

Number of Shares per Trading Unit
100

Board of Directors
(As of December 31, 2013)

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

Board of Auditors
(As of December 31, 2013)

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

Notes:
* External Director
** Statutory Auditor

Main Group Companies
(As of December 31, 2013)

① UNIQLO CO., LTD.
LINK THEORY JAPAN CO., LTD.
COMPTOIR DES COTONNIERS JAPAN CO., LTD.
G.U. CO., LTD.

② FAST RETAILING (CHINA) TRADING CO., LTD.
UNIQLO TRADING CO., LTD.

③ UNIQLO HONG KONG, LIMITED

④ UNIQLO TAIWAN LTD.

⑤ FRL Korea CO., LTD.

⑥ UNIQLO (SINGAPORE) PTE. LTD.

⑦ UNIQLO (MALAYSIA) SDN. BHD.

⑧ UNIQLO (THAILAND) COMPANY LIMITED

⑨ FAST RETAILING PHILIPPINES, INC.

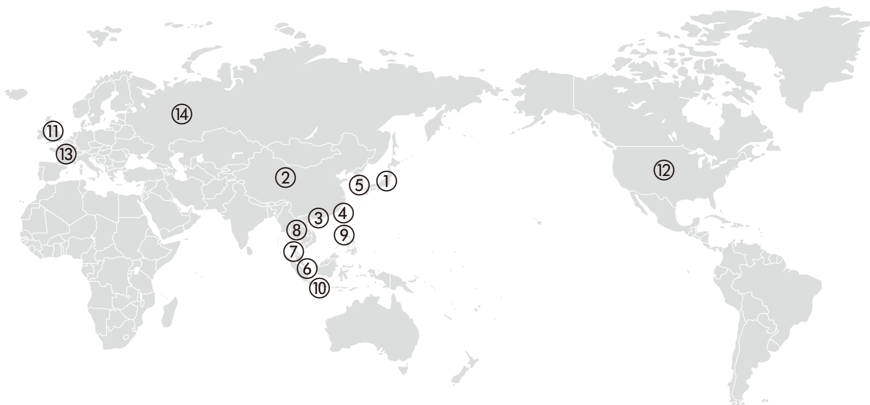
⑩ PT. FAST RETAILING INDONESIA

⑪ UNIQLO (U.K.) LTD.

⑫ Fast Retailing USA, Inc.
J Brand Holdings, LLC

⑬ FAST RETAILING FRANCE S.A.S.
Créations Nelson S.A.S.
PETIT VEHICULE S.A.S.

⑭ Limited Liability Company UNIQLO (RUS)



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

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

Investor Relations
Corporate Management & Control
FAST RETAILING CO., LTD.
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan
Telephone: +81-3-6862-9983
Facsimile: +81-3-6865-0076

Forward-looking Statements

Statements in this annual report with respect to the Company's plans, strategies, forecasts and other statements that are not historical facts are forward-looking statements that are based on management's judgment in light of currently available information. Factors that could cause actual results to differ materially from our earnings forecasts include, without limitation, global economic conditions, our response to market demand for and competitive pricing pressure on products and services and currency exchange rate fluctuations.

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FAST RETAILING

FAST RETAILING CO., LTD.
www.fastretailing.com

UNIQLO Shanghai Store (Global flagship store)