FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

(Incorporated in Japan with limited liability)

(Stock Code:6288)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018 AND RESUMPTION OF TRADING

The board (the "Board") of directors (the "Directors") of FAST RETAILING CO., LTD. (the "Parent" or "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 28 February 2018.

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 12 April 2018, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 13 April 2018.

(Amounts are rounded down to the nearest million Japanese Yen unless otherwise stated)

1. CONSOLIDATED RESULTS

(1) Consolidated Operating Results (1 September 2017 to 28 February 2018)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended 28 February 2018	1,186,765	16.6	170,492	30.5	165,196	11.9	113,646	9.9
Six months ended 28 February 2017	1,017,508	0.6	130,657	31.5	147,610	79.9	103,414	101.1

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended 28 February 2018	104,150	7.1	87,705	(52.9)	1,021.16	1,019.36
Six months ended 28 February 2017	97,233	106.7	186,220	—	953.55	952.17

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to total assets	Equity per share attributable to owners of the Parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As at 28 February 2018	1,621,507	834,794	796,650	49.1	7,809.69
As at 31 August 2017	1,388,486	762,043	731,770	52.7	7,175.35

2. DIVIDENDS

(Declaration date)	Dividend per share				
	First quarter period end	Second quarter period end	Third quarter period end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended 31 August 2017	—	175.00	—	175.00	350.00
Year ending 31 August 2018	—	200.00			
Year ending 31 August 2018 (forecast)			—	200.00	400.00

(Note) Revisions during this quarter of dividends forecast for fiscal year: Yes

3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2018 (1 SEPTEMBER 2017 TO 31 AUGUST 2018)

(% shows rate of increase/(decrease) from previous period)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending 31 August 2018	2,110,000	13.3	225,000	27.5	217,000	12.2	130,000	9.0

	Basic earnings per share attributable to owners of the Parent
	Yen
Year ending 31 August 2018	1,274.41

(Note) Revisions during this quarter of consolidated business results projection for year ending 31 August 2018: Yes

* Notes

(1) Changes of principal subsidiaries in the period: None

(2) Changes in accounting policies and changes in accounting estimates:

(i)	Changes in accounting policies to conform with IFRS:	None
(ii)	Other changes in accounting policies:	None
(iii)	Change in accounting estimates:	None

(3) Total number of issued shares (Common stock)

(i)	Number of issued shares (including treasury stock)	As at 28 February 2018	106,073,656 shares	As at 31 August 2017	106,073,656 shares
(ii)	Number of treasury stock	As at 28 February 2018	4,065,733 shares	As at 31 August 2017	4,089,664 shares
(iii)	Average number of issued shares	For the six months ended 28 February 2018	101,992,395 shares	For the six months ended 28 February 2017	101,970,207 shares

* This interim results announcement is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act of Japan.

* Explanation and other notes concerning proper use of the consolidated business results projection:
Statements made in these materials, such as those pertaining to future matters including business projections, are based on information presently available to the Company and certain assumptions determined to be reasonable. Actual business results may vary materially depending on a variety of factors. For the background, assumptions and other matters regarding the business results projection, please refer to P. 5 “(3) Qualitative Information Concerning Consolidated Business Results Projection”.

1. Business Results

(1) Results of Operations

The Fast Retailing Group generated rises in both revenue and profit in the first half of fiscal 2018, or the six months from 1 September 2017 to 28 February 2018. Consolidated revenue totaled ¥1.1867 trillion (+16.6% year-on-year) and operating profit reached ¥170.4 billion (+30.5% year-on-year). The consolidated gross profit margin improved by 0.7 point year-on-year and the selling, general and administrative expense ratio improved by 1.9 points. As a result, the operating profit margin improved 1.6 points to 14.4%. The Group recorded a foreign exchange loss of ¥1.7 billion and impairment losses of ¥9.9 billion under other income and expenses. A net loss of ¥5.2 billion was recorded under finance income, after the spot foreign exchange rate at the end of February closed higher than the spot rate at the start of the business term. As a result, first-half profit before income taxes expanded to ¥165.1 billion (+11.9% year-on-year) and profit attributable to owners of the parent increased to ¥104.1 billion (+7.1% year-on-year). Breaking the consolidated performance down into individual business segments, UNIQLO International reported significant rises in revenue and profit in the first half of fiscal 2018, and UNIQLO Japan and GU also reported revenue and profit rises. Meanwhile the Global Brands segment reported a rise in revenue but a fall in profit over the six-month period.

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we are focusing our efforts on expanding UNIQLO International and our GU. We continue to increase UNIQLO store numbers in each country where we operate, and open global flagship stores and large-format stores in major cities around the world to help consolidate UNIQLO's position as a key global brand. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan), Southeast Asia and South Korea are entering a new stage of growth as the key drivers of operational growth for the Fast Retailing Group. Operating losses at UNIQLO USA contracted considerably, putting that operation on track to turn a profit going forward. In terms of the GU operation, we plan to open more GU stores in Japan, while expanding the brand's international presence, especially in Greater China.

Due to its growing impact on overall consolidated performance, the GU, formerly a part of the Global Brands business segment, has been separated into an independent business segment from the 2018 reporting period. The previous reporting period's data have been adjusted to suit the new reporting segment structure and facilitate accurate year-on-year comparisons.

UNIQLO Japan

UNIQLO Japan reported a rise in revenue and profit in the first half of fiscal 2018, with revenue totaling ¥493.6 billion (+8.5% year-on-year) and operating profit totaling ¥88.7 billion (+29.0% year-on-year). In the six months to 28 February 2018, same-store sales, including online sales, expanded by 8.4% year-on-year. Online sales increased 31.6% to constitute 7.5% of total revenue.

The Fall Winter season displayed a consistently strong sales trend as the unusually cold weather supported strong sales of warm clothing such as HEATTECH, down, fleece, sweat pants and shirts, and danpan warm pants. In addition, we carved sophisticated sales plans that closely correlated production, distribution and retail, and successfully monitoring immediate conditions to ensure ample inventory of strong-selling items and facilitate timely revisions such as prompt price cutting on poor-selling items. The cost of sales continued to rise in the first half of fiscal 2018 on persistent weakening in internal yen exchange rates. However, the first-half gross profit margin improved significantly as strong sales of winter clothing ranges reduced discounting losses on inventory rundowns. The first-half gross profit margin improved 0.8 point year on year, and the selling, general and administrative expense ratio improved 1.9 points year-on-year on the back of significant reductions in distribution costs, and advertising and promotion expenses.

UNIQLO International

UNIQLO International revenue and profit rose significantly in the first half of fiscal 2018, with revenue totaling ¥507.4 billion (+29.2% year-on-year) and operating profit increasing to ¥80.7 billion (+65.6% year-on-year). The operating profit margin improved by 3.5 points year-on-year to 15.9% on the back of progressive management reforms across global operations that included a review of product mixes, the establishment of more accurate numerical planning, and a shift to a business format that relies less heavily on discounting. Looking more closely at individual regional operations, all areas achieved higher-than-expected first-half results, with profitability improving at UNIQLO North America, Greater China and South Korea. Greater China and South Korea achieved higher revenue and profit on strong sales of Winter ranges such as HEATTECH and down. UNIQLO Southeast Asia & Oceania continued to generate a strong performance, with solid demand for summer clothing and firm demand from travelers for winter clothing resulting in significantly higher first-half revenue and profit. In addition, we were able to significantly reduce operating losses at UNIQLO USA, expanding sales of core ranges by reviewing product mixes in each area of the United States and creating more accurate sales plans. UNIQLO Europe also reported a considerable increase in first-half profit, with strong sales in core markets such as Russia, France and the United Kingdom helping increase same-store sales for the European region overall. The UNIQLO operation in Spain got off to a strong start, as we consolidated the brand's September 2017 entry into that market with the opening of a second store in November.

GU

The GU business segment reported increases in both revenue and profit in the first half of fiscal 2018, with revenue totaling ¥105.8 billion (+8.3% year-on-year) and operating profit reaching ¥9.1 billion (+23.3% year-on-year). Same-store sales declined slightly year-on-year in the first half due to a lack of sought-after thermal items. However, first-half revenue increased 8.3% year-on-year after new store openings expanded the total GU network by 26 stores. On the profit front, GU operating profit increased on a higher gross profit margin.

Global Brands

The Global Brands segment reported a rise in revenue but a fall in profit in the first half of fiscal 2018. The segment reported a rise in revenue to ¥78.4 billion (+11.4% year-on-year) and an operating loss of ¥5.6 billion, following the recording of impairments losses of ¥7.7 billion for the Comptoir des Cotonniers label, and ¥1.0 billion for Helmut Lang, a Theory operation brand. Theory operating profit, excluding the Helmut Lang impairment loss, rose on the back of continued strong sales at the operation's Theory and PLST brands. While the France-based Princesse tam.tam brand continued to report a steady year-on-year loss, the US-based J Brand denim label reported reduced losses in the six-month period to 28 February 2018.

Sustainability

As the Fast Retailing Group expands its business globally, we remain committed to integrating environmental and social sustainability into our operations from a long-term perspective. Our sustainability initiatives are conducted across four priority areas: supply chain, products, stores and communities, and employees.

Going beyond the disclosure of our core partner factory list for UNIQLO, we disclosed our core partner factory list for GU in December 2017 to enhance supply chain transparency and ensure better work environments and accountability in the area of human rights.

In January 2018, we published our latest Sustainability Report, which features key activities for the fiscal year to August 2017 across the four priority areas above as well as our initiatives for improvement.

We are also making various efforts to reduce our environmental impact due to the use of water resources and the use of chemical substances such as fertilizers required for the cultivation of cotton — a key material in our products. We also prohibit the use of cotton produced by child labor or forced labor. As part of these efforts, we joined the Better Cotton Initiative (BCI), an international NGO whose aim is to produce sustainable cotton. Founded in cooperation with various NGOs such as the Worldwide Fund for Nature (WWF) and other companies, BCI provides support to 1.6 million cotton farmers in 23 countries. While fulfilling our responsibilities and obligations as a global corporation, the Fast Retailing Group remains committed to creating high-quality products that will reduce environmental impact.

(2) Financial Positions and Cash Flows Information

(i) Financial Positions

Total assets as at 28 February 2018 were ¥1.6215 trillion, which was an increase of ¥233.0 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥164.8 billion in cash and cash equivalents, an increase of ¥59.4 billion in other current assets, an increase of ¥15.3 billion in deferred tax assets and a decrease of ¥20.1 billion in inventories.

Total liabilities as at 28 February 2018 were ¥786.7 billion, which was an increase of ¥160.2 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥29.1 billion in other current financial liabilities, an increase of ¥38.7 billion in derivative financial liabilities, an increase of ¥171.6 billion in other current liabilities, a decrease of ¥68.8 billion in trade and other payables and a decrease of ¥30.7 billion in non-current financial liabilities.

Total net assets as at 28 February 2018 were ¥834.7 billion, which was an increase of ¥72.7 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥86.3 billion in retained earnings.

(ii) Cash Flows Information

Cash and cash equivalents as at 28 February 2018 had increased by ¥278.7 billion from the period-end as at 28 February 2017, to ¥848.6 billion.

Net cash generated by operating activities for the six months ended 28 February 2018 was ¥220.2 billion, which was an increase of ¥9.0 billion (+4.3 % year-on-year) from the six months ended 28 February 2017.

The principal factors were ¥165.1 billion in profit before income taxes (an increase of ¥17.5 billion from the six months ended 28 February 2017) and an increase of ¥176.1 billion in other liabilities (an increase of ¥164.7 billion from the six months ended 28 February

2017), a decrease of ¥20.5 billion in inventories (an decrease of ¥24.0 billion from the six months ended 28 February 2017), an increase of ¥65.8 billion in other assets (an increase of ¥63.8 billion from the six months ended 28 February 2017) and a decrease of ¥70.4 billion in trade and other payables (an decrease of ¥83.0 billion from the six months ended 28 February 2017),.

Net cash used in investing activities for the six months ended 28 February 2018 was ¥25.1 billion, which was an increase of ¥8.6 billion (+51.9 % year-on-year) from the six months ended 28 February 2017. The principal factors were an increase of ¥1.5 billion in bank deposits with original maturity over three months (an increase of ¥6.9 billion from the six months ended 28 February 2017), ¥13.9 billion payments for tangible assets (a decrease of ¥3.4 billion from the six months ended 28 February 2017) and ¥6.2 billion payments for intangible assets (an increase of ¥1.3 billion from the six months ended 28 February 2017).

Net cash used in financing activities for the six months ended 28 February 2018 was ¥21.9 billion, which was a decrease of ¥3.2 billion (-12.8 % year-on-year) from the six months ended 28 February 2017. The principal factor was an increase of ¥0.5 billion in short-term loans payable (a decrease of ¥3.4 billion from the six months ended 28 February 2017).

(3) Qualitative Information Concerning Consolidated Business Results Projection

The following adjustments were made concerning the consolidated business results projection for the year ending 31 August 2018 in consideration of the business results for the six months ended 28 February 2018.

In addition, below are the differences of the consolidated business results projections for the year ending 31 August 2018 as reported in the “First Quarterly Results Announcement for the Three Months Ended 30 November 2017 and Resumption of Trading” released on 11 January 2018.

(Full financial year)

	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of the Parent	Basic earnings per share attributable to owners of the Parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	2,050,000	200,000	200,000	120,000	1,176.66
New forecast (B)	2,110,000	225,000	217,000	130,000	1,274.41
Difference (B–A)	60,000	25,000	17,000	10,000	-
Change (%)	2.9	12.5	8.5	8.3	-
Previous results	1,861,917	176,414	193,398	119,280	1,169.70

2. Interim Condensed Consolidated Financial Statements and Accompanying Material Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2017	As at 28 February 2018
ASSETS			
Current assets			
Cash and cash equivalents		683,802	848,658
Trade and other receivables		48,598	55,409
Other financial assets		30,426	33,058
Inventories		289,675	269,512
Derivative financial assets		6,269	8,512
Income taxes receivable		1,518	3,155
Other assets		17,307	76,805
Total current assets		1,077,598	1,295,112
Non-current assets			
Property, plant and equipment	5	136,979	139,070
Goodwill	5	15,885	8,092
Intangible assets	5	36,895	39,156
Financial assets		77,608	78,652
Investments in associates		13,473	13,438
Deferred tax assets		25,303	40,606
Other assets		4,742	7,378
Total non-current assets		310,888	326,395
Total assets		1,388,486	1,621,507
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		204,008	135,191
Other financial liabilities		11,844	40,980
Derivative financial liabilities		6,083	44,873
Current tax liabilities		25,864	41,308
Provisions		27,889	24,087
Other liabilities		35,731	207,391
Total current liabilities		311,421	493,832
Non-current liabilities			
Financial liabilities		273,467	242,675
Provisions		15,409	17,367
Deferred tax liabilities		10,000	16,587
Other liabilities		16,144	16,250
Total non-current liabilities		315,022	292,880
Total liabilities		626,443	786,712
EQUITY			
Capital stock		10,273	10,273
Capital surplus		14,373	18,163
Retained earnings		698,584	784,887
Treasury stock, at cost		(15,563)	(15,472)
Other components of equity		24,102	(1,201)
Equity attributable to owners of the Parent		731,770	796,650
Non-controlling interests		30,272	38,144
Total equity		762,043	834,794
Total liabilities and equity		1,388,486	1,621,507

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

Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Notes	Six months ended 28 February 2017	Six months ended 28 February 2018
Revenue		1,017,508	1,186,765
Cost of sales		(523,298)	(601,126)
Gross profit		494,209	585,638
Selling, general and administrative expenses	2	(365,486)	(403,638)
Other income	3	3,265	910
Other expenses	3, 5	(1,671)	(12,688)
Share of profit and loss of associates		340	270
Operating profit		130,657	170,492
Finance income	4	18,613	3,009
Finance costs	4	(1,660)	(8,305)
Profit before income taxes		147,610	165,196
Income tax expense		(44,196)	(51,549)
Profit for the period		103,414	113,646
Profit for the period attributable to:			
Owners of the Parent		97,233	104,150
Non-controlling interests		6,180	9,495
		103,414	113,646
Earnings per share			
Basic (yen per share)	6	953.55	1,021.16
Diluted (yen per share)	6	952.17	1,019.36

Interim Condensed Consolidated Statement of Other Comprehensive Income

(Millions of yen)

	Notes	Six months ended 28 February 2017	Six months ended 28 February 2018
Profit for the period		103,414	113,646
Other comprehensive income			
Other comprehensive income that will not be reclassified subsequently to profit or loss		—	—
Other comprehensive income that may be reclassified subsequently to profit or loss			
Net fair value gain/(loss) on available-for-sales financial assets during the period		(21)	804
Exchange differences on translating foreign operations		24,821	(2,140)
Cash flow hedges		58,005	(24,604)
Other comprehensive income/(loss), net of income tax		82,805	(25,940)
Total comprehensive income/(loss) for the period		186,220	87,705
Attributable to:			
Owners of the Parent		177,802	78,846
Non-controlling interests		8,418	8,859
Total comprehensive income/(loss) for the year		186,220	87,705

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2017

(Millions of yen)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve	Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 2016		10,273	13,070	613,974	(15,633)	248	(2,811)	(44,619)	(47,183)	574,501	23,159	597,661
Net changes during the period												
Comprehensive income												
Profit for the period		—	—	97,233	—	—	—	—	—	97,233	6,180	103,414
Other comprehensive income		—	—	—	—	(21)	22,989	57,600	80,568	80,568	2,237	82,805
Total comprehensive income		—	—	97,233	—	(21)	22,989	57,600	80,568	177,802	8,418	186,220
Transactions with the owners of the Parent												
Acquisition of treasury stock		—	—	—	(6)	—	—	—	—	(6)	—	(6)
Disposal of treasury stock		—	447	—	52	—	—	—	—	499	—	499
Dividends		—	—	(16,824)	—	—	—	—	—	(16,824)	(1,531)	(18,356)
Share-based payments		—	776	—	—	—	—	—	—	776	—	776
Total transactions with the owners of the Parent		—	1,223	(16,824)	46	—	—	—	—	(15,554)	(1,531)	(17,085)
Total net changes during the period		—	1,223	80,409	46	(21)	22,989	57,600	80,568	162,248	6,886	169,134
As at 28 February 2017		10,273	14,294	694,383	(15,586)	226	20,178	12,980	33,385	736,750	30,045	766,795

For the six months ended 28 February 2018

(Millions of yen)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve	Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 2017		10,273	14,373	698,584	(15,563)	2	21,806	2,293	24,102	731,770	30,272	762,043
Net changes during the period												
Comprehensive income												
Profit for the period		—	—	104,150	—	—	—	—	—	104,150	9,495	113,646
Other comprehensive income		—	—	—	—	804	(2,502)	(23,605)	(25,304)	(25,304)	(636)	(25,940)
Total comprehensive income		—	—	104,150	—	804	(2,502)	(23,605)	(25,304)	78,846	8,859	87,705
Transactions with the owners of the Parent												
Disposal of treasury stock		—	782	—	91	—	—	—	—	874	—	874
Dividends		—	—	(17,847)	—	—	—	—	—	(17,847)	(2,916)	(20,763)
Share–based payments		—	1,132	—	—	—	—	—	—	1,132	—	1,132
Increase in equity due to capital increase by consolidated subsidiary		—	—	—	—	—	—	—	—	—	173	173
Capital contributions from non–controlling interests		—	1,874	—	—	—	—	—	—	1,874	1,754	3,629
Total transactions with the owners of the Parent		—	3,789	(17,847)	91	—	—	—	—	(13,966)	(987)	(14,954)
Total net changes during the period		—	3,789	86,303	91	804	(2,502)	(23,605)	(25,304)	64,880	7,871	72,751
As at 28 February 2018		10,273	18,163	784,887	(15,472)	806	19,303	(21,312)	(1,201)	796,650	38,144	834,794

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Six months ended 28 February 2017	Six months ended 28 February 2018
Cash flows from operating activities			
Profit before income taxes		147,610	165,196
Depreciation and amortization		17,996	21,742
Impairment losses	5	—	9,940
Increase/(decrease) in provisions		(4,858)	(6,049)
Interest and dividend income		(2,872)	(3,009)
Interest expenses		1,660	1,361
Foreign exchange losses/(gains)		(15,496)	6,943
Share of profit and loss of associates		(340)	(270)
Losses on disposal of property, plant and equipment		599	289
Decrease/(increase) in trade and other receivables		(3,186)	(6,391)
Decrease/(increase) in inventories		44,638	20,572
Increase/(decrease) in trade and other payables		12,643	(70,439)
Decrease/(increase) in other assets		(2,006)	(65,866)
Increase/(decrease) in other liabilities		11,394	176,135
Others, net		(2,333)	3,947
Cash generated from operations		205,448	254,102
Interest and dividends income received		3,074	3,008
Interest paid		(1,683)	(1,354)
Income taxes paid		(16,537)	(35,509)
Income taxes refund		20,920	—
Net cash generated by operating activities		211,222	220,245
Cash flows used in investing activities			
Amounts deposited into bank deposits with original maturities with original maturities of 3 months or less		(113,288)	(29,231)
Amounts withdrawn from bank deposits with original maturities of 3 months or less		118,598	27,636
Payments for property, plant and equipment		(17,415)	(13,969)
Proceeds from sales of property, plant and equipment		22	—
Payments for intangible assets		(4,944)	(6,276)
Payments for lease and guarantee deposits		(1,767)	(2,146)
Proceeds from collection of lease and guarantee deposits		1,130	1,236
Investment in associates		(196)	—
Returns of construction assistance fund		(575)	(759)
Receipts of construction assistance fund		859	1,001
Others, net		990	(2,688)
Net cash used in investing activities		(16,586)	(25,196)

(Millions of yen)

	Notes	Six months ended 28 February 2017	Six months ended 28 February 2018
Cash flows used in financing activities			
Proceeds from short-term loans payable		6,323	1,361
Repayment of short-term loans payable		(9,183)	(774)
Repayment of long-term loans payable		(1,163)	(1,675)
Dividends paid to owners of the Parent		(16,824)	(17,845)
Capital contributions from non-controlling interests		—	3,803
Dividends paid to non-controlling interests		(1,698)	(3,155)
Repayments of lease obligations		(2,504)	(3,665)
Others, net		(182)	(46)
Net cash used in financing activities		(25,234)	(21,998)
Effect of exchange rate changes on the balance of cash held in foreign currencies		15,027	(8,194)
Net increase in cash and cash equivalents		184,429	164,856
Cash and cash equivalents at the beginning of period		385,431	683,802
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		569,861	848,658

(5) Notes to assumption of going concern

Not applicable.

(6) Notes to the Interim Condensed Consolidated Financial Statements

1. Segment information

(i) Description of reportable segments

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

From the first quarter of the current consolidated fiscal year, the operations of GU, which were previously included as a part of the Global Brand segment, have been included in the GU segment (newly created segment). The Group now discloses the GU reportable segment as a result of the Board's increased focus as its scale of operation expands.

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

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

UNIQLO Japan	: UNIQLO clothing business within Japan
UNIQLO International	: UNIQLO clothing business outside of Japan
GU	: GU brand clothing business in Japan and overseas
Global Brands	: Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand clothing operations

(ii) Segment revenue and results

For the six months ended 28 February 2017

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	455,122	392,862	97,783	70,415	1,016,184	1,324	–	1,017,508
Operating profit	68,788	48,773	7,426	2,640	127,629	113	2,914	130,657
Segment income (profit before income taxes)	71,242	49,223	7,369	2,619	130,454	113	17,042	147,610

(Note 1) "Others" includes the real estate leasing business, etc.

(Note 2) "Adjustments" mainly includes revenue and corporate expenses which are not allocated to individual reportable segments.

For the six months ended 28 February 2018

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	493,674	507,456	105,860	78,449	1,185,441	1,323	–	1,186,765
Operating profit	88,729	80,763	9,155	(5,653)	172,995	117	(2,619)	170,492
Segment income (profit before income taxes)	88,212	79,040	9,064	(5,719)	170,598	117	(5,520)	165,196
Other disclosure: Impairment losses (Note 3)	42	185	19	8,908	9,155	–	785	9,940

(Note 1) "Others" includes the real estate leasing business, etc.

(Note 2) "Adjustments" mainly includes revenue and corporate expenses which are not allocated to individual reportable segments.

(Note 3) For the details of Impairment losses, refer to Note "5. Impairment losses".

2. Selling, general and administrative expenses

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

(Millions of yen)

	Six months ended 28 February 2017	Six months ended 28 February 2018
Selling, general and administrative expenses		
Advertising and promotion	38,588	38,766
Rental expenses	89,627	98,762
Depreciation and amortization	17,996	21,742
Outsourcing	16,078	20,365
Salaries	122,301	138,596
Others	80,894	85,405
Total	365,486	403,638

3. Other income and other expenses

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

(Millions of yen)

	Six months ended 28 February 2017	Six months ended 28 February 2018
Other income		
Foreign exchange gains*	2,238	—
Others	1,026	910
Total	3,265	910

* Currency adjustments incurred in the course of operating transactions are included in “other income”.

(Millions of yen)

	Six months ended 28 February 2017	Six months ended 28 February 2018
Other expenses		
Foreign exchange losses*	—	1,708
Loss on retirement of property, plant and equipment	599	289
Impairment losses	—	9,940
Others	1,072	749
Total	1,671	12,688

* Currency adjustments incurred in the course of operating transactions are included in “other income” or “other expenses”.

4. Finance income and finance costs

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

(Millions of yen)

	Six months ended 28 February 2017	Six months ended 28 February 2018
Finance income		
Foreign exchange gains*	15,496	–
Interest income	2,867	3,008
Others	250	0
Total	18,613	3,009

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

(Millions of yen)

	Six months ended 28 February 2017	Six months ended 28 February 2018
Finance costs		
Foreign exchange losses*	–	6,943
Interest expenses	1,658	1,361
Others	2	–
Total	1,660	8,305

* Currency adjustments incurred in the course of non-operating transactions are included in "finance income" or "finance costs".

5. Impairment losses

During the six months ended 28 February 2018, the Group recognized impairment losses that amounted to 9,940 million yen on goodwill owned by the Comptoir des Cotonniers business and a trademark owned by the Helmut Lang brand under Theory business, because it is not expected to earn profit that was estimated initially. Those impairment losses are included in "other expenses" on the consolidated statement of profit or loss.

Six months ended 28 February 2017

Not applicable.

Six months ended 28 February 2018

(1) Impairment losses related to the Comptoir des Cotonniers business

Of the total impairment losses that amounted to 9,940 million yen, 7,792 million yen represented an impairment loss for goodwill owned by the Comptoir des Cotonniers business.

(2) Impairment losses related to the Helmut Lang brand under Theory business

Of the total impairment losses amounted to 9,940 million yen, 1,039 million yen represented an impairment loss for a trademark owned by the Helmut Lang brand.

6. Earnings per share

Six months ended 28 February 2017		Six months ended 28 February 2018	
Equity per share attributable to owners of the Parent (Yen)	7,224.61	Equity per share attributable to owners of the Parent (Yen)	7,809.69
Basic earnings per share for the period (Yen)	953.55	Basic earnings per share for the period (Yen)	1,021.16
Diluted earnings per share for the period (Yen)	952.17	Diluted earnings per share for the period (Yen)	1,019.36

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

	Six months ended 28 February 2017	Six months ended 28 February 2018
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	97,233	104,150
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	97,233	104,150
Average number of common stock outstanding during the period (Shares)	101,970,207	101,992,395
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	148,102	180,861
(share subscription rights)	(148,102)	(180,861)

7. Subsequent Events

Not applicable.

3. Supplementary Information

(1) Sales Breakdown by Product Category/Operations

	Six months ended 28 February 2017 (from 1 September 2016 to 28 February 2017)		Six months ended 28 February 2018 (from 1 September 2017 to 28 February 2018)		(Reference) Year ended 31 August 2017	
	Revenue (Millions of yen)	Percent of Total (%)	Revenue (Millions of yen)	Percent of Total (%)	Revenue (Millions of yen)	Percent of Total (%)
Men's clothing	179,562	17.6	196,706	16.6	316,601	17.0
Women's clothing	214,119	21.0	227,092	19.1	386,075	20.7
Children's & Baby's clothing	33,937	3.3	39,002	3.3	60,497	3.2
Goods and other items	12,206	1.3	13,886	1.2	21,145	1.2
Total sales of UNIQLO Japan	439,826	43.2	476,688	40.2	784,320	42.1
Franchise-related income & alteration charges	15,296	1.6	16,986	1.4	26,413	1.4
Total UNIQLO Japan Operations	455,122	44.8	493,674	41.6	810,734	43.5
UNIQLO International Operations	392,862	38.6	507,456	42.8	708,171	38.0
Total UNIQLO Operations	847,985	83.4	1,001,131	84.4	1,518,905	81.5
GU Operations	97,783	9.6	105,860	8.9	199,139	10.7
Global Brands Operations	70,415	6.9	78,449	6.6	141,003	7.6
Other Operations	1,324	0.1	1,323	0.1	2,868	0.2
Total	1,017,508	100.0	1,186,765	100.0	1,861,917	100.0

(Notes)
1. *Franchise-related income refers to the proceeds from garment sales to franchise stores, plus royalty income. Alteration charges refer to income generated from embroidery prints and alterations to pants length.*
2. *UNIQLO Operations cover the selling of UNIQLO brand casual clothing.*
3. *GU Operations cover the selling of GU brand casual clothing.*
4. *Global Brands Operations consist of Theory operations (selling of Theory and PLST brand clothing), COMPTOIR DES COTONNIERS operations (selling of COMPTOIR DES COTONNIERS brand clothing), PRINCESSE TAM.TAM operations (selling of PRINCESSE TAM. TAM brand clothing), and J Brand operations (selling of J BRAND brand clothing).*
5. *Other Operations includes the real estate leasing business.*
6. *E-commerce revenue from UNIQLO Japan (internet and other direct sales channels)*
   Year ended 31 August 2016: 42,167 million yen, Six months ended 28 February 2017: 28,295 million yen
   Year ended 31 August 2017: 48,753 million yen, Six months ended 28 February 2018: 37,243 million yen
7. *The above amounts do not include consumption taxes, etc.*

4. Resumption of Trading

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 12 April 2018, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 13 April 2018.

On behalf of the Board
FAST RETAILING CO., LTD.
Tadashi Yanai
Chairman, President and Chief Executive Officer

Japan, 12 April 2018

As of the date of this announcement, the Executive Director is Mr. Tadashi Yanai, the Independent Non-executive Directors are Mr. Toru Hambayashi, Mr. Nobumichi Hattori, Mr. Masaaki Shintaku and Mr. Takashi Nawa, and the Non-executive Director is Mr. Toru Murayama.