FAST RETAILING

FAST RE TAILING CO., LTD.

迅銷有限公司

Year-end Report 2014/15

2014.9.1–2015.8.31

Stock Code: 6288

Contents

Corporate Information

Board of Directors

Executive Director

Mr. Tadashi Yanai *(Chairman of the Board, President and Chief Executive Officer)*

Non-Executive Directors

Mr. Toru Murayama *(External Director)*
Mr. Takashi Nawa *(External Director)*

Independent Non-Executive Directors

Mr. Toru Hambayashi *(External Director)*
Mr. Nobumichi Hattori *(External Director)*
Mr. Masaaki Shintaku *(External Director)*

Statutory Auditors

Mr. Akira Tanaka (Kansayaku) *(Standing Statutory Auditor)*
Mr. Masaaki Shinjo (Kansayaku) *(Standing Statutory Auditor)*
Mr. Takaharu Yasumoto (Shagai Kansayaku) *(External Statutory Auditor)*
Mr. Akira Watanabe (Shagai Kansayaku) *(External Statutory Auditor)*
Ms. Keiko Kaneko (Shagai Kansayaku) *(External Statutory Auditor)*

Joint Company Secretaries

Japan: Mr. Mitsuru Ohki
Hong Kong: Ms. Choy Yee Man

Auditors

Ernst & Young ShinNihon LLC

Principal Banks

Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Bank, Ltd.
The Hong Kong and Shanghai Banking Corporation Limited

Registered Office and Headquarters

717-1 Sayama
Yamaguchi City
Yamaguchi 754-0894
Japan

Principal Place of Business in Japan

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

Principal Place of Business in Hong Kong

704-705, 7th Floor, Miramar Tower,
No. 132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

HDR Registrar and HDR Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

Stock Code

Hong Kong: 6288
Japan: 9983

Website Address

http://www.fastretailing.com

Financial Highlights

(1) Consolidated Financial Summary

Term	International Financial Reporting Standards ("IFRS")			
	Transition Date	52nd Year	53rd Year	54th Year
Accounting Period	1 September 2012	Year ended 31 August 2013	Year ended 31 August 2014	Year ended 31 August 2015
Revenue (Millions of yen)	—	1,142,971	1,382,935	1,681,781
Operating profit (Millions of yen)	—	134,101	130,402	164,463
Profit before income taxes (Millions of yen)	—	155,732	135,470	180,676
Profit attributable to owners of the parent (Millions of yen)	—	104,595	74,546	110,027
Comprehensive income attributable to owners of the parent (Millions of yen)	—	205,660	75,517	163,871
Equity attributable to owners of the parent (Millions of yen)	391,456	570,428	618,381	750,937
Total assets (Millions of yen)	604,397	901,208	992,307	1,163,706
Equity per share attributable to owners of the parent (Yen)	3,843.30	5,598.12	6,067.40	7,366.07
Basic earnings per share for the year (Yen)	—	1,026.68	731.51	1,079.42
Diluted earnings per share for the year (Yen)	—	1,025.75	730.81	1,078.08
Ratio of equity attributable to owners of the parent to total assets (%)	64.8	63.3	62.3	64.5
Ratio of profit to equity attributable to owners of the parent (%)	—	21.7	12.5	16.1
Price earnings ratio (times)	—	31.1	44.5	45.6
Net cash from operating activities (Millions of yen)	—	99,474	110,595	134,931
Net cash used in investing activities (Millions of yen)	—	(62,584)	(56,323)	(73,145)
Net cash used in financing activities (Millions of yen)	—	(24,226)	(44,060)	(41,784)
Cash and cash equivalents at end of the year (Millions of yen)	266,023	296,708	314,049	355,212
Number of employees: (Separate, average number of temporary employees) (persons)	18,854 (19,485)	23,982 (23,535)	30,448 (25,705)	41,646 (27,219)

(Notes) 1. Revenue does not include consumption taxes, etc.

2. The Group started to prepare the consolidated financial statements for the year ended 31 August 2014 in accordance with IFRS.

Term	Generally Accepted Accounting Principles in Japan ("JGAAP")			
	50th Year	51st Year	52nd Year	53rd Year
Accounting period	Year ended 31 August 2011	Year ended 31 August 2012	Year ended 31 August 2013	Year ended 31 August 2014
Net sales (Millions of yen)	820,349	928,669	1,143,003	1,382,907
Ordinary income (Millions of yen)	107,090	125,212	148,979	156,828
Net income (Millions of yen)	54,354	71,654	90,377	78,118
Comprehensive income (Millions of yen)	52,246	96,501	205,329	82,066
Total net assets (Millions of yen)	319,911	394,892	579,591	626,581
Total assets (Millions of yen)	533,777	595,102	885,800	977,609
Equity per share (Yen)	3,091.17	3,797.04	5,489.86	5,958.54
Basic net income per share (Yen)	533.93	703.62	887.12	766.55
Diluted net income per share (Yen)	533.66	703.06	886.31	765.82
Equity ratio (%)	59.0	65.0	63.2	62.1
Earnings on equity (%)	18.1	20.4	19.1	13.4
Price earnings ratio (times)	27.1	26.0	36.0	42.5
Net cash from operating activities (Millions of yen)	57,158	127,643	99,439	111,399
Net cash used in investing activities (Millions of yen)	(26,643)	(35,313)	(63,901)	(63,574)
Net cash used in financing activities (Millions of yen)	(26,156)	(29,056)	(23,945)	(38,014)
Cash and cash equivalents at end of year (Millions of yen)	202,104	266,020	295,622	313,746
Number of employees: (Separate, average number of temporary employees) (Persons)	14,612 (18,711)	18,854 (19,485)	23,982 (23,535)	30,448 (25,705)

(Notes) 1. Net sales do not include consumption taxes, etc.

2. The financial figures for the 53rd year prepared in accordance with JGAAP are not audited pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

(2) Non-Consolidated Financial Summary

Term	50th Year	51st Year	52nd Year	53rd Year	54th Year
Accounting period	Year ended 31 August 2011	Year ended 31 August 2012	Year ended 31 August 2013	Year ended 31 August 2014	Year ended 31 August 2015
Operating revenue (Millions of yen)	72,687	78,454	91,570	77,438	119,071
Ordinary income (Millions of yen)	49,889	54,982	76,569	46,921	89,245
Net income (Millions of yen)	47,783	55,956	68,776	23,336	70,227
Capital stock (Millions of yen)	10,273	10,273	10,273	10,273	10,273
Total number of shares issued (shares)	106,073,656	106,073,656	106,073,656	106,073,656	106,073,656
Total net assets (Millions of yen)	249,441	284,314	335,754	332,255	376,007
Total assets (Millions of yen)	267,290	322,589	370,110	385,113	410,009
Equity per share (Yen)	2,449.92	2,783.97	3,286.26	3,243.97	3,662.28
Dividends per share (Figures in parentheses indicate interim dividends) (Yen)	180.00 (95.00)	260.00 (130.00)	290.00 (140.00)	300.00 (150.00)	350.0 (175.00)
Basic net income per share (Yen)	469.38	549.48	675.09	228.99	688.96
Diluted net income per share (Yen)	469.15	549.04	674.48	228.77	688.11
Equity ratio (%)	93.1	87.9	90.5	85.9	91.1
Earnings on equity (%)	19.2	21.0	22.2	7.0	20.0
Price earnings ratio (times)	30.8	33.2	47.3	142.1	71.5
Dividend ratio (%)	38.4	47.3	43.0	131.0	50.8
Number of employees: (Separate, average number of temporary employees) (Persons)	710 (145)	781 (84)	924 (103)	1,088 (114)	1,234 (119)

(Note) Opearting revenue does not include consumption taxes, etc.

Corporate Profile

1. History

In March 1949, Hitoshi Yanai, the father of our current Chairman, President and CEO Tadashi Yanai, founded Men's Shop Ogori Shoji in Ube City, Yamaguchi Prefecture. To solidify the management foundation, the business later became incorporated in May 1963 under the name Ogori Shoji Co., Ltd.

In June 1984, the Fukuromachi Store, a store specializing in casual clothing, opened its doors in Hiroshima City, Hiroshima Prefecture as the first UNIQLO.

The Company's history:

Date	Summary
May 1963	Tadashi Yanai takes over the family business and transforms it into Ogori Shoji Co., Ltd., capitalized at 6 million yen, with headquarters at 63-147 Ogushi Village, Ube City, Yamaguchi Prefecture (now 2-12-12 Chuo-cho, Ube City, Yamaguchi Prefecture).
June 1984	UNIQLO's first location, the Fukuromachi Store, opens in Hiroshima (closed in 1991), marking the move into casual wear retailing with stores named UNIQLO.
September 1991	Ogori Shoji Co., Ltd. changes its name to FAST RETAILING CO., LTD., to embody the guideline of conduct.
April 1992	The main OS store, selling men's wear, is converted to the UNIQLO Onda store (closed in 2001). All the stores are completely renovated as a casual wear store matching the UNIQLO brand.
April 1994	The number of UNIQLO stores in Japan rises above 100 (109 directly operated stores, 7 franchises).
July 1994	FAST RETAILING CO., LTD. lists its shares on the Hiroshima Stock Exchange.
April 1997	FAST RETAILING CO., LTD. lists its shares on the second section of the Tokyo Stock Exchange.
February 1998	Construction of the head office is finished (717-1 Sayama, Yamaguchi City, Yamaguchi Prefecture) to expand the company's headquarters capacity.
November 1998	The first urban UNIQLO store opens in Shibuya-ku, Tokyo (UNIQLO Harajuku store, closed in 2007).
February 1999	FAST RETAILING CO., LTD. lists its shares on the first section of the Tokyo Stock Exchange.
April 1999	UNIQLO Shanghai office opens to further enhance production management.
April 2000	Tokyo headquarter opens in Shibuya-ku, Tokyo
June 2000	Ties up with East Japan Railway Company (JR East) and JR East Japan Kiosk to offer UNIQLO products through shops in JR East stations in Tokyo area, to raise consumer exposure to our products and make shopping more convenient for our customers.
October 2000	Online store opens for business to open a new sales channel and make shopping easier for our customers.
September 2001	FAST RETAILING (U.K) LTD. opens first four overseas UNIQLO stores in London.
September 2002	Fast Retailing (Jiangsu) Apparel Co., Ltd. opens first two UNIQLO China stores in Shanghai.
August 2003	UNIQLO (U.K.) LIMITED (now UNIQLO EUROPE LIMITED) establishes as successor to FAST RETAILING (U.K) LTD.
January 2004	FAST RETAILING CO., LTD. invests in LINK HOLDINGS CO., LTD. (now LINK THEORY JAPAN CO., LTD.), the developer of Theory brand career apparel.
August 2004	Capital reserves of ¥7 billion integrated into capital, increasing total capital to ¥10.273 billion.
November 2004	Establishment of UNIQLO USA, Inc.
December 2004	Establishment of FRL Korea Co., Ltd., a business venture with South Korea's Lotte Shopping Co., Ltd.
March 2005	Establishment of UNIQLO HONG KONG, LIMITED.
April 2005	Establishment of FR FRANCE S.A.S. (now FAST RETAILING FRANCE S.A.S.) and GLOBAL RETAILING FRANCE S.A.S. (now UNIQLO EUROPE LIMITED).
May 2005	Acquires management control of Nelson Finance S.A.S. (now CRÉATIONS NELSON S.A.S.), the developer of the Comptoir des Cotonniers brand, and makes it a subsidiary.
November 2005	Adopts a holding company structure to reinforce the UNIQLO brand and develop new business opportunities.
February 2006	Makes equity investment in, and makes a subsidiary of, PETIT VEHICULE S.A.S., developer of PRINCESSE TAM.TAM, a well-known brand of lingerie in France.
March 2006	Establishes G.U. CO., LTD. to manage a new brand of less-expensive casual clothing to follow UNIQLO.

Date	Summary
November 2006	UNIQLO Soho New York Store opens as the brand's first global flagship store, with over 3,300 square meters of floor space.
March 2007	UNIQLO opens the Kobe Harborland Store (closed in 2012), the first large-format store with over 3,300 square meters of floor space in Japan.
November 2007	UNIQLO 311 Oxford Street Store opens in London as the brand's first global flagship store in Europe.
December 2007	First UNIQLO France store opens in the Paris suburbs La Defense.
August 2008	UNIQLO establishes a business venture with Wing Tai Retail Pte. Ltd. to expand in Singapore.
March 2009	LINK THEORY HOLDINGS CO., LTD. (now LINK THEORY JAPAN CO., LTD.) becomes a subsidiary through a takeover bid.
March 2009	UNIQLO signs a design consulting contract for its products with world-renowned fashion designer Jil Sander.
April 2009	First UNIQLO Singapore store opens in the Tampines 1 Mall.
October 2009	UNIQLO Paris Opera Store opens in France as a global flagship store.
March 2010	UNIQLO establishes a wholly owned subsidiary in Taiwan.
April 2010	First UNIQLO Russia store, UNIQLO Atrium, opens in Moscow.
May 2010	UNIQLO Shanghai West Nanjing Road Store opens in China as a global flagship store.
October 2010	UNIQLO Shinsaibashi Store in Osaka opens as the first UNIQLO global flagship store in Japan.
October 2010	First GU flagship store opens in Shinsaibashi, Osaka.
October 2010	First UNIQLO Taiwan store opens in Taipei.
November 2010	First UNIQLO Malaysia store opens in Kuala Lumpur.
February 2011	FAST RETAILING CO., LTD. launches a global partnership agreement with the United Nations High Commissioner for Refugees (UNHCR) to further reinforce ongoing company initiatives such as the All-Product Recycling Initiative.
March 2011	Donates UNIQLO and GU clothing to sufferers of the Great East Japan Earthquake.
September 2011	First UNIQLO Thailand store opens in Bangkok.
September 2011	UNIQLO Mingyao Department Store opens in Taipei, Taiwan as a global flagship store.
October 2011	UNIQLO Fifth Avenue Store opens in New York as a global flagship store.
November 2011	UNIQLO Myeongdong Central Store opens in Seoul, Korea as a global flagship store.
March 2012	UNIQLO Ginza Store opens in Tokyo as a global flagship store.
June 2012	First UNIQLO Philippines store opens in Manila.
September 2012	BICQLO Shinjuku East Exit Store opens in Tokyo as a global hotspot store.
October 2012	First UNIQLO store on the West Coast of the United States opens in San Francisco, Union Square.
December 2012	FAST RETAILING CO., LTD. acquires majority control of J Brand Holdings, LLC, a leading contemporary fashion brand based in Los Angeles, California.
April 2013	UNIQLO Lee Theatre opens in Hong Kong as a global flagship store.
June 2013	UNIQLO Lotte Shopping Avenue Store opens as the first UNIQLO Store in the Republic of Indonesia.
September 2013	UNIQLO global flagship store opens in Shanghai.
September 2013	First GU overseas store opens in Shanghai.
March 2014	HDRs (Hong Kong Depository Receipts) listed on the Main Board of The Stock Exchange of Hong Kong Limited.
March 2014	UNIQLO global hotspot store opens in Ikebukuro, Sunshine 60.
April 2014	First UNIQLO Australia store opens in Melbourne.
April 2014	First UNIQLO Germany store opens in Berlin, Tauenzienstrasse as a global flagship store.
April 2014	UNIQLO global hotspot store opens in Tokyo, Okachimachi district.
October 2014	UNIQLO global hotspot store opens in Tokyo, Kichijoji.
October 2014	UNIQLO global flagship store, UNIQLO OSAKA, opens.
April 2015	Establishes ON HAND CO., LTD. together with Daiwa HouseIndustry Co., Ltd. to promote the next-generation logistics business.

2. Our Business

The Group consists of FAST RETAILING CO., LTD. (the “Company”) and 119 consolidated subsidiaries.

Details of the Group’s businesses as well as the positioning of the Company and its main affiliates relative to the businesses are as follows.

The segment categories in this section of the report are the same as the segment categories in the section headed “FINANCIAL INFORMATION 4. Consolidated Financial Statements: Notes to the Consolidated Financial Statements”.

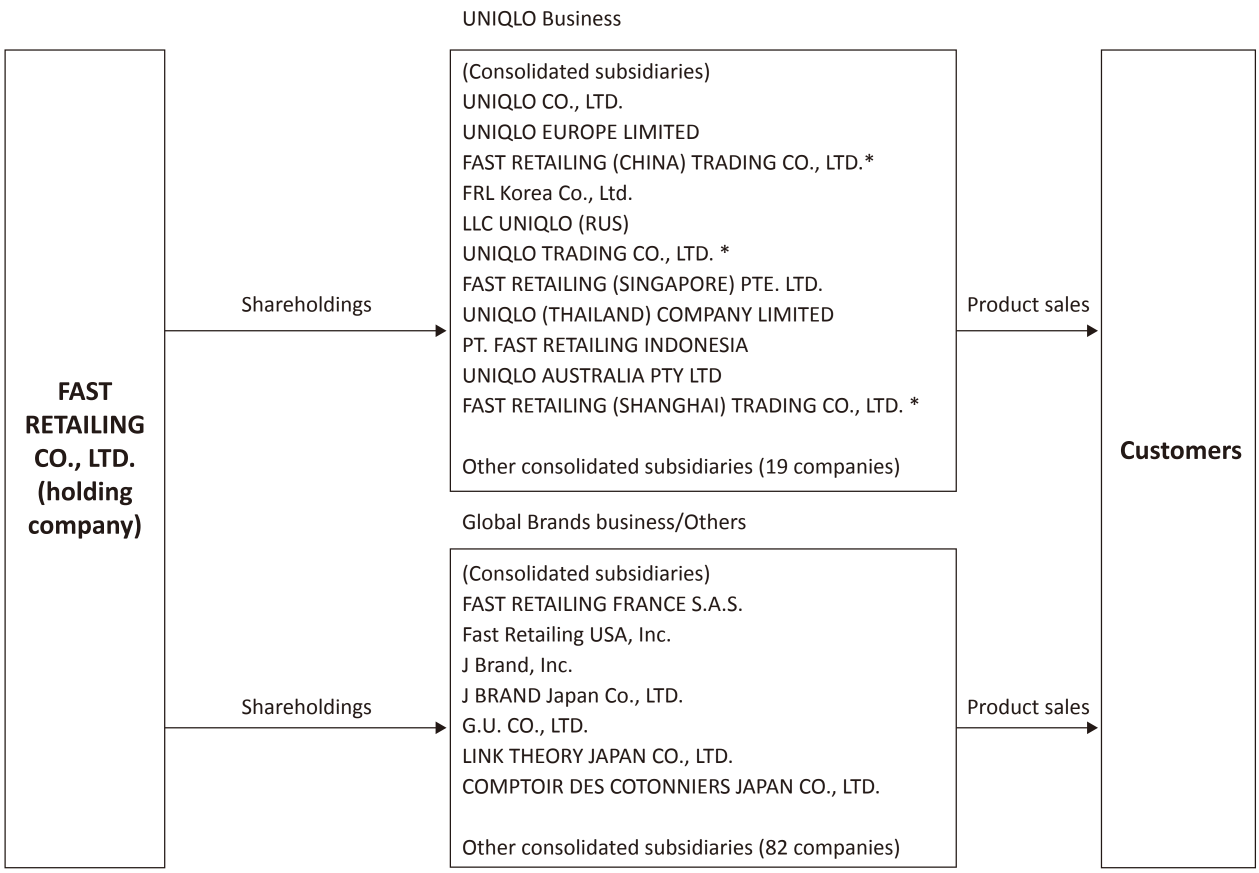
Category	**Company name**	**Reportable Segment**
Holding company	FAST RETAILING CO., LTD.	Others
Main consolidated subsidiaries	UNIQLO CO., LTD. (consolidated subsidiary)	UNIQLO Japan
	UNIQLO EUROPE LIMITED (consolidated subsidiary)	UNIQLO International
	FAST RETAILING (CHINA) TRADING CO., LTD.* (consolidated subsidiary)	UNIQLO International
	FRL Korea Co., Ltd. (consolidated subsidiary)	UNIQLO International
	LLC UNIQLO (RUS) (consolidated subsidiary)	UNIQLO International
	UNIQLO TRADING CO., LTD.* (consolidated subsidiary)	UNIQLO International
	FAST RETAILING (SINGAPORE) PTE. LTD. (consolidated subsidiary)	UNIQLO International
	UNIQLO (THAILAND) COMPANY LIMITED (consolidated subsidiary)	UNIQLO International
	PT. FAST RETAILING INDONESIA (consolidated subsidiary)	UNIQLO International
	UNIQLO AUSTRALIA PTY LTD (consolidated subsidiary)	UNIQLO International
	FAST RETAILING (SHANGHAI) TRADING CO., LTD.* (consolidated subsidiary)	UNIQLO International
	FAST RETAILING FRANCE S.A.S. (consolidated subsidiary)	Global Brands
	Fast Retailing USA, Inc. (consolidated subsidiary)	UNIQLO International/ Global Brands
	J Brand, Inc. (consolidated subsidiary)	Global Brands
	J BRAND Japan Co., LTD. (consolidated subsidiary)	Global Brands
	G.U. CO., LTD. (consolidated subsidiary)	Global Brands
	LINK THEORY JAPAN CO., LTD. (consolidated subsidiary)	Global Brands
	COMPTOIR DES COTONNIERS JAPAN CO., LTD. (consolidated subsidiary)	Global Brands
	Other consolidated subsidiaries (101 companies)	UNIQLO International/ Global Brands/Others

* The English names of all subsidiaries established in the People’s Republic of China (“PRC”) are translated for identification only.

(Notes)
1. “UNIQLO” business means the retail business of UNIQLO brand casual apparel in Japan and overseas.
2. “Global Brands” business means the planning, retail and manufacturing of apparel in Japan and overseas.
3. “Others” includes real estate leasing businesses.
4. The Company corresponds to a specified listed company, etc. as stipulated in Article 49-2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions. As a result, assessment of the minimal standard for material facts under the insider trading regulations is based on the consolidated numerical data.

Organizational structure is as follows:

Business Structure



* The English names of all subsidiaries established in PRC are translated for identification only.

3. Subsidiaries and Associates

Name	Location	Nominal value of issued ordinary/registered share capital (Thousands)	Details of main businesses	Ownership Ratio of Voting Rights	Relationship	
					Common directors (Number of persons)	Capital/ operational ties
(Consolidated subsidiaries) UNIQLO CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY1,000,000	UNIQLO Japan	100.0%	3	—
UNIQLO EUROPE LIMITED	London, United Kingdom	GBP40,000	UNIQLO International	100.0%	1	Bond guarantees
FAST RETAILING (CHINA) TRADING CO., LTD*	Shanghai, PRC	USD20,000	UNIQLO International	100.0%	2	—
FRL Korea Co., Ltd.	Seoul Special City, South Korea	KRW24,000,000	UNIQLO International	51.0%	1	—
LLC UNIQLO (RUS)	Moscow, Russian Federation	RUB1,310,010	UNIQLO International	100.0%	—	Loans
UNIQLO TRADING CO., LTD.*	Shanghai, PRC	USD30,000	UNIQLO International	100.0%	2	—
FAST RETAILING (SINGAPORE) PTE. LTD.	Republic of Singapore	SGD86,000	UNIQLO International	100.0%	1	Loans
UNIQLO (THAILAND) COMPANY LIMITED	Bangkok, Kingdom of Thailand	THB700,000	UNIQLO International	75.0% (75.0%)	—	—
PT. FAST RETAILING INDONESIA	Jakarta, Republic of Indonesia	IDR115,236,000	UNIQLO International	75.0% (75.0%)	1	—
UNIQLO AUSTRALIA PTY LTD	Melbourne, Australia	AUD21,000	UNIQLO International	100.0% (100.0%)	—	Loans
FAST RETAILING (SHANGHAI) TRADING CO., LTD.*	Shanghai, PRC	USD35,000	UNIQLO International	100.0%	2	—
FAST RETAILING FRANCE S.A.S.	Paris, France	EUR168,525	Global Brands	100.0%	1	Bond guarantees Loans
Fast Retailing USA, Inc.	New York, United States of America	USD30,000	UNIQLO International/ Global Brands	100.0%	—	Bond guarantees Loans
J Brand, Inc.	California, United States of America	USD394,248	Global brands	100.0% (100.0%)	1	—
J Brand Japan Co., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	Global brands	100.0%	—	Loans
G.U. CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	Global brands	100.0%	1	—
LINK THEORY JAPAN CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	Global brands	100.0%	2	—
COMPTOIR DES COTONNIERS JAPAN CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY33,775	Global brands	100.0% (100.0%)	—	—
Other consolidated subsidiaries (101 companies)	—	—	—	—	—	—

* The English names of all subsidiaries established in the PRC are translated for identification only.

(Notes)
1. The information given in the "Details of main businesses" column is the name of the business segment.
2. UNIQLO CO., LTD., UNIQLO EUROPE LIMITED, FAST RETAILING (China) TRADING CO., LTD., FRL Korea Co., Ltd., LLC UNIQLO (RUS), UNIQLO TRADING CO., LTD., FAST RETAILING (SINGAPORE) PTE. LTD., UNIQLO (THAILAND) COMPANY LIMITED, PT. FAST RETAILING INDONESIA, UNIQLO AUSTRALIA PTY LTD, FAST RETAILING (SHANGHAI) TRADING CO. LTD., FAST RETAILING FRANCE S.A.S., Fast Retailing USA, Inc., and J Brand, Inc. are specified subsidiaries.
3. Figures in parentheses in the "Ownership Ratio of Voting Rights" column indicate the ratio of voting rights held by the Group's subsidiary.

4. Net sales (excluding internal sales between other member companies of consolidated group) of UNIQLO CO., LTD. and FAST RETAILING (CHINA) TRADING CO., LTD. are greater than 10% of consolidated revenue. Key elements of profit/loss for the year ended 31 August 2015 are as below.

UNIQLO CO., LTD.

(1)	Revenue	780,139 million yen
(2)	Profit before income taxes	125,588 million yen
(3)	Profit for the year	81,390 million yen
(4)	Total equity	257,152 million yen
(5)	Total assets	471,142 million yen

FAST RETAILING (CHINA) TRADING CO., LTD.

(1)	Revenue	182,573 million yen
(2)	Profit before income taxes	22,987 million yen
(3)	Profit for the year	17,336 million yen
(4)	Total equity	47,023 million yen
(5)	Total assets	99,646 million yen

4. Employees

(1) The Group

As at 31 August 2015

Name of segment	Number of employees (Persons)
UNIQLO Japan	11,424 (16,224)
UNIQLO International	22,843 (6,208)
Global brands	5,038 (4,599)
Total for reportable segments	39,305 (27,031)
Others	1,107 (69)
All companies (shared)	1,234 (119)
Total	41,646 (27,219)

(Notes)
1. The number of employees does not include entrusted operating officers, junior employees, part-time workers or temporary staff seconded from other companies.
2. The number of junior employees and part-time workers is stated as a separate number in parentheses as the average number of people per year was calculated based on an eight-hour workday per person.
3. The number of employees given as “All companies (shared)” represents administrative employees who could not be categorized in a specific business segment.
4. Hiring of employees for new stores was the main reason for the increase in the number of employees during the year ended 31 August 2015.

(2) The Company

As at 31 August 2015

Number of employees (persons)	Average age (years, months)	Average number of years with the Company	Average annual wages (thousands of yen)
1,234 (119)	36 years and 11 months	5 years and 1 month	7,696

(Notes)
1. The number of employees does not include entrusted operating officers, junior employees, part-time workers or temporary staff seconded from other companies.
2. The number of junior employees and part-time workers stated in parentheses represented the number of persons calculated based on an eight-hour workday per person.
3. Figures for average annual wages include bonuses and other non-standard payments.
4. Transferring of employees from subsidiaries was the main reason for the increase in the number of employees during the year ended 31 August 2015.
5. All of the Company’s employees are categorized as “All companies (shared)”.

(3) Status of labor unions

There are no labor unions at the Company, but unions have been formed at some subsidiary companies. Management-labor relations have been smooth, and there are no items of note to report.

Management Discussion and Analysis

1. Business Results

(1) Analysis of Business Results for the year ended 31 August 2015

The Group reported a record high performance in fiscal year 2015, the full financial year spanning 1 September 2014 to 31 August 2015. Consolidated revenue totaled ¥1.6817 trillion (+21.6% year-on-year), consolidated operating profit reached ¥164.4 billion (+26.1% year-on-year), consolidated profit before income taxes for the year stood at ¥117.3 billion (+48.0% year-on-year), and profit attributable to owners of the parent totaled ¥110.0 billion (+47.6% year-on-year). Under operating profit, we reported ¥16.1 billion impairment losses relating to the J Brand premium denim label, software, and property, plant and equipment of UNIQLO USA LLC stores, and a ¥1.8 billion loss on the retirement of property, plant and equipment relating to the refurbishment of global flagship stores in London and Shanghai. The depreciation of the Japanese yen boosted the carrying amount of foreign-currency denominated assets, generating a considerable increase in net finance income, from ¥5.0 billion in fiscal year 2014 to ¥16.2 billion in fiscal year 2015.

UNIQLO International proved the strongest among our three business segments, and the key driver of Group growth in fiscal year 2015. Operating profit generated by UNIQLO operations outside of Japan expanded 31.6% year-on-year to ¥43.3 billion. Meanwhile, UNIQLO Japan reported a steady rise in profit, with operating profit expanding 10.3% year-on-year to ¥117.2 billion. The Global Brands segment reported an operating profit of ¥14.4 billion. Our low-priced GU fashion casualwear brand, one of the labels of our Global Brands segment, performed extremely well in fiscal year 2015, generating an impressive 174.9% increase in operating profit year-on-year to ¥16.4 billion.

The Group's medium-term vision is to become the world's number one apparel manufacturer and retailer. To achieve this target, we have focused our efforts on expanding UNIQLO International operations by continuing to open new stores in each country where we operate. We are also opening global flagship stores in major cities around the world, to boost awareness and visibility of the UNIQLO brand and strengthen our global operational base. We also actively promote our GU brand by accelerating stores opening in Japan and launch the label in the Chinese market. We believe the GU operation has reached a key turning point in its growth and development into a second main stream brand for the Group.

UNIQLO Japan

UNIQLO Japan reported record high performance in fiscal year 2015, with revenue expanding to ¥780.1 billion (+9.0% year-on-year), and operating profit increasing to ¥117.2 billion (+10.3% year-on-year) on the back of a strong 6.2% year-on-year rise in same-store sales. However, the gross profit to revenue margin contracted by 0.2 point year-on-year in fiscal year 2015, and the selling, general and administrative expenses to revenue ratio rose 0.1 point on the back of higher personnel costs. During the Fall Winter season, sales of core winter ranges such as HEATTECH, Ultra Light Down and wool sweaters outstripped expectations. Our HEATTECH Extra Warm range, which was fully launched in fall 2014, is designed to offer 1.5 times the warmth of original HEATTECH fabrics, proved to be extremely popular among customers and generated strong sales. The launch of our spring ranges went well, but sales of summer items were dampened slightly by the unusually cold rainy season in June and early July. Our UNIQLO OSAKA global flagship store and UNIQLO Kichijoji global hotspot store have impressed customers with their community-based management style, and both stores have built a strong customer base since their opening in October 2014.

UNIQLO International

UNIQLO International also reported a record performance in fiscal year 2015, with revenue increasing to ¥603.6 billion (+45.9% year-on-year), and operating profit expanding to ¥43.3 billion (+31.6% year-on-year). Within the UNIQLO International framework, Greater China (Mainland China, Hong Kong and Taiwan) and South Korea proved to be the key drivers of growth by reporting significant increases in revenue and profit. Meanwhile, operating profit held steady at UNIQLO Southeast Asia. Operating profit at UNIQLO Europe contracted in fiscal year 2015 following the reporting of losses on the retirement of property, plant and equipment related to the renovation of our 311 Oxford Street global flagship store in London. Sales fell short of target and operating losses expanded at UNIQLO USA. This was partly due to the rapid expansion of the store network, with 17 new stores opening in fiscal year 2015, and due to the fact that the UNIQLO brand is still comparatively new to the US market and not yet widely recognized.

To give a few more details about those strong increases in revenue and profit at the standout UNIQLO Greater China operation: revenue increased 46.3% year-on-year to ¥304.4 billion and operating profit expanded by 66.1% year-on-year to ¥38.6 billion. The number of UNIQLO Greater China stores stood at 467 as of 31 August 2015. The total number of UNIQLO International stores expanded by 165 to 798 stores as of 31 August 2015.

Global Brands

Global Brands reported increases in revenue and profit in fiscal year 2015. Revenue increased to ¥295.3 billion (+17.6% year-on-year) and operating results shifted from an operating loss of ¥4.1 billion in fiscal year 2014 to an operating profit of ¥14.4 billion in fiscal year 2015. The segment reported a ¥5.1 billion impairment loss relating to recurring operating losses at J Brand.

Within the Global Brands segment, our low-priced GU fashion casualwear label performed especially well, generating significant increases in both revenue and profit. GU revenue reached ¥141.5 billion (+31.6% year-on-year) and operating profit totaled ¥16.4 billion (+174.9% year-on-year). This strong performance was underpinned by GU's ability to attract increasing numbers of customers of all ages by developing products that firmly capture the latest fashion trends, such as gaucho pants, and also the brand's capacity to flexibly increase production when required. The GU label boasted 314 stores in Japan and five stores outside of Japan as of 31 August 2015.

Meanwhile, our Theory fashion brand was adversely affected by the lackluster US market for luxury fashion, and reported a contraction in operating profit as a result. Our French fashion brand Comptoir des Cotonniers also reported a fall in operating profit. J Brand business has continued to post operating loss after being hit hard by the downturn in the US premium denim market.

Corporate Social Responsibility ("CSR") Activities

The basic policy underlying the Group's CSR activities consists of fulfilling our social responsibility, contributing to communities and addressing social issues and creating new value, both globally and locally.

In our All-Product Recycling Initiative, we have donated a total of 16,320,000 items (as at 31 August 2015) of clothing collected in UNIQLO and GU stores to refugees and displaced persons, in partnership with the United Nations High Commissioner for Refugees (UNHCR). In fiscal year 2015, a total of 280,000 items have been delivered to refugees in Jordan, and 80,000 items mainly comprising children's clothing to refugees in Myanmar.

To improve the work environment throughout the entire supply chain, our Work Environment Monitoring program already in place for garment factories will be extended to monitor working conditions and environmental impacts at fabric manufacturers, which account for 70 percent of UNIQLO's production volume. In July 2015, we joined the Fair Labor Association, an international NPO promoting adherence to international and national labor laws. We are also committed to safeguarding the human rights of workers at our production partner sites.

We began selling a women's collection inspired by traditional Bangladeshi clothing in UNIQLO stores worldwide with the launch of the Factory Worker Empowerment Project in April 2015. Part of the proceeds from sales of items produced under this project will be used to fund education and awareness programs for approximately 20,000 women employed in partner garment factories working with UNIQLO and GU. In collaboration with NPOs, we promote health and nutritional knowledge, and offer support in areas such as pregnancy and childbirth care, and the management of personal health and finances.

(2) Cash Flows Information

Cash and cash equivalents (hereinafter referred to as “funds”) as at 31 August 2015 were ¥355.2 billion, which was an increase of ¥41.1 billion from the end of the preceding consolidated fiscal year.

(Operating Cash Flows)

Net cash from operating activities for the year ended 31 August 2015 was ¥134.9 billion, which was an increase of ¥24.3 billion (+22.0% year-on-year) from the preceding consolidated fiscal year. The principal factors were ¥180.6 billion in profit before income taxes, ¥37.7 billion in depreciation and amortization, and ¥84.7 billion in income taxes paid.

(Investing Cash Flows)

Net cash used in investing activities for the year ended 31 August 2015 was ¥73.1 billion, which was an increase of ¥16.8 billion (+29.9% year-on-year) from the preceding consolidated fiscal year. The principal factors were ¥44.6 billion for acquisition of property, plant and equipment, ¥16.1 billion for increase in bank deposits with maturity over 3 months and ¥8.8 billion for payments for lease and guarantee deposits.

(Financing Cash Flows)

Net cash used in financing activities for the year ended 31 August 2015 was ¥41.7 billion, which was a decrease of ¥2.2 billion (-5.2% year-on-year) from the preceding consolidated fiscal year. The principal factor was ¥33.1 billion for cash dividends paid.

(3) Parallel Disclosure

Items concerning differences between the main items in consolidated financial statements prepared under IFRS and consolidated financial statements prepared under JGAAP.

Reclassification

Items stated under non-operating income, non-operating expenses, extraordinary gains, and extraordinary losses under JGAAP have been reclassified under IFRS; presented as finance income, finance costs, other expenses, other income, or selling, general and administrative expenses.

Adjustment to amortization of goodwill

Under JGAAP, goodwill was amortized over an estimated amortization period. Under IFRS, this amortization ceased on the transition date.

As a result, under IFRS, amortization of goodwill (selling, general and administrative expenses) decreased by 3,680 million yen in the year ended 31 August 2015 and 5,960 million yen in the year ended 31 August 2014, and impairment losses (other expenses) increased by 1,420 million yen in the year ended 31 August 2015 and 2,711 million yen in the year ended 31 August 2014, compared with those under JGAAP.

Adjustment to exchange differences on monetary financial instruments denominated in foreign currencies

Under JGAAP, foreign exchange translation differences on monetary financial instruments denominated in foreign currencies are recorded as unrealized gains or losses on available-for-sale securities under net assets. Under IFRS, these exchange differences are treated as foreign exchange gains or losses.

As a result, under IFRS, foreign exchange translation differences (other income) increased by 5,595 million yen in the year ended 31 August 2015 and 2,398 million yen in the year ended 31 August 2014, compared with those under JGAAP.

Adjustment to impairment losses of non-current assets

Under JGAAP, when there are indications that asset impairment is required, an assessment is made of the extent of the asset impairment (by comparing book value with the value of future cash flows, before discounting). After that, a measurement is made of asset-impairment losses (by comparing book value with recoverable value). Under IFRS, when there are indications that asset impairment is required, the recoverable value of the fixed asset(s) is estimated, and if the estimated recoverable value is less than the book value, then a measurement is made of the asset impairment loss, either of the asset or the cash-generating unit group.

As a result, under IFRS, impairment losses increased by 2,232 million yen in the year ended 31 August 2015 and 3,793 million yen in the year ended 31 August 2014, compared with those under JGAAP.

2. Summary of Revenue and Purchasing

(1) Revenue, by division

Division	Year ended 31 August 2014 (From 1 September 2013 to 31 August 2014)		Year ended 31 August 2015 (From 1 September 2014 to 31 August 2015)	
	Revenue (Millions of yen)	Percentage of total (%)	Revenue (Millions of yen)	Percentage of total (%)
Men's clothing	292,574	21.2	314,587	18.7
Women's clothing	354,721	25.6	371,127	22.1
Children's & Baby's clothing	40,052	2.9	56,526	3.4
Goods and other items	16,700	1.2	19,429	1.1
Total sales of UNIQLO Japan	704,049	50.9	761,671	45.3
Franchise related income & alteration charges	11,594	0.8	18,467	1.1
Total UNIQLO Japan Operations	715,643	51.7	780,139	46.4
UNIQLO International Operations	413,655	29.9	603,684	35.9
Total UNIQLO Operations	1,129,299	81.6	1,383,824	82.3
Global Brands Operations	251,225	18.2	295,316	17.6
Other Operations	2,410	0.2	2,641	0.1
Total	1,382,935	100.0	1,681,781	100.0

(Notes)
1. "Franchise related income" refers to the proceeds from garment sales to franchise stores and royalty income. "Alteration charges" refers to income generated from embroidery prints and alterations to pants length.
2. "UNIQLO operations" covers the selling of UNIQLO brand casual clothing.
3. "Global Brands Operations" consists of GU operation (selling of GU brand casual clothing), Theory operation (selling of Theory, Helmut Lang and PLST brand clothing), Comptoir des Cotonniers operation (selling of Comptoir des Cotonniers brand clothing), Princesse tam.tam operation (selling of Princesse tam.tam brand clothing) and J Brand operation (selling of J BRAND brand clothing).
4. "Other Operations" includes real-estate leasing business, etc.
5. The above amounts do not include consumption taxes, etc.

(2) Revenue by region

Region		Year ended 31 August 2015 (From 1 September 2014 to 31 August 2015)			
		Revenue (Millions of yen)	Year-on-year change (%)	Percentage of total (%)	Number of stores at the end of year (Stores)
UNIQLO Japan store sales of products	Hokkaido	25,457	109.3	1.5	29
	Aomori	5,595	103.2	0.3	9
	Iwate	5,093	105.3	0.3	8
	Miyagi	12,306	108.3	0.7	14
	Akita	3,889	101.5	0.2	7
	Yamagata	4,891	106.0	0.3	8
	Fukushima	8,800	108.9	0.5	10
	Ibaraki	14,828	104.6	0.9	17
	Tochigi	10,283	105.1	0.6	14
	Gunma	12,365	105.2	0.7	19
	Saitama	39,805	106.2	2.4	45
	Chiba	33,541	105.4	2.0	41
	Tokyo	123,064	110.1	7.3	100
	Kanagawa	58,912	107.0	3.5	60
	Niigata	11,246	107.1	0.7	12
	Toyama	5,449	107.1	0.3	7
	Ishikawa	5,817	108.2	0.4	7
	Fukui	3,982	107.9	0.2	5
	Yamanashi	4,720	108.6	0.3	5
	Nagano	10,451	108.2	0.6	11
	Gifu	9,927	112.1	0.6	11
	Shizuoka	21,031	107.8	1.3	24
	Aichi	41,703	107.6	2.5	44
	Mie	9,236	107.1	0.6	10
	Shiga	7,167	115.4	0.4	10
	Kyoto	17,374	105.1	1.0	20
	Osaka	63,187	111.9	3.8	71
	Hyogo	33,632	103.6	2.0	36
	Nara	7,313	105.7	0.4	9
	Wakayama	2,224	102.2	0.1	3
	Tottori	3,041	99.2	0.2	3
	Shimane	496	109.1	0.0	1
	Okayama	9,334	110.7	0.6	10
	Hiroshima	14,172	99.0	0.8	17
	Yamaguchi	3,696	107.0	0.2	5
	Tokushima	3,903	105.6	0.2	5
	Kagawa	4,940	107.1	0.3	6
	Ehime	5,114	96.4	0.3	7
	Kochi	3,707	102.5	0.2	4
	Fukuoka	28,068	109.6	1.7	32
	Saga	3,511	100.4	0.2	4
	Nagasaki	5,720	104.9	0.3	8
	Kumamoto	7,900	105.5	0.5	10

Region		Year ended 31 August 2015 (From 1 September 2014 to 31 August 2015)			
		Revenue (Millions of yen)	Year-on-year change (%)	Percentage of total (%)	Number of stores at the end of year (Stores)
	Oita	6,056	106.2	0.4	8
	Miyazaki	4,100	97.9	0.2	7
	Kagoshima	7,197	105.4	0.4	11
	Okinawa	5,107	112.3	0.3	7
Total UNIQLO Japan stores		729,371	107.5	43.4	811
Internet and mail-order sales		32,299	127.9	1.9	—
Products supplied to franchise stores/ management and administrative fees		17,774	165.0	1.1	30
Alteration charges		692	84.1	0.0	—
UNIQLO Japan Operations		780,139	109.0	46.4	841
UNIQLO International Operations		603,684	145.9	35.9	798
Total UNIQLO Operations		1,383,824	122.5	82.3	1,639
Global Brands Operations		295,316	117.6	17.6	1,339
Other Operations		2,641	109.6	0.1	—
Total		1,681,781	121.6	100.0	2,978

(Notes)
1. "Products supplied to franchise stores" refers to sales of products to franchise stores. "Management and administrative fees" means royalty income from franchise stores. "Alteration charges" refers to income generated from embroidery prints and alteration to length of pants.
2. "UNIQLO operations" refers to the selling of UNIQLO brand casual clothing.
3. "Global Brands Operations" consists of Comptoir des Cotonniers operation (selling of Comptoir des Cotonniers brand clothing), Princesse tam.tam operation (selling of Princesse tam.tam brand clothing), GU operation (selling of GU brand casual clothing), Theory operation (selling of Theory, Helmut Lang and PLST brand clothing) and J Brand operation (selling of J BRAND brand clothing).
4. "Other Operations" includes real-estate leasing business, etc.
5. The above amounts do not include consumption taxes, etc.

(3) Sales per unit

Summary		Year ended 31 August 2015 (From 1 September 2014 to 31 August 2015)	Year-on-year change (%)
Revenue		1,333,056 million yen	122.0%
Sales per m^2	Sales floor area (average)	1,455,432 m^2	110.8%
	Sales per m^2 (yearly)	916 thousand yen	110.1%
Sales per employee	Number of employees (average)	51,676 persons	113.1%
	Sales per employee (yearly)	25,796 thousand yen	107.9%

(Notes)
1. These figures are solely for UNIQLO Japan Operations and UNIQLO International Operations.
2. Sales figures indicate store sales, and do not include internet sales, products supplied to franchise stores, management and administrative fees or alteration charges in UNIQLO Japan Operations.
3. "Sales floor area (average)" is calculated based on the number of months each store is in operation.
4. "Number of employees (average)" includes junior employees, part-time workers, contract workers, or temporary staff seconded from other companies, but does not include entrusted operating officers. Figures for junior employees and part-time workers are based on a weighted average (eight-hour workday) during the term.
5. The above figures do not include consumption tax, etc.

(4) Purchases

By product category	Year ended 31 August 2015 (From 1 September 2014 to 31 August 2015)		
	Purchases (Millions of yen)	Year-on-year change (%)	Percentage of total (%)
Men's clothing	162,801	103.0	19.6
Women's clothing	191,693	100.6	23.0
Children's & Baby's clothing	29,967	126.1	3.6
Goods and other items	9,592	117.3	1.1
Total UNIQLO Japan Operations	394,054	103.5	47.3
UNIQLO International Operations	307,829	132.3	37.0
Total UNIQLO Operations	701,884	114.4	84.3
Global Brands Operations	130,836	114.5	15.7
Total	832,720	114.4	100.0

(Notes)
1. "UNIQLO operations" covers the selling of UNIQLO brand casual clothing.
2. "Global Brands Operations" consists of Comptoir des Cotonniers operation (selling of Comptoir des Cotonniers brand clothing), Princesse tam.tam operation (selling of Princesse tam.tam brand clothing), GU operation (selling of GU brand casual clothing), Theory operation (selling of Theory, Helmut Lang and PLST brand clothing) and J Brand operation (selling of J BRAND brand clothing).
3. There is business other than the above, mainly real estate leasing, but it does not involve purchasing due to the nature of the activity.
4. The above figures do not include consumption tax, etc.

3. Business Plan

i) Promote Global One Management Principles

We are strengthening management functions and cooperation among our regional headquarters in Tokyo, New York, Paris, Shanghai and Singapore to help promote Global One management principles, and unify Group management across UNIQLO, GU, Theory and other operations. Global One encourages the use of best available global methods, and a self-motivated, united global approach to any challenge. Our FR Management Innovation Center (FR-MIC) is also working hard to nurture future global corporate leaders and managers.

ii) Accelerate UNIQLO's Global Development

We are promoting UNIQLO's global development by expanding store networks in Greater China, South Korea and other parts of Asia and Oceania, as well as Europe and the United States. We are boosting awareness of the UNIQLO brand by opening global flagship stores and regional flagship stores in major cities worldwide, and polishing our global marketing. Boosting visibility is a top priority in the United States to help turn a profit as soon as possible.

iii) Strengthen Development of Superior World-class Products

We are establishing dedicated R&D centers in Tokyo, New York, Shanghai, Paris, London and Los Angeles to pick up emerging global fashion trends early, and incorporate them swiftly into product development across our Group brands. UNIQLO's reputation is built upon its ability to offer the very best in basic casualwear, and we intend to continue providing perfectly finished world-class products that delight our customers and satisfy their casualwear needs.

iv) Build the Optimum Global Production Network

We are strengthening partnerships with materials manufacturers so we can make even better casualwear items with UNIQLO's unique highly functional materials. We are building an effective procurement system to help guarantee a stable, mass supply of highquality natural materials. We are also creating an optimum global network of production bases to help strengthen our manufacturing capabilities, and reduce the lead time on supplementary production orders.

v) Promote Stable Growth at UNIQLO Japan

We continue to boost the efficiency of our 841-strong UNIQLO Japan store network as at 31 August 2015 through our "scrap and build" policy of replacing smaller stores with larger ones. Over the medium term, we will encourage 50% of store staff to become local store employees and take an active role in determining community-focused product mixes, services and marketing. Building a community-based store network is the best way to ensure stable, sustainable growth.

vi) Transform Industry through Digital Innovation

The spread of internet and mobile phones is fueling drastic changes in distribution. Our state-of-the-art Ariake distribution center will come on line in spring 2016. The center will serve as a base for our new "digital flagship store," which is designed to transform the way we shop and distribute products by seamlessly linking physical and virtual stores. We seek to revolutionize traditional planning, manufacturing, distribution, sales and services through digital innovation.

vii) Grow our Global Brands

Our GU fashion casualwear brand has helped carve a new business model for low-priced fashion. We are looking to expand GU in Japan and Asia, and target sales of ¥300 billion and operating profit of ¥40 billion in the medium term. We are expanding the Theory fashion label and other Global Brands by maximizing potential Group synergies, and will consider M&A of apparel brands that can boost Group growth.

viii) Pursue CSR to Make the World a Better Place

Our corporate social responsibility focuses on projects that enrich people's lives and society at large, such as the distribution of secondhand UNIQLO and GU clothing to refugee camps through our All-Product Recycling Initiative, social business in Bangladesh, monitoring working conditions and environmental impact at our partner factories and fabric manufacturers, promoting diversity in the workplace and a healthy work-life balance for employees, and the active employment of people with disabilities.

4. Risk

Risk factors that investors may regard as potentially having a significant impact on the businesses of the Company and the Group are stated below. The Company, aware of the possibility that these risks may occur, has planned preventive actions and thoroughgoing administrative procedures and strives to take appropriate measures when they occur.

The statements with regard to the future are based on management decision and projections made by the Company based on information available at the time of the publication of this report (27 November 2015).

(1) Risks specific to management strategy

Risks specific to the management strategy of the Group are as follows:

i) Management personnel risk

Our Representative Director, Chairman and CEO Tadashi Yanai and the other members of the Group management team all play vital roles in the operational areas for which they are responsible. If any of our executives should become unable to perform his or her duties, or if they should become unable to play these vital roles, this could have a negative impact on the Group's earnings.

ii) Competitive risks

In all the Group's businesses, our customers are ordinary consumers, who are keenly selective when it comes to products, services and prices, and we are engaged in intense competition with rivals both domestically and internationally. If our customers should choose to do business with our competitors, and if our business competitiveness wanes in relative terms, this may have a negative effect on earnings.

iii) Risk of dependency on production in specified geographic locations

Most products sold through Group companies are manufactured in China, other Asian countries and Turkey. For this reason, if there is a dramatic political, economic, security, or legal change in countries where we produce, or a strike by factory personnel or dock workers, or an earthquake, flood or other major natural disaster, this could have an impact on supply of our products. Also, if there is a sharp rise in prices for cotton, cashmere, down or other raw materials, this could have a negative impact on our earnings.

iv) Risks of corporate acquisitions

One element of the Group's management strategy is to expand the business through M&A. Our aim is to maximize the enterprise value of the Group by pursuing synergies with target companies and businesses, and striving for optimization of our business portfolio, but there is a possibility of negative impact on results if we are unable to achieve anticipated revenues and effects.

v) Overseas business risks

As the Group expands its business through M&A, we are steadily expanding our presence overseas. As we open more stores in more countries, it is expected that our overseas business will make up a higher portion of the Group's total revenues. If the goods we sell do not match the market needs and product trends in each country, or if there are economic fluctuations, social and political turmoil, changes in law, or major currency market volatility, or other factors that affect our ability to hire and train well-qualified management personnel and local staff who can smoothly manage our business in each country, this could have a negative impact on earnings.

vi) Currency risks

Most products sold through the UNIQLO business, which is the Group's core business, are denominated in US dollars. For products to be imported to Japan, we hedge our currency risks for about three years ahead, using forward currency agreements to equalize our exchange rate exposure for imported products and stabilize our purchasing costs. If the yen continues to weaken further against the dollar going forward, this could have a negative impact on earnings at UNIQLO Japan, which is the Group's core business.

(2) General business risks

In management of the Group and operation of businesses, we are cognizant of risks in several categories:

i) Manufactured product liability risk

If gross quality defects are found in products sold by the Group, such as contamination by hazardous materials or toxins, this may require global product recalls, or compensation for harm to the health of customers, which may have a negative impact on earnings, as well as causing damage to customers' trust.

ii) Risk of leaks of business secrets, or customer personal information

In the course of doing business, the Group gathers information (including personal information) about customers, and it also handles trade secrets and other confidential information. Leaks or losses of customer information or confidential information may require that the information be recovered, necessitating apologies to customers, and possible payment of compensation for damages, which may have a negative impact on earnings, as well as causing damage to customers' trust.

iii) Risk due to weather

Global warming may cause a trend toward warmer winter weather, which may reduce sales of products sold by the group, which could have a negative impact on earnings.

iv) Risk due to natural disaster

Fires, floods, explosions, building collapse, or other disasters affecting factories that produce or stores that sell the Group's products, or in their immediate vicinity, may have a negative impact on the Company's ability to supply or to sell its products.

v) Risks of disputes and litigation

In the event of disputes or litigation between the group and tenants of its stores or others with whom it transacts, or customers, resolution of such disputes may cost large sums of money, which could have a negative impact on earnings.

vi) Risk of change in the business climate and consumer trends

Changes in the business climate or consumer trends in countries where the Group carries out business may have the effect of reducing product sales or increasing inventories, which could have a negative impact on earnings.

5. Major Contracts

Not applicable.

6. Research and Development

Not applicable.

7. Financial Review

(1) Significant accounting policies and estimations

The Group's consolidated financial statements were prepared in accordance with IFRS. In preparing the consolidated financial statements, estimates were made on a reasonable basis as necessary.

Please see "FINANCIAL INFORMATION 4. Consolidated Financial Statements: Notes to the Consolidated Financial Statements" for details.

(2) Analysis of management performance for the year ended 31 August 2015

i) Revenue and gross profit

Revenue grew to 1.6817 trillion yen, up 298.8 billion yen from the preceding consolidated fiscal year. For a detailed breakdown of revenue, see "Business Results (1) Analysis of Business Results for the year ended 31 August 2015" and "2. Summary of Revenue and Purchasing."

The main reason behind the growth in revenue was growth in all major segments: a 190.0 billion yen increase for UNIQLO International, a 64.4 billion yen increase for UNIQLO Japan, and a 44.0 billion yen increase for Global Brands. In particular, in UNIQLO International business, active addition of new stores in Asia added to revenue, and in our global brand business, expansion of G.U. also added to revenue.

Gross profit grew to 848.5 billion yen, up 148.7 billion yen from the preceding consolidated fiscal year. As a percentage of revenue, gross profit was 50.5%, down 0.1 percentage point from 50.6% the year before. The main reasons for this decline were: at UNIQLO Japan, unfavorable weather began in June hurt sales of summer apparel, compelling us to offer products at discounted prices and aggressive dispose of inventories. This caused a decline in gross profit in 4Q.

ii) Selling, general and administrative expenses, other income, other expenses and operating income

Selling, general and administrative expenses grew to 671.8 billion yen, up 122.6 billion yen from the preceding consolidated fiscal year. As a percentage of revenue, selling, general and administrative expenses was 39.9%, up 0.2% from the preceding consolidated fiscal year. The main reasons were an increase in personnel costs due to a rise in the number of regional regular employees at UNIQLO Japan, and increases in logistics costs, outsourcing costs and other miscellaneous costs. Operating income was 164.4 billion yen, up 34.0 billion yen from the preceding consolidated fiscal year.

iii) Finance income, finance costs and profit before income taxes

Finance income was 17.3 billion yen, up 11.3 billion yen from the preceding consolidated fiscal year. The main reason for this gain was that, whereas in the previous fiscal year there was a slower decline in the value of the yen, resulting in a 5.1 billion yen foreign exchange gain, in the year ended 31 August 2015, the yen dropped more precipitously, resulting in a foreign exchange gain of 15 billion yen, an increase of 9.9 billion yen.

As a result, profit before income taxes was 180.6 billion yen, up 45.2 billion yen from the preceding consolidated fiscal year. As a percentage of revenue, profit before income taxes was 10.7%, up 0.9% from 9.8% the year before.

iv) Profit attributable to owners of the parent

Income taxes were 63.2 billion yen, or 7.1 billion yen higher than the preceding consolidated fiscal year. As a result, profit attributable to owners of the parent was 110.0 billion yen, which was 35.4 billion yen higher than the year before. Basic earnings per share for the year was 1,079.42 yen, up 347.91 yen.

(3) Sources of funding, and analysis of funds liquidity

i) Total assets

Total assets as at 31 August 2015 were 1,163.7 billion yen, which was an increase of 171.3 billion yen relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of 58.3 billion yen in derivative financial assets, an increase of 41.1 billion yen in cash and cash equivalents, and an increase of 36.7 billion yen in inventories.

ii) Total liabilities

Total liabilities as at 31 August 2015 were 388.9 billion yen, which was an increase of 32.6 billion yen relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of 9.8 billion yen in deferred tax liabilities, an increase of 8.9 billion yen in provisions, and an increase of 4.0 billion yen in income taxes payable.

iii) Total net assets

Equity as at 31 August 2015 was 774.8 billion yen, which was an increase of 138.7 billion yen relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of 76.9 billion yen in retained earnings and an increase of 53.8 billion yen in other components of equity.

iv) Status of funds

For a discussion of the status of the Group’s funds, see “Management Discussion and Analysis 1. Business Results (2) Cash Flow Information”.

CAPITAL EXPENDITURE

1. Capital expenditure

UNIQLO Japan opened 36 new stores. UNIQLO International opened 91 stores in the PRC, 4 in Hong Kong, 9 in Taiwan, 26 in South Korea, 5 in Singapore, 4 in Malaysia, 4 in Thailand, 7 in the Philippines, 4 in Indonesia, 5 in Australia, 17 in USA, 2 in France, and 4 in Russia. In addition, Global Brands opened 132 new stores.

As a result, the Group's capital expenditure amounted to 62.4 billion yen during the year ended 31 August 2015. Key components of this were 44.6 billion yen for buildings, 8.8 billion yen for lease deposits for stores, 2.4 billion yen for construction assistance funds and 6.5 billion yen for intangible assets.

The above figures do not include consumption tax, etc.

2. Important Facilities

As at 31 August 2015, the Group's important facilities were shown as below:

(1) Information about the Reporting Entity

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees (Persons)	Number of commercial establishments (Stores)
			Land	Land	Buildings	Deposits/ guarantees	Construction assistance funds	Others	Total		
FAST RETAILING CO., LTD.	Head office	Yamaguchi City, Yamaguchi Prefecture	95,255.83	1,047	659	–	–	90	1,798	25	–
	Commercial establishments	Fukuoka City, Chuo-ku, etc.	–	–	296	1,358	–	0	1,655	–	4
	Others		29,308.87	111	492	4,627	–	131	5,362	1,209	–

(2) Subsidiaries in Japan

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees (Persons)	Number of commercial establishments (Stores)
			Land	Land	Buildings	Deposits/ guarantees	Construction assistance funds	Others	Total		
UNIQLO CO., LTD.	UNIQLO Japan Store	Hokkaido	–	–	458	535	553	230	1,778	333	29
		Aomori	–	–	53	138	143	14	350	113	9
		Iwate	–	–	77	108	81	44	311	103	8
		Miyagi	–	–	162	355	443	150	1,111	249	14
		Akita	–	–	36	98	174	35	343	67	7
		Yamagata	–	–	189	144	75	93	501	101	8
		Fukushima	–	–	69	154	493	63	781	162	10
		Ibaraki	–	–	330	518	331	110	1,291	220	17
		Tochigi	–	–	211	205	395	74	886	180	14
		Gunma	–	–	233	312	302	85	934	168	19
		Saitama	–	–	1,026	1,325	603	486	3,442	644	45
		Chiba	–	–	647	980	571	315	2,515	489	41
		Tokyo	–	–	4,025	11,173	163	817	16,179	1,416	100
		Kanagawa	–	–	1,357	2,249	464	796	4,867	830	60
		Niigata	–	–	149	362	534	142	1,189	204	12
		Toyama	–	–	29	95	241	24	390	76	7
		Ishikawa	–	–	96	112	307	31	547	154	7
		Fukui	–	–	35	65	77	16	193	73	5
		Yamanashi	–	–	66	97	208	31	403	63	5
		Nagano	–	–	81	139	539	129	890	152	11
		Gifu	–	–	238	244	338	133	954	113	11
		Shizuoka	–	–	524	460	505	165	1,655	312	24
		Aichi	–	–	794	1,169	700	394	3,059	520	44
		Mie	–	–	111	168	326	33	640	100	10

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees (Persons)	Number of commercial establishments (Stores)
			Land	Land	Buildings	Deposits/ guarantees	Construction assistance funds	Others	Total		
UNIQLO CO., LTD.	UNIQLO Japan Store	Shiga	–	–	304	271	188	190	954	112	10
		Kyoto	–	–	342	469	121	83	1,016	244	20
		Osaka	–	–	2,025	3,161	437	555	6,179	863	71
		Hyogo	–	–	637	945	326	198	2,106	478	36
		Nara	–	–	37	187	168	44	438	99	9
		Wakayama	–	–	10	40	41	4	97	35	3
		Tottori	–	–	6	70	47	4	127	55	3
		Shimane	–	–	1	10	14	1	27	8	1
		Okayama	–	–	194	202	184	88	669	164	10
		Hiroshima	–	–	398	403	148	87	1,037	235	17
		Yamaguchi	2,591.06	450	123	52	60	31	718	48	5
		Tokushima	–	–	101	86	26	30	243	60	5
		Kagawa	–	–	70	222	18	12	324	87	6
		Ehime	–	–	122	165	167	79	535	103	7
		Kochi	–	–	75	85	32	44	236	58	4
		Fukuoka	–	–	718	809	541	256	2,325	485	32
		Saga	–	–	74	70	111	61	318	66	4
		Nagasaki	–	–	57	126	252	53	490	104	8
		Kumamoto	–	–	154	304	39	70	569	127	10
		Oita	–	–	262	227	110	170	770	96	8
		Miyazaki	–	–	25	92	58	20	196	78	7
		Kagoshima	–	–	114	185	113	60	473	132	11
		Okinawa	–	–	168	95	–	89	353	90	7
	UNIQLO Japan Stores		2,591.06	450	17,034	29,498	11,788	6,662	65,434	10,669	811
	UNIQLO Japan, other		19,960.76	353	49	2,055	1,002	282	3,743	755	–
	Total for UNIQLO Japan		22,551.82	803	17,084	31,554	12,790	6,944	69,177	11,424	811
J BRAND Japan Co., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	–	–	–	–	–	3	3	11	3
G.U. CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	2,962.14	22	7,110	5,836	3,644	3,719	20,334	997	314
LINK THEORY JAPAN CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	27,138.25	658	854	1,277	–	1,514	4,304	1,597	320
Comptoir des Cotonniers Japan	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	–	–	18	308	–	64	390	196	42

(3) Overseas subsidiaries

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees (Persons)	Number of commercial establishments (Stores)
			Land	Land	Buildings	Deposits/ guarantees	Construction assistance funds	Others	Total		
UNIQLO EUROPE LIMITED	UNIQLO International Store	London, United Kingdom	–	–	5,607	496	–	2,715	8,819	435	18
FAST RETAILING (CHINA) TRADING CO., LTD	UNIQLO International Store	Shanghai, PRC	–	–	15,843	3,308	–	4,036	23,187	9,605	359
FRL Korea Co., Ltd.	UNIQLO International Store	Seoul Special City, South Korea	–	–	7,060	4,634	–	2,122	13,816	3,043	155
LLC UNIQLO (RUS)	UNIQLO International Store	Moscow, Russian Federation	–	–	492	151	–	306	950	108	8
UNIQLO TRADING CO., LTD.	UNIQLO International Store	Shanghai, PRC	–	–	1,454	375	–	547	2,376	685	27
FAST RETAILING (SINGAPORE) PTE. Ltd.	UNIQLO International Store	Republic of Singapore	–	–	6	34	–	2	44	37	–
UNIQLO (THAILAND) COMPANY LIMITED	UNIQLO International Store	Bangkok, Kingdom of Thailand	–	–	1,989	600	–	594	3,184	753	23
PT. Fast Retailing Indonesia	UNIQLO International Store	Jakarta, Indonesia	–	–	618	109	–	601	1,329	833	8
UNIQLO Australia Pty Ltd.	UNIQLO International Store	Melbourne, Australia	–	–	1,391	5	–	600	1,997	373	6
FAST RETAILING (Shanghai) TRADING CO., LTD	UNIQLO International Store	Shanghai, China	–	–	2,010	246	–	311	2,568	182	1
Fast Retailing France S.A.S.	International Stores, etc.	Paris, France	–	–	131	186	–	336	653	455	–
Fast Retailing USA, Inc.	International Stores, etc.	New York, U.S.A.	–	–	14,020	629	–	6,696	21,347	1,854	99
J Brand, Inc.	International Stores, etc.	California, U.S.A.	–	–	–	3	15	66	85	224	–

(Notes)
1. Most items in the “Others” category for the Reporting Entity are located at the Tokyo headquarter (Minato-ku) or at the old head office (Ube City, Yamaguchi Prefecture).
2. Monetary amounts are given at book value, not including consumption tax, etc.
3. The number of employees does not include entrusted operating officers, junior employees, part-time workers or temporary staff seconded from other companies.
4. Assets are not expressed as allocated among business segments.

3. Plans for new facility construction, old facility removal, etc.

The following are the planned important new facility construction and/or facility removal as at 31 August 2015.

(1) Important New Facilities

The capital investment plans (new facility construction, expansion) for each segment in the year ended 31 August 2016 (1 September 2015 – 31 August 2016) are as follows.

Segment	Capital investment (Millions of yen)	Details of investment
UNIQLO Japan	4,200	New store openings, etc. (approx. 40 stores)
UNIQLO International	36,700	New store openings, etc. (approx. 175 stores)
Global brand business	11,800	New store openings, etc. (approx. 80 stores)
Others	11,300	IT system investments
Total	64,000	

(Notes) 1. It is expected that the Group will be able to meet its funding needs from equity capital, corporate bonds, borrowings, etc.
2. The above figures do not include consumption tax, etc.

Also, the main new facilities plans included in the plans described above are as follows.

Company name	Type of facility	Name of business	Location	Amount of planned investment		Construction start	Construction completion	Planned sales floor area (m^2)	Reference
				Total (Millions of yen)	Amount already disbursed (Millions of yen)				
UNIQLO Illionois LLC	International Stores, etc.	Chicago N. Michigan AVE	Chicago City Illinois, U.S.A.	2,190	858	May 2015	October 2015	4,106	–
UNIQLO EUROPE LIMITED	UNIQLO International Store	Meir 67/69, Antwerp	Antwerp City Belgium.	747	378	April 2015	October 2015	1,570	–

(Notes) 1. It is expected that the Group will be able to meet its funding needs from equity capital.
2. The above figures do not include consumption tax, etc.
3. Assets are not allocated among business segments.

(2) Planned Removals of Important Facilities

There were no planned removals of important facilities as at 31 August 2015.

Stock Information and Dividend Policy

1. Stock Information

(1) Number of Shares

(i) Total number of shares

Type	Total number of authorized shares (shares)
Common stock	300,000,000
Total	300,000,000

(ii) Shares issued

Type	As at 31 August 2015	Numbers of shares issued as of submission date (Shares) (27 November 2015)	Name of financial instrument exchange of listing, or authorized financial instruments firms association	Details
Common stock	106,073,656	106,073,656	First section of the Tokyo Stock Exchange and the Main board of The Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	106,073,656	106,073,656	—	—

(Note) Hong Kong Depositary Receipts ("HDRs") are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(2) Share Subscription Rights

The Company has instituted a stock option program that grants rights to acquire new shares pursuant to the Companies Act of Japan.

(i) 1st Share subscription rights A type

Decided by resolution of the board of directors on 8 October 2010.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	1,292	Same as left
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	1,292	Same as left
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 8 November 2013 to 7 November 2020	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 10,624 Paid-in capital: 5,312	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as "Reorganization") consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as "Outstanding Share Subscription Rights") shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the "Company Resulting From Reorganization"). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(ii) 1st Share subscription rights B type

Decided by resolution of the board of directors on 8 October 2010.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	14,248	14,176
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	14,248	14,176
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 8 December 2010 to 7 November 2020	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 10,925 Paid-in capital: 5,463	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as "Reorganization") consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as "Outstanding Share Subscription Rights") shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the "Company Resulting From Reorganization"). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(iii) 2nd Share subscription rights A type

Decided by resolution of the board of directors on 12 October 2011.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	8,110	6,612
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	8,110	6,612
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 15 November 2014 to 14 November 2021	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 12,499 Paid-in capital: 6,250	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(iv) 2nd Share subscription rights B type

Decided by resolution of the board of directors on 12 October 2011.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	11,377	11,252
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	11,377	11,252
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 15 December 2011 to 14 November 2021	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 12,742 Paid-in capital: 6,371	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(v) 3rd Share subscription rights A type

Decided by resolution of the board of directors on 11 October 2012.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	9,700	Same as left
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	9,700	Same as left
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 13 November 2015 to 12 November 2022	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 15,222 Paid-in capital: 7,611	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(vi) 3rd Share subscription rights B type

Decided by resolution of the board of directors on 11 October 2012.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	11,914	11,688
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	11,914	11,688
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 13 December 2012 to 12 November 2022	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 15,569 Paid-in capital: 7,785	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as "Reorganization") consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as "Outstanding Share Subscription Rights") shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the "Company Resulting From Reorganization"). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(vii) 4th Share subscription rights A type

Decided by resolution of the board of directors on 10 October 2013.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	6,864	Same as left
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	6,864	Same as left
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 3 December 2016 to 2 December 2023	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 37,110 Paid-in capital: 18,555	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(viii) 4th Share subscription rights B type

Decided by resolution of the board of directors on 10 October 2013.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	14,155	13,698
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	14,155	13,698
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 3 January 2014 to 2 December 2023	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 37,515 Paid-in capital: 18,757	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(ix) 5th Share subscription rights A type

Decided by resolution of the board of directors on 9 October 2014.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	17,608	Same as left
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	17,608	Same as left
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 14 November 2017 to 13 November 2024	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 42,377 Paid-in capital: 21,188	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(x) 5th Share subscription rights B type

Decided by resolution of the board of directors on 9 October 2014.

	As at 31 August 2015	As at last day of month before submission date (31 October 2015)
Number of stock options (Shares)	22,051	21,341
Number of share subscription rights for treasury stock (Shares)	—	—
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	22,051	21,341
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 14 December 2014 to 13 November 2024	Same as left
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 42,799 Paid-in capital: 21,399	Same as left
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to substitute payments	—	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(3) Exercise of convertible bonds with conditional permission for adjustment of exercise price

Not applicable.

(4) Content of Rights Plan

Not applicable.

(5) Change in Total Number of Shares Issued, Capital Stock, Etc.

Date	Increase/ decrease in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase/ decrease in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/ decrease in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
31 August 2004	—	106,073,656	7,000	10,273	(7,000)	4,578

(Note) This represents an addition to capital stock from capital reserve approved by resolution of a special meeting of the Board of Directors on 30 August 2004.

(6) Status, by Type of Holder

As at 31 August 2015

Class	Shares (One unit = 100 shares)								Shares less than one unit (shares)
	Government, municipal entities	Financial institutions	Traders of financial products	Other corporations	Foreign corporations, etc.		Individuals & other	Total	
					Excl. individuals	Individuals			
Number of shareholders (persons)	—	71	49	108	645	9	4,908	5,790	—
Number of shares held (Trading units)	—	267,350	49,600	86,922	252,677	14	403,707	1,060,270	46,656
Percentage of shares held (%)	—	25.22	4.68	8.20	23.83	0.00	38.08	100.00	—

(Notes) 1. The 4,128,255 shares of treasury stock include 41,282 units of shares held by individuals and others and 55 shares held by individuals and others of less than one unit.

2. Figures shown in the columns “Other corporations” and “Shares less than one unit” include 27 units of shares and 84 shares, respectively, in the name of Japan Securities Depository Center, Inc.

(7) Major Shareholders

As at 31 August 2015

Name or trade name	Location	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Tadashi Yanai	Shibuya-ku, Tokyo	22,987	21.67
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	12,963	12.22
Japan Trustee Services Bank, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	9,122	8.60
TTY Management B.V.	Hoogoorddreef 15, 1101BA Amsterdam, The Netherlands	5,310	5.01
Kazumi Yanai	New York, U.S.A.	4,781	4.51
Koji Yanai	Shibuya-ku, Tokyo	4,780	4.51
Fight & Step Co., Ltd.	1-4-3 Mita, Meguro-ku, Tokyo	4,750	4.48
Trust & Custody Services Bank, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	3,640	3.43
MASTERMIND, LLC	1-4-3 Mita, Meguro-ku, Tokyo	3,610	3.40
BNP Paribas Securities (Japan) Limited	1-9-1 Marunouchi, Chiyoda-ku, Tokyo	3,459	3.26
Total	—	75,404	71.09

(Notes) 1. "Number of shares held" is rounded down to the nearest unit of thousand shares.

2. The shares held by The Master Trust Bank of Japan, Ltd., Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. are all held in conjunction with trust business.

3. According to the report of large shareholdings (report of change of composition) submitted on 21 January 2015 by Nomura Securities Co., Ltd. and the two parties of NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. as joint holders, each party was holding the shares stated below as at 15 January 2015. However, since the Company has not been able to confirm the number of shares actually held as of the end of the term, these shareholdings have not been included in the above statement of principal shareholders.

Name or trade name	Location	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Nomura Securities Co., Ltd.	1-9-1 Nihonbashi, Chuo-ku, Tokyo	147	0.14
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	322	0.30
Nomura Asset Management Co., Ltd.	1-12-1 Nihonbashi, Chuo-ku, Tokyo	6,898	6.50

4 In addition to the above, 4,128,255 shares of treasury stock are held by the Company (3.89% of the total number of authorized shares).

(8) Voting Rights

(i) Shares issued

As at 31 August 2015

Class	Number of shares (shares)	Number of voting rights (number)	Details
Non-voting shares	—	—	—
Shares subject to restrictions on voting rights (treasury stock)	—	—	—
Shares subject to restrictions on voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Shares held as treasury stock) Common stock 4,128,200	—	—
Shares with full voting rights (others)	Common stock 101,898,800	1,018,988	(Note) 1
Shares less than one unit	Common stock 46,656	—	(Notes) 1, 2
Total number of shares issued	106,073,656	—	—
Total number of voting rights of all shareholders	—	1,018,988	—

(Notes) 1. The columns for the number of shares of "Shares with full voting rights (others)" and "Shares less than one unit" include, respectively, 2,700 shares and 84 shares held in the name of Japan Securities Depository Center, Inc.

2. Common stock in the "Shares less than one unit" column includes 55 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 31 August 2015

Name or trade name of holder	Holder's address	Number of shares held in own name (Shares)	Number of shares held in other's name (Shares)	Total number of shares held (Shares)	Percentage of total number of shares issued (%)
(Shares held as treasury stock) FAST RETAILING CO., LTD.	717-1 Sayama, Yamaguchi-City, Yamaguchi	4,128,200	—	4,128,200	3.89
Total	—	4,128,200	—	4,128,200	3.89

(9) Stock Options Program

The Company has instituted a stock options program that grants rights to acquire new shares pursuant to the Companies Act of Japan.

1st Share subscription rights A type

Resolution date	8 October 2010
Class and number of recipients (persons)	Employees of the Company 7 Employees of the Group subsidiaries 3
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

1st Share subscription rights B type

Resolution date	8 October 2010
Class and number of recipients (persons)	Employees of the Company 266 Employees of the Group subsidiaries 413
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

2nd Share subscription rights A type

Resolution date	12 October 2011
Class and number of recipients (persons)	Employees of the Company 14 Employees of the Group subsidiaries 4
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

2nd Share subscription rights B type

Resolution date	12 October 2011
Class and number of recipients (persons)	Employees of the Company 139 Employees of the Group subsidiaries 584
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

3rd Share subscription rights A type

Resolution date	11 October 2012
Class and number of recipients (persons)	Employees of the Company 18 Employees of the Group subsidiaries 8
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

3rd Share subscription rights B type

Resolution date	11 October 2012
Class and number of recipients (persons)	Employees of the Company 136 Employees of the Group subsidiaries 615
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

4th Share subscription rights A type

Resolution date	10 October 2013
Class and number of recipients (persons)	Employees of the Company 19 Employees of the Group subsidiaries 11
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

4th Share subscription rights B type

Resolution date	10 October 2013
Class and number of recipients (persons)	Employees of the Company 180 Employees of the Group subsidiaries 706
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

5th Share subscription rights A type

Resolution date	9 October 2014
Class and number of recipients (persons)	Employees of the Company 36 Employees of the Group subsidiaries 16
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

5th Share subscription rights B type

Resolution date	9 October 2014
Class and number of recipients (persons)	Employees of the Company 223 Employees of the Group subsidiaries 785
Type of shares to be issued upon exercise of share subscription rights	As noted in (2) Share Subscription Rights.
Number of shares (shares)	Same as above
Amount to be paid upon exercise of share subscription rights (Yen)	Same as above
Exercise period of share subscription rights	Same as above
Exercise conditions of share subscription rights	Same as above
Matters pertaining to transfer of share subscription rights	Same as above
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	Same as above

6th Share subscription rights A type

Resolution date	8 October 2015
Class and number of recipients (persons)	Employees of the Company 15 Employees of the Group subsidiaries 19
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares (shares)	2,847 shares
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 13 November 2018 To 12 November 2025
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

6th Share subscription rights B type

Resolution date	8 October 2015
Class and number of recipients (persons)	Employees of the Company 247 Employees of the Group subsidiaries 921
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares (shares)	25,389 shares
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 13 December 2015 To 12 November 2025
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)

(Notes) Upon any reorganization of the Company (collectively referred to as "Reorganization") consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as "Outstanding Share Subscription Rights") shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the "Company Resulting From Reorganization"). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

6th Share subscription rights C type

Resolution date	8 October 2015
Class and number of recipients (persons)	Employees of the Company 26
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares (shares)	6,072 shares
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	13 November 2018
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to substitute payments	—
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly-owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in subparagraphs (a)-(e) of Article 236(1)viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription rights that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the earlier of either the day on which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

2. Treasury Stock Information

Types of Shares Buybacks of common stock under Companies Act of Japan, Article 155-7

(1) Purchases approved by General Meeting of Shareholders

Not applicable.

(2) Purchases approved by Board of Directors

Not applicable.

(3) Details of items not based on General Meeting of Shareholders or Board of Directors resolutions

Purchases of shares less than one unit pursuant to Companies Act of Japan, Article 192-1.

Class	Number of shares (shares)	Total paid (thousand yen)
Treasury stock purchased in the fiscal year ended 31 August 2015	228	11,845
Purchases of Treasury stock in current year	—	—

(Note) Treasury stock purchased in the current year does not include shares of less than one unit purchased between 1 November 2015 and the submission date of this report.

(4) Status of treasury stock purchased

Class	Fiscal year ended 31 August 2015		Current year	
	Number of shares (shares)	Total disposal value (thousands of yen)	Number of shares (shares)	Total disposal value (thousands of yen)
Treasury stock purchases for which subscribers were solicited	—	—	—	—
Treasury stock canceled after purchase	—	—	—	—
Treasury stock transferred due to mergers, share exchange or company split	—	—	—	—
Other	27,018	102,696	2,929	11,135
Number of Treasury shares held	4,128,255	—	4,125,326	—

(Note) The breakdown of figures for the year ended 31 August 2015 reflects the exercise of 27,018 share subscription rights, a share disposal value of 102,696 thousand yen. The breakdown of figures for the current year reflects the exercise of share subscription rights, and does not include shares of less than one unit purchased between 1 November 2015 and the submission date of this report.

3. Dividend Policy

The Company regards the distribution of profits to shareholders as one of its most important considerations. Our basic policy is to constantly increase earnings and to provide ongoing, appropriate profit distribution based on performance. Our policy is to pay dividends that reflect business performance after taking into consideration funds needed to expand business and improve revenues, and ensure the financial health of the Group.

The basic policy of the Group regarding the payment of dividends from surplus is to pay two dividends annually, an interim dividend and a year-end dividend. These dividends are decided by the Board of Directors, unless otherwise stipulated by laws and regulations.

Based on the policy outlined above and the earnings of the consolidated fiscal year ended 31 August 2015, we decided to pay a year-end dividend of ¥175 per share. Together with the ¥175 interim dividend per share, this will bring the total annual dividend for the current fiscal year to ¥350 per share. It is our intention to effectively utilize retained earnings and free cash flow for M&A investment, financial investment and loans to strengthen the operational base of the Group companies.

The payment of an interim dividend under Article 454-5 of the Companies Act of Japan is stipulated by the Company's Articles of Incorporation.

Dividends for the Company's 54th fiscal year are as follows:

Resolution date	Total dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors resolution of 9 April 2015	17,838	175
Board of Directors resolution of 4 November 2015	17,840	175

4. Share Price Trends

(1) Share price high/low in past 5 fiscal years

Term	50th Year	51st Year	52nd Year	53rd Year	54th Year
Accounting period	Year ended 31 August 2011	Year ended 31 August 2012	Year ended 31 August 2013	Year ended 31 August 2014	Year ended 31 August 2015
High (Yen)	15,080	19,150	44,400	45,350	61,970
Low (Yen)	8,800	11,950	15,810	30,350	32,460

(Note) High/low share price data are from the first section of the Tokyo Stock Exchange.

(2) Share price high/low (monthly) in past 6 months

Month	March 2015	April	May	June	July	August
High (Yen)	47,880	50,650	51,640	57,000	61,970	61,830
Low (Yen)	44,105	46,410	47,015	50,520	53,650	46,210

(Note) High/low share price data are from the first section of the Tokyo Stock Exchange.

5. Waiver from compliance with Rule 19B.21

The Hong Kong Stock Exchange has granted us, subject to certain conditions, a waiver from Rule 19B.21 of the Hong Kong Listing Rules regarding certain requirements for cancellation of HDRs upon a share repurchase. The Company has complied with the relevant conditions in the year ended 31 August 2015.

Board of Directors

Male: 10 persons Female: 1 person (9.1% of officers are female)

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (thousand shares)
Representative director, chairman and president	CEO	Tadashi Yanai	Born 7 February 1949	August 1972 September 1972 August 1973 September 1984 June 2001 November 2002 September 2005 November 2005 September 2008 June 2009 November 2011	Joined FAST RETAILING CO., LTD. Director, FAST RETAILING CO., LTD. Senior Managing Director, FAST RETAILING CO., LTD. President & CEO, FAST RETAILING CO., LTD. External Director, Softbank Corp. (currently SOFTBANK GROUP CORP.) (current) Chairman and CEO, FAST RETAILING CO., LTD. Chairman, President and CEO, FAST RETAILING CO., LTD. (current) Chairman, President and CEO, UNIQLO CO., LTD. (current) Director and Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.) (current) External Director, Nippon Venture Capital Co., Ltd. (current) Director, LINK THEORY JAPAN CO., LTD. (current)	Note 3	22,987
Director		Toru Hambayashi	Born 7 January 1937	April 1959 October 2000 April 2003 June 2004 November 2005 June 2007 April 2009 June 2011 June 2015	Joined Nichimen Company Limited (currently Sojitz Corporation) President, Nichimen Corporation (currently Sojitz Corporation) Chairman and Representative Director, Sojitz Holdings Corporation (currently Sojitz Corporation) External Auditor, UNITIKA LTD. External Director, FAST RETAILING CO., LTD. (current) External Director, MAEDA CORPORATION (current) Adviser, The Association for the Promotion of International Trade, Japan (current) External Director, DAIKYO INCORPORATED (current) External Director, UNITIKA LTD. (current)	Note 3	—

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (thousand shares)
Director		Nobumichi Hattori	Born 25 December 1957	April 1981 June 1989 November 1998 October 2003 June 2005 November 2005 October 2006 April 2009 March 2015 June 2015	Joined NISSAN MOTOR CO.,LTD. Joined Goldman Sachs and Company, Headquarters (New York) Managing Director of Goldman Sachs and Company, Headquarters (New York), and M&A Advisory of Goldman Sachs Japan Co., Ltd. Visiting Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University External Director, Miraca Holdings Inc. (current) External Director, FAST RETAILING CO., LTD. (current) Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University (current) Visiting Professor, Waseda Graduate School of Finance, Accounting and Law (current) External Auditor, Frontier Management Inc. (current) External Director, Hakuhodo DY Holdings Inc. (current)	Note 3	–
Director		Toru Murayama	Born 11 June 1954	April 1980 April 2003 September 2007 November 2007 April 2008 September 2009 April 2010 October 2011 January 2013 April 2015	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.) Representative Director and President, Accenture Japan Ltd. Director and Chairman, Accenture Japan Ltd. External Director, FAST RETAILING CO., LTD. (current) Visiting Professor, Comprehensive Research Organization, Waseda University Corporate Advisor, Accenture Japan Ltd. Professor, Faculty of Science and Engineering, Waseda University Advisor, Microsoft Japan Co., Ltd. (current) President, Office Murayama (current) Visiting Professor, Faculty of Science and Engineering, Waseda University (current)	Note 3	0

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (thousand shares)
Director		Masaaki Shintaku	Born 10 September 1954	April 1978 December 1991 August 2000 January 2001 April 2008 June 2008 May 2009 November 2009 July 2011	Joined IBM Japan, Ltd. Joined Oracle Corporation Japan President & CEO, Oracle Corporation Japan Executive Vice President, Oracle Corporation Vice Chairman, Special Olympics Nippon (currently Special Olympics Nippon Foundation) (current) Chairman, Oracle Corporation Japan Advisory Board Member, NTT DOCOMO, INC. (current) External Director, FAST RETAILING CO., LTD. (current) External Director, COOKPAD Inc. (current)	Note 3	–
Director		Takashi Nawa	Born 8 June 1957	April 1980 April 1991 June 2010 June 2010 September 2010 June 2011 September 2012 November 2012 June 2014 June 2015	Joined Mitsubishi Corporation Joined McKinsey & Company Professor, The Graduate School of International Corporate Strategy), Hitotsubashi University (current) President, Genesys Partners (current) Senior Advisor, Boston Consulting Group (current) External Director, NEC Capital Solutions (current) President, Next Smart Lean Co., Ltd. (current) External Director, FAST RETAILING CO., LTD. (current) External Director, DENSO CORPORATION (current) External Director, Ajinomoto Co., Inc. (current)	Note 3	–

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (thousand shares)
Standing Statutory Auditor		Akira Tanaka	Born 26 June 1942	April 1966	Joined The Taisei Fire and Marine Insurance Company Limited (currently Sompo Japan Nipponkoa Insurance Inc.)	Note 4	3
				September 1972	Joined McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.)		
				March 1993	Director, McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.)		
				April 1997	Deputy President and Director, McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.)		
				August 2003	Advisor, FAST RETAILING CO., LTD.		
				November 2003	Managing Director, FAST RETAILING CO., LTD.		
				November 2005	Senior Vice President, UNIQLO CO., LTD.		
				March 2006	Senior Vice President, FAST RETAILING CO., LTD.		
				November 2006	Standing Statutory Auditor, FAST RETAILING CO., LTD. (current)		
				April 2011	Representative Director of FR Health Insurance Organization (current)		
Standing Statutory Auditor		Masaaki Shinjo	Born 28 January 1956	April 1983	Joined ASAHIPEN CORPORATION	Note 5	–
				February 1994	Joined FAST RETAILING CO., LTD.		
				September 1998	Entrusted operating officer, manager of administration, FAST RETAILING CO., LTD.		
				September 2005	General Manager, Group Auditing, FAST RETAILING CO., LTD.		
				January 2008	Director, Onezone Corp (currently G.U. CO., LTD.)		
				March 2009	General Manager, Corporate Administration, FAST RETAILING CO., LTD.		
				September 2009	Statutory Auditor, GOV Retailing Co., Ltd. (currently G.U. CO., LTD.)		
				March 2011	General Manager, Corporate Planning & Management, FAST RETAILING CO., LTD.		
				April 2011	Auditor, FAST RETAILING (CHINA) TRADING CO., LTD. (current)		
				November 2012	Standing Statutory Auditor, FAST RETAILING CO., LTD. (current)		

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (thousand shares)
Auditor		Takaharu Yasumoto	Born 10 March 1954	November 1978 August 1982 April 1992 November 1993 August 2001 June 2003 November 2005 April 2007 June 2010	Joined Asahi & Co. (currently KPMG AZSA LLC) Registered as a member of Japanese Institute of Certified Public Accountants President, Yasumoto CPA Office (current) External Statutory Auditor, FAST RETAILING CO., LTD. (current) External Statutory Auditor, ASKUL Corporation (current) Statutory Auditor, LINK INTERNATIONAL CO., LTD. (currently LINK THEORY JAPAN CO., LTD.) External Statutory Auditor, UNIQLO CO., LTD. (current) Guest Professor, Chuo Graduate School of International Accounting External Statutory Auditor, UBIC, Inc. (current)	Note 5	4
Auditor		Akira Watanabe	Born 16 February 1947	May 1991 April 1998 June 2006 November 2006 June 2007 April 2010 December 2011 March 2013 October 2014 October 2015	Chairman, Legislative Council of the Ministry of Justice Chairman, Yamaichi Securities Co., Ltd. Legal Responsibility Judging Panel Non-Executive Director, JAPAN PILE CORPORATION External Statutory Auditor, FAST RETAILING CO., LTD. (current) External Director, MAEDA CORPORATION (current) External Director, MS&AD Insurance Group Holdings, Inc. (current) Auditor of Olympus Corp., Chairman of Liability Investigation Committee External Director, DUNLOP SPORTS CO. LTD. (current) External Statutory Auditor, KADOKAWA DWANGO CORPORATION (currently KADOKAWA CORPORATION) (current) Non-Executive Director, ASIA PILE HOLDINGS CORPORATION (current)	Note 4	—

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (thousand shares)
Auditor		Keiko Kaneko	Born 11 November 1967	April 1991 April 1999 April 1999 January 2007 April 2007 November 2012 November 2012 June 2013	Joined Mitsubishi Corporation Registered as a member of Japan Federation of Bar Associations Joined Anderson, Mori & Tomotsune (AM&T) law firm Partner, AM&T (current) Guest associate professor, Tokyo University Graduate School of Law External Statutory Auditor, FAST RETAILING CO., LTD. (current) External Statutory Auditor, UNIQLO CO., LTD. (current) External Statutory Auditor, The Asahi Shimbun Company (current)	Note 5	—
Total							22,994

(Notes) 1. Directors Toru Hambayashi, Nobumichi Hattori, Toru Murayama, Masaaki Shintaku, and Takashi Nawa are External Directors as provided for in Article 2, Paragraph 15 of the Companies Act.

2. Takaharu Yasumoto, Akira Watanabe, and Keiko Kaneko are External Statutory Auditors as provided for in Article 2, Paragraph 16 of the Companies Act.

3. For a one-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 26 November 2015.

4. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 20 November 2014.

5. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 22 November 2012.

Corporate Governance Report

1. Corporate Governance Practice

(1) Basic Thinking on Corporate Governance

To become the world's no. 1 continuously growing apparel retailer, in harmony with society and the times, and based on our awareness of the need to bear our responsibility to society, and to deliver to our customers products that will make them happy (LifeWear and our other clothing products that are made based on new ideas and inspired by what the people who will wear them want), the Company strives to raise the level of its corporate governance to strengthen the independence and the degree of monitoring of the Board of Directors while achieving management that is efficient and transparent.

(2) Details of company organization and internal control systems

(i) Details of company organization

The Company has built a corporate governance system consisting of a Board of Directors, a Board of Corporate Auditors, and various committees. As a key element to strengthen our corporate governance systems, the Company has instituted a system to entrust operating officers (transferring some management authority away from the Board of Directors), to separate management decision-making from operations performance functions. In addition, the management committee (Monday meeting) meets weekly, to examine tasks assigned to it by the Board of Directors, for the speedy revision of management strategy and planning.

Also, to enhance the independence of the Board of Directors and strengthen the monitoring function, five of the six Directors are External Directors, with the CEO acting as chairman of the Board of Directors. The external directors have an abundance of knowledge and experience in corporate management. As the Company's main decision-making body for the performance of management and operations, the Board of Directors meets at least once a month to discuss and decide upon important management issues. The external directors all participate actively in Board of Directors discussions, and offer their opinions without reservations.

Three of the five members of the Board of Corporate Auditors are external statutory auditors. The Standing Statutory Auditor presides. The external auditors are fully independent, and they have ample knowledge and experience as attorneys and certified public accountants. Through their participation in the Board of Directors, the external auditors and other auditors are fully aware of the decision-making process of the Board of Directors, and able to fulfill their supervisory obligations. They also supervise the Directors' performance of their executive duties through regular conversations with the Directors, other executive officers, other employees, and auditors of subsidiary corporations. The board of auditors meets at least once a month to make decisions about audit policies and planning. It meets quarterly to receive briefings and reports from the accounting auditors.

The various committees complement the work of the Board of Directors. The external directors and external auditors also serve as members of these committees. The roles and activities of the committees are shown below.

Human Resources Committee

The Human Resources Committee is responsible for the discussion of important organizational changes and adjustments to the human resources system of the Fast Retailing Group, offering its views and suggestions to the Board of Directors.

CSR Committee

The CSR Committee discusses and determines the direction of the Company's CSR policies covering matters such as environmental protection, social contribution, compliance, and diversity, and creates and publishes CSR reports. The CSR Committee is chaired by the head of the CSR department, and the members include outside experts and external statutory auditors as well as executives. The committee held 2 meetings during the year ended 31 August 2015.

Disclosure Committee

The Disclosure Committee, headed by the official in charge of disclosing information to the Tokyo Stock Exchange (TSE), is responsible for increasing the transparency of the Company's management, through its aim: "disclosure of information that is timely, accurate, fair and easy to understand." The Committee is responsible for making decisions about the timing and content of voluntary disclosures to the TSE regarding matters it determines to have potential material impact on the investment decisions of shareholders and investors. The committee held 16 meetings during the year ended 31 August 2015.

IT Investment Committee

The IT Investment Committee's role is to deliberate and decide IT investment policy at the executive level, for the purpose of optimizing the allocation of resources in information systems and advancing the Company's business. In addition, this committee formulates IT investment budgets and examines the suitability and investment return of specific undertakings together with external specialized organizations. The committee held 8 meetings during the year ended 31 August 2015.

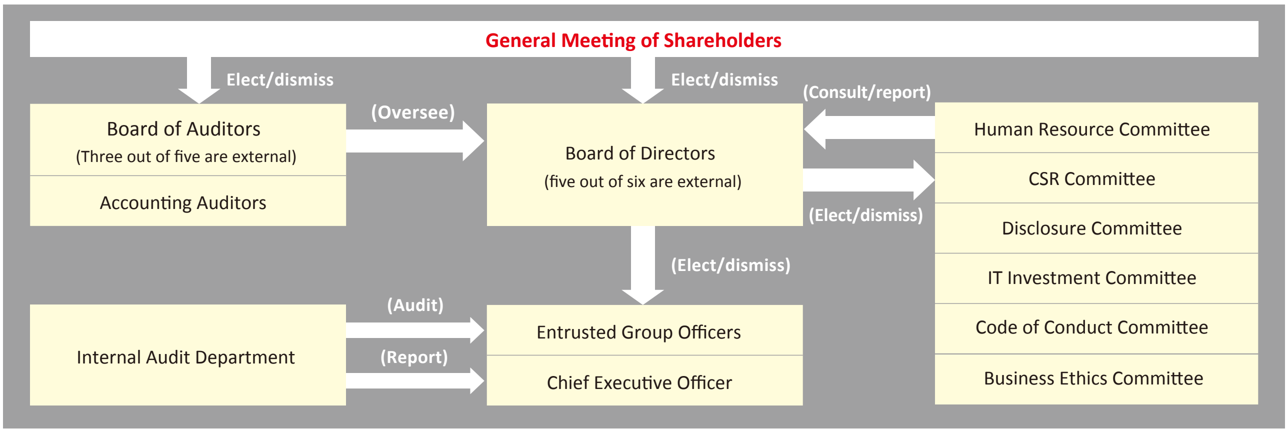
Code of Conduct Committee

The Code of Conduct Committee is responsible for deliberating and responding to violations of the Fast Retailing Code of Conduct ("FR Code of Conduct"), as well as advising on the operation of hotlines, and ensuring that the Company's executives and employees are fully aware of the requirements of the FR Code of Conduct. The Committee is chaired by the head of the general administration/employee satisfaction promotion department, and includes auditors, advisors and attorneys.

Business Ethics Committee

The purpose of this committee is to ensure that the Group does not use its advantageous position to exert undue pressure on vendor companies (production factories, suppliers, etc.). The committee provides advice and counsel to departments involved, based on surveys of business conditions and suppliers conducted by external organizations. The Committee is chaired by the head of the CSR department, and includes auditors, advisors and attorneys. The committee held 12 meetings during the year ended 31 August 2015.

Below is a diagram of our corporate governance system



(ii) Establishing Internal Control Systems

The Company seeks to ensure its business operations are legitimate, fair and efficient by establishing a system of internal controls that cover the entire Fast Retailing Group (FR Group) and which adheres strictly to the Group's policies and rules, including the Group's management principles, the Fast Retailing Way (FR Way) and the Fast Retailing Group Code of Conduct (FR Code of Conduct). At its meeting on 18 June 2015, the Board decided to revise its basic stance on internal controls as listed below, to reflect revisions to the Companies Act and other applicable laws and regulations.

A. Ensuring FR Group Directors' Duties Comply with Laws, Regulations and Articles of Incorporation

1. Directors and Group officers (collectively, Directors) of all FR Group companies comply faithfully with the Group's management principles, the FR Way, the FR Code of Conduct, and other internal company rules and regulations, and promote strict adherence to corporate ethics and compliance across the Group as a whole. The Directors also ensure the effectiveness of the Company's rules and principles by reviewing them regularly and revising them when necessary to reflect changes in society and company business activities, and the operation of the FR Code of Conduct.

2. The Company appoints either the Group officer overseeing the Legal Department or the head of the Legal Department as compliance officer, tasked with establishing Company and Group-wide compliance frameworks and resolving compliance-related issues.

3. The Company promotes fairness and transparency in senior management decision-making by appointing two or more External Directors to the Board of Directors. Statutory Auditors for the Company or Group subsidiaries may attend the Board meetings of companies they audit and express timely opinions. Company or Group subsidiary Directors may engage external lawyers, certified public accountants, etc. to avoid potential violation of laws and implement preventive measures. If Company or Group subsidiary Directors discover another Director has acted illegally, they must report immediately to the Statutory Auditors, the President, and the compliance officer.

B. Ensuring FR Group Employees' Duties Comply with Laws, Regulations and Articles of Incorporation

1. Company and Group subsidiary Directors are responsible for establishing a framework to ensure that all Group employees comply with the management principles, the FR Way, the FR Code of Conduct and other internal company rules. They are also responsible for training employees in compliance awareness.

2. The Company has an Internal Audit Department that supervises the FR Group's internal control systems, and a Legal Department that oversees compliance.

3. If Directors of the Company or Group subsidiaries discover a legal or compliance violation, they should report the matter immediately to other Directors. Any serious legal violation should be reported immediately to the Statutory Auditors, the President and the compliance officer.

4. The Company has set up an internal reporting system (hotline) for Directors and employees of the Company or Group subsidiaries to report illegal actions or compliance violations.

5. The Code of Conduct Committee, which includes external specialists such as lawyers and certified public accountants, conducts regular reviews of compliance maintenance and the hotline operation, and makes necessary improvements. If Directors of the Company or Group subsidiaries detect a problem with the hotline operation, they should apply to the Code of Conduct Committee and request improvements.

C. Data Storage and Management Relating to Execution of FR Group Directors' Duties

The documents listed below relating to Company and Group subsidiary Directors' duties are retained as proof of decision-making and business-execution processes, as stipulated by law, Articles of Incorporation, and Board of Directors and Company regulations and guidelines on document management and confidential information. These documents are stored and managed appropriately and can be easily retrieved for reference or inspection during the legally required storage period.

- Shareholders meeting minutes and relevant documentation
- Board meeting minutes and relevant documentation
- Minutes of important meetings held by Directors and relevant documentation
- Minutes of meetings held by other important employees and relevant documentation

D. Managing Risk of Losses to FR Group

1. The Company regularly analyzes risks relating to the Company and Group subsidiaries to identify risks that could, directly or indirectly, cause financial loss, interrupt or stop business, damage brand images or the credibility of the Company or FR Group, and manages any risks accordingly.

2. If unforeseen circumstances should arise, a task force headed by the President or a Director appointed by the President shall be established to prevent increased losses and minimize damage. For a faster response, the task force may organize an external advisory team including lawyers and certified public accountants.

E. Ensuring Efficient Execution of Director Duties

1. To ensure that the duties of Company and Group subsidiary Directors are performed efficiently, the Company holds regular monthly meetings of the Board of Directors, which includes a number of External Directors, and holds ad hoc meetings when necessary. Group subsidiaries which have their own Board of Directors also hold Board meetings as stipulated by law.

2. Important matters concerning Company and Group management policy and management strategy shall be discussed beforehand at the weekly management meeting (Monday Meeting) chaired by the President, and decisions taken after due deliberation.

3. The execution of decisions made by the Board of Directors shall be conducted efficiently and appropriately by the operating offers designated by the Board.

F. Ensuring Reliable FR Group Financial Reports

Systems have been established to ensure reliable financial reporting of Company and FR Group subsidiary activities, and the appropriate acquisition, holding and disposal of assets. These activities are closely monitored. The Company has also established a Disclosure Committee to ensure the Company and Group subsidiaries disclose information in a timely and appropriate fashion.

G. Ensuring Proper Execution of Corporate Groups Formed by Company and FR Group Subsidiaries

1. To ensure appropriate operations of FR Group companies, all Group companies are required to uphold the management principles, the FR Way and the FR Code of Conduct. These principles also underpin the rules and regulations used when establishing entrusted individual Group companies. While respecting their autonomy, the Company oversees affiliated companies by determining their rules of business and requiring them to refer important items to the Company for consultation or final determination. The Company monitors affiliates if necessary. If Directors of Group subsidiaries discover any legal violations or serious compliance breaches, they should report them to the Statutory Auditors, the President and compliance officer.

2. If Directors of Group subsidiaries consider the Company's management principles or guidelines violate the law, undermine corporate ethics in a specific country, or create a compliance problem, they shall report to the Internal Audit Department or the Legal Department. Those departments shall report swiftly to the Board of Statutory Auditors, the President and the compliance officer, and request appropriate improvements.

H. Employee Assistants Requested by Statutory Auditors, and ensuring Their Independence and Effectiveness of Statutory Auditors' Instruction Towards Employee Assistants

1. Upon receiving a request from the Board of Statutory Auditors, the Company shall establish rules to determine which employees assist the Statutory Auditors with their duties, and assign appropriate internal personnel to the Statutory Auditors or employ external lawyers or certified public accountants. To ensure assistants are independent of the Directors, their performance will be evaluated by Statutory Auditors, and the Board of Statutory Auditors will approve decisions made by the Board of Directors on their assignment, dismissal, transfer and wages, etc.

2. Assistants shall report directly to the Statutory Auditors and may not hold concurrent positions that involve the execution of Company business.

I. Director and Employee Reporting to Statutory Auditors, and Other Reports

1. Directors and employees of the Company and Group subsidiaries shall report any important matters that might impact the Company's operations or corporate performance to the Statutory Auditors. Irrespective of these rules, the Statutory Auditors may request reports from Directors or employees of the Company, or Directors, employees and Statutory Auditors of Group subsidiaries if necessary.

2. The Company and Group subsidiaries shall uphold the Group's management principles, the FR Way and the FR Code of Conduct, amd maintain frameworks for reporting legal violations or breaches of compliance rules to the Statutory Auditors. If the Statutory Auditors judge there is a problem with this framework, they can inform the Directors and the Board of Directors and request improvements.

3. The Company has made it widely known to Directors and employees across the entire FR Group that using reports submitted to Statutory Auditors to penalize the submitter is forbidden. Submitted reports are protected by strict information management systems.

4. Statutory Auditors communicate closely with the accounting auditor, the Internal Audit Department, and Statutory Auditors at Group companies through regular meetings and information exchange.

J. Policy on Prepayment or Reimbursement of Expenses for Statutory Auditors

If Statutory Auditors submit requests for prepayment or reimbursement of expenses incurred during the course of their duties, the Company shall pay invoices or settle debts swiftly, unless it proves the requested expenses or debt were not necessary to the performance of the Statutory Auditor's duties.

K. Other Matters Ensuring Efficient Audits by Statutory Auditors

1. Statutory Auditors attend Board of Directors meetings and other important meetings to observe the reporting and discussion of significant issues. They may voice opinions if necessary.

2. The President meets regularly with Statutory Auditors to consult on pressing issues, ensure appropriate auditing environments, and exchange views on significant issues highlighted in the auditing process.

L. Eliminating Anti-social Forces

The Company works to extinguish anti-social forces by incorporating the following content in the FR Code of Conduct, and informing all executives and employees of its uncompromising stance:

1. The Company adopts a firm stand against and refuses to engage with anti-social forces. The Company forbids the use of financial payments to resolve unreasonable claims from anti-social forces.

2. The Company forbids the use of anti-social forces for Company or individual gain.

(iii) Internal audits and audits by auditors

The Company has an Internal Audit Department that is completely independent from business operations departments.

7 specialists are employed as of 31 August 2015. A regular review of this internal administrative system is conducted to ensure it remains suitable and effective and the audit of operations performance is also conducted.

In addition, Statutory Auditors are members of the Board of Directors, and they also audit the status of management performance. The Board of Statutory Auditors described above consists of 2 Full-time Corporate Auditor and 3 external Statutory Auditors. Its purpose is to receive reports on important matters regarding the Company's internal audit department as well as audits by the accounting auditors, discuss these reports, and to cooperate as needed.

Moreover, Auditor Takaharu Yasumoto is a certified public accountant with substantial expertise in the areas of finance and accounting.

(iv) Accounting audits

Name of audit firm	Name of CPA, etc.		Number of years of continuing auditing
Ernst & Young ShinNihon LLC	Designated limited liability partner and engagement partner	Shigeyuki Amimoto	— (Note)
	Designated limited liability partner and engagement partner	Shuji Kaneko	— (Note)
	Designated limited liability partner and engagement partner	Yoshihisa Shibayama	— (Note)

Based on the audit plan formulated by Ernst & Young ShinNihon LLC, the group of assistants to the auditors consists of 15 CPAs and 15 others.

(Note) Omitted because the number of years of continuing auditing is less than 7 years.

(v) Functions, roles and selection of external directors and external statutory auditors
The Company has 5 external directors and 3 external statutory auditors.

It is the Company's expectation that the external directors will keep an eye on the management monitoring function. From a business perspective, the advice of these individuals, with their abundance of experience and expertise, makes a major contribution to enhance the value of our enterprise.

It is also expected that external statutory auditors will monitor the performance of the Board of Directors. The Company receives valuable advice based on their rich experience in a wide variety of fields.

External director Toru Murayama is the president of Office Murayama. The Company currently has a consulting subcontract with Office Murayama relating to the training of management personnel.

Aside from the above, there are no distinctive interests between the Company and other external directors or external statutory auditors.

The external directors and external statutory auditors receive reports at the Board of Directors meeting regarding internal audits, the operation of internal controls, audits by statutory auditors and the results of accounting audits. In addition, the external statutory auditors have mutual alliances with Internal Audit Department and Accounting Auditors as detailed in (v) Internal audits and audits by auditors.

With regard to the selection of external directors and external statutory auditors, the Company has no specific standards on independence from the Company, but it is the Company's responsibility to reflect their advice and counsel in its decision-making processes in an objective and independent fashion. For many years now, the Company has chosen many external directors with rich experience as corporate managers in industry, with broad-ranging expertise and discerning views. In addition, to incorporate wide range of stakeholders' view in the audits of our business activities, we value both the independence and the diversity of our external statutory auditors in various fields.

(vi) Items regarding independent directors

The Board of Directors serves by making important decisions, and by overseeing the representative director and other executives in the performance of their duties. The Board of Directors has 6 members, of whom 5 are external directors, capable of offering objective and highly specialized advice from a wide variety of fields. Among the Company's external directors, Toru Hambayashi, Nobumichi Hattori, and Masaaki Shintaku are registered as independent directors with the TSE.

The role of the statutory auditor is to oversee the directors in the performance of their duties. In addition, statutory auditors participate as members and as observers in the activities of the Company's various committees, verifying the suitability, legality and fairness of the agendas, and providing advice and counsel. The Board of Statutory Auditors is comprised of 5 members, of whom 3 are external statutory auditors. External statutory auditors Takaharu Yasumoto, Akira Watanabe and Keiko Kaneko are registered as independent directors with the TSE.

(vii) Outline of External Directors' limited liability agreement

The Company has concluded agreements with the external directors, external statutory auditors and Ernst & Young ShinNihon LLC, limiting their liabilities based on provisions in Article 427, Paragraph 1 of the Companies Act, which limits the liabilities for damages as provided for in Article 423, Paragraph 1 of the Companies Act.

These agreements state that liabilities for damages shall be limited to the higher amount of either 5 million yen or the amount stipulated by law. For Ernst & Young ShinNihon LLC, the limit of liabilities in damages shall be limited to the highest of the following amounts multiplied by two: the total economic benefits received or to be received from the Company as remuneration and payment received for performance of duties in each business year during its service as the Accounting Auditor.

(viii) Limitation of liabilities for directors and statutory auditors

Under the stipulations of the Company's articles of incorporation and Article 426-1 of the Companies Act, the Company may exempt, by decision of the Board of Directors, directors (including former directors), and statutory auditors (including former statutory auditors) from liabilities for actions described in Article 423-1 of the Companies Act, to the extent allowed by law. The purpose of this is to create an environment where directors and statutory auditors can perform their duties and pursue their expected roles to the full extent of their abilities.

(3) Details of executive remuneration

Details of remuneration of the Company's executives are as follows:

Executive category	Total amount of remuneration (million yen)	Total amount of remuneration, by type (million yen)		Number of executives (# of persons)
		Basic compensation	Bonuses	
Directors (excluding external directors)	240	240	—	1
Statutory Auditors (excluding external statutory auditors)	35	35	—	2
External Directors and External Statutory Auditors	80	80	—	8

(i) Directors' remuneration 290 million yen (of which, external directors 50 million yen)

(ii) Statutory Auditors' remuneration 65 million yen (of which, external statutory auditors 30 million yen)

(iii) Total consolidated executive remuneration, by executive, but only for those whose total consolidated executive remuneration is at least 100 million yen
Representative director Tadashi Yanai 240 million yen

Policies for determining executive compensation

Directors' compensation is calculated based on various factors including areas of responsibility, liability, earnings performance. Directors' compensation has to be approved by the Board of Directors, in accordance with the guidelines for executive compensation set by the General Meeting of Shareholders. Regarding compensation for statutory auditors, this is fixed in consultation with the statutory auditors, following the guidelines for statutory auditor compensation set by the General Meeting of Shareholders.

(4) Other stipulation in the Company's articles of incorporation

(i) Number of directors

The Company's articles of incorporation stipulate that the number of directors shall be at least 3 but not more than 10.

(ii) Election criteria for directors

The Company's articles of incorporation stipulates that the election of directors shall not be based on cumulative voting. Also, the articles of incorporation stipulates that elections shall be based on a majority vote by shareholders, with at least one-third of eligible shareholders participating.

(iii) Procedure for deciding dividends from surplus

Regarding the payment of dividends from surplus pursuant to the Companies Act, Article 459-1, the Company's articles of incorporation stipulates that dividends are decided by a resolution of the Board of Directors, and not by a resolution of the General Meeting of Shareholders, unless otherwise stipulated by law. The authority to decide payments of dividends from surplus is granted to the Board of Directors to give flexibility in the return of cash to shareholders.

(iv) Interim dividend

As part of the Company's efforts to be flexible in the return of cash to shareholders, and pursuant to the stipulations of Companies Act Article 454-5, and under the Company's articles of incorporation, an interim dividend may be paid at the end of February every year by a resolution of the Board of Directors.

(v) Special resolutions of the General Meeting of Shareholders

Regarding extraordinary resolutions of the General Meeting of Shareholders based on the Companies Act, Article 309—2, the Company's articles of incorporation stipulates that these resolutions shall be passed by two-thirds vote of the shareholders, in which at least one-third of the eligible shareholders participate. This easing of the quorum rules for extraordinary resolutions by the General Meeting of Shareholders is meant to ensure the smooth functioning of the General Meeting of Shareholders.

(5) Status of shareholding

(i) Investment shares held for purposes other than long-term holding: issues, number of issues and balance sheet total

Number of issues	Balance sheet total
4 issues	553 million yen

(ii) Investment shares held for purposes other than long-term holding: class, issues, number of shares, balance sheet total and purpose of investment

Year ended 31 August 2014

Special investment shares

Issue(s)	Number of shares	Balance sheet total	Purpose of investment
Sojitz Corporation	1,342,540	230 million yen	To maintain business relationship

Year ended 31 August 2015

Special investment shares

Issue(s)	Number of shares	Balance sheet total	Purpose of investment
Sojitz Corporation	1,342,540	345 million yen	To maintain business relationship

(iii) Investment shares held for purpose of long-term holding

Not applicable.

2. Details of accounting auditors' remuneration

(i) Details of remuneration for CPAs, etc.

Class	Year ended 31 August 2014		Year ended 31 August 2015	
	Remuneration for audit and certification duties (Millions of yen)	Remuneration for duties other than audit (Millions of yen)	Remuneration for audit and certification duties (Millions of yen)	Remuneration for duties other than audit (Millions of yen)
Reporting Entity	150	47	144	6
Consolidated subsidiaries	17	—	17	—
Total	167	47	161	6

(ii) Other important details regarding remuneration

Year ended 31 August 2014 (1 September 2013 — 31 August 2014)

The Company's consolidated subsidiaries paid 163 million yen as remuneration for audit and certification duties, and other duties, to member firms of the Ernst & Young global network.

Year ended 31 August 2015 (1 September 2014 — 31 August 2015)

The Company's consolidated subsidiaries paid 245 million yen as remuneration for audit and certification duties, and other duties, to member firms of the Ernst & Young global network.

(iii) Non-auditing services provided by the CPA firm to the reporting entity

Year ended 31 August 2014 (1 September 2013 — 31 August 2014)

The Company pays the Accounting Auditors consideration for the provision of advisory and other services concerning accounting matters.

Year ended 31 August 2015 (1 September 2014 — 31 August 2015)

The Company pays the Accounting Auditors consideration for the provision of advisory and other services concerning accounting matters.

(iv) Policies for determination of accounting audit remuneration

The Company's articles of incorporation stipulates that remuneration to accounting auditors for audit services is determined by the representative director, with the consent of the Board of Statutory Auditors.

FINANCIAL INFORMATION

1. Preparation of consolidated financial statements

(1) Since the Group meets all criteria of a “specific company” defined under Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of Ministry of Finance No.28 of 1976) (hereinafter referred to as the “Rules on Consolidated Financial Statements”), the consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (“IFRS”) pursuant to Article 93 of the Rules on Consolidated Financial Statements.

(2) The financial statements of the Company were prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Non-consolidated Financial Statements (Ordinance of Ministry of Finance No.59, 1963) (hereinafter referred to as the “Rules on Non-consolidated Financial Statements”).
The non-consolidated financial statements are prepared in accordance with the provisions set out in Article 127 of the Rules on Non-Consolidated Financial Statements, etc., as the Company is categorized as a company that may be allowed to prepare its financial statements according to special provisions.

(3) In this report, amounts are rounded down to the nearest million Japanese yen.

2. Audits

The Company’s consolidated financial statements and non-consolidated financial statements for the fiscal year from 1 September 2014 to 31 August 2015 have been audited by Ernst & Young ShinNihon LLC in accordance with Article 193-2-1 of the Financial Instruments and Exchange Act.

3. Special measures for ensuring the accuracy of our consolidated financial statements and a framework for ensuring consolidated financial statements are appropriately prepared in accordance with IFRS

The Company has taken special measures to ensure the appropriateness of our consolidated financial statements and has established a framework to ensure our consolidated financial statements are appropriately prepared in accordance with IFRS. Details of these are given below.

(1) To establish a framework capable of adapting appropriately to changes in accounting standards, the Company has put efforts to build up our specialist knowledge by appointing employees who are well versed in IFRS, joining the Accounting Standards Board of Japan and similar organizations, and participating in training programs.

(2) To ensure that we appropriately prepared consolidated financial statements in accordance with IFRS, we drafted group guidelines for accounting practices based on IFRS, and have been conducting accounting procedures based on these guidelines. We regularly obtain standards and press releases published by the International Accounting Standards Board, study the latest standards and their potential impact on our Company, and update our group guidelines for accounting practices accordingly.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of yen)

	Notes	As at 31 August 2014	As at 31 August 2015
ASSETS			
Current assets			
Cash and cash equivalents	8,29	314,049	355,212
Trade and other receivables	9,29	47,428	44,777
Other current financial assets	11,29	9,119	22,593
Inventories	10	223,223	260,006
Derivative financial assets	29	99,125	157,490
Income taxes receivable		11,951	18,564
Others	12	12,139	15,748
Total current assets		717,037	874,394
Non-current assets			
Property, plant and equipment	13	114,398	129,340
Goodwill	14	26,715	27,165
Other intangible assets	14	46,968	40,991
Non-current financial assets	11,29	71,293	75,940
Deferred tax assets	18	11,257	11,107
Others	12	4,636	4,766
Total non-current assets		275,270	289,311
Total assets		992,307	1,163,706
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables	19,29	185,119	181,577
Derivative financial liabilities	29	1,012	100
Other current financial liabilities	11,16,29	12,696	15,471
Income taxes payable		32,750	36,763
Provisions	20	16,154	22,615
Others	12	25,462	35,714
Total current liabilities		273,196	292,242
Non-current liabilities			
Non-current financial liabilities	11,16,29	27,604	25,513
Provisions	20	7,694	10,203
Deferred tax liabilities	18	37,387	47,272
Others	12	10,383	13,668
Total non-current liabilities		83,069	96,658
Total liabilities		356,265	388,901
EQUITY			
Capital stock	21	10,273	10,273
Capital surplus	21	9,803	11,524
Retained earnings	21	525,722	602,623
Treasury stock, at cost	21	(15,790)	(15,699)
Other components of equity	21	88,371	142,214
Equity attributable to owners of the parent		618,381	750,937
Non-controlling interests		17,660	23,867
Total equity		636,041	774,804
Total liabilities and equity		992,307	1,163,706

(ii) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of profit or loss

(Millions of yen)

	Notes	Year ended 31 August 2014	Year ended 31 August 2015
Revenue	22	1,382,935	1,681,781
Cost of sales		(683,161)	(833,243)
Gross profit		699,773	848,538
Selling, general and administrative expenses	23	(549,195)	(671,863)
Other income	24	7,025	8,782
Other expenses	15,24	(27,200)	(20,992)
Operating profit		130,402	164,463
Finance income	25	6,001	17,354
Finance costs	25	(933)	(1,141)
Profit before income taxes		135,470	180,676
Income taxes	18	(56,133)	(63,287)
Profit for the year		79,337	117,388
Attributable to:			
Owners of the parent		74,546	110,027
Non-controlling interests		4,790	7,360
Profit for the year		79,337	117,388
Earnings per share			
Basic (Yen)	27	731.51	1,079.42
Diluted (Yen)	27	730.81	1,078.08

Consolidated statement of comprehensive income

(Millions of yen)

	Notes	Year ended 31 August 2014	Year ended 31 August 2015
Profit for the year		79,337	117,388
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		—	—
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net gain/(loss) on revaluation of available-for-sale investments	26	66	(655)
Exchange differences on translation of foreign operations	26	8,402	14,040
Cash flow hedges	26	(5,773)	40,350
Other comprehensive income, net of taxes		2,695	53,735
Total comprehensive income for the year		82,033	171,124
Attributable to:			
Owners of the parent		75,517	163,871
Non-controlling interests		6,515	7,253
Total comprehensive income for the year		82,033	171,124

(iii) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2014

(Millions of yen)

						Other components of equity						
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	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 2013		10,273	6,859	481,746	(15,851)	731	16,452	70,215	87,399	570,428	19,298	589,726
Net changes during the year												
Comprehensive income												
Profit for the year		—	—	74,546	—	—	—	—	—	74,546	4,790	79,337
Other comprehensive income	26	—	—	—	—	66	6,583	(5,679)	971	971	1,724	2,695
Total comprehensive income		—	—	74,546	—	66	6,583	(5,679)	971	75,517	6,515	82,033
Transactions with the owners												
Acquisition of treasury stock	21	—	—	—	(25)	—	—	—	—	(25)	—	(25)
Disposal of treasury stock	21	—	471	—	86	—	—	—	—	558	—	558
Dividends	21	—	—	(30,571)	—	—	—	—	—	(30,571)	(633)	(31,204)
Share-based payments	21	—	746	—	—	—	—	—	—	746	—	746
Acquisition of non-controlling interests	7,21	—	1,726	—	—	—	—	—	—	1,726	(7,813)	(6,086)
Others		—	—	—	—	—	—	—	—	—	293	293
Total transactions with the owners		—	2,944	(30,571)	60	—	—	—	—	(27,565)	(8,152)	(35,718)
Total net changes during the year		—	2,944	43,975	60	66	6,583	(5,679)	971	47,952	(1,637)	46,314
As at 31 August 2014		10,273	9,803	525,722	(15,790)	798	23,035	64,536	88,371	618,381	17,660	636,041

For the year ended 31 August 2015

(Millions of yen)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Available-for-sale reserve	Other components of equity: Foreign currency translation reserve	Other components of equity: Cash-flow hedge reserve	Other components of equity: Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at 1 September 2014		10,273	9,803	525,722	(15,790)	798	23,035	64,536	88,371	618,381	17,660	636,041
Net changes during the year												
Comprehensive income												
Profit for the year		—	—	110,027	—	—	—	—	—	110,027	7,360	117,388
Other comprehensive income	26	—	—	—	—	(655)	14,815	39,683	53,843	53,843	(107)	53,735
Total comprehensive income		—	—	110,027	—	(655)	14,815	39,683	53,843	163,871	7,253	171,124
Transactions with the owners												
Acquisition of treasury stock	21	—	—	—	(11)	—	—	—	—	(11)	—	(11)
Disposal of treasury stock	21	—	700	—	102	—	—	—	—	803	—	803
Dividends	21	—	—	(33,126)	—	—	—	—	—	(33,126)	(1,226)	(34,352)
Share-based payments	21	—	1,019	—	—	—	—	—	—	1,019	—	1,019
Others		—	—	—	—	—	—	—	—	—	180	180
Total transactions with the owners		—	1,720	(33,126)	90	—	—	—	—	(31,315)	(1,046)	(32,361)
Total net changes during the year		—	1,720	76,901	90	(655)	14,815	39,683	53,843	132,556	6,207	138,763
As at 31 August 2015		10,273	11,524	602,623	(15,699)	143	37,851	104,219	142,214	750,937	23,867	774,804

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Profit before income taxes	135,470	180,676
Depreciation and amortization	30,808	37,758
Impairment losses	23,960	16,146
Increase/(decrease) in allowance for doubtful accounts	(24)	372
Increase/(decrease) in other provisions	2,703	5,096
Interest and dividend income	(897)	(1,477)
Interest expenses	933	1,137
Foreign exchange losses/(gains)	(5,104)	(15,084)
Losses on retirement of property, plant and equipment	391	2,479
Decrease/(increase) in trade and other receivables	(7,489)	3,977
Decrease/(increase) in inventories	(45,627)	(29,295)
Increase/(decrease) in trade and other payables	10,420	(18,611)
Decrease/(increase) in other assets	(6,552)	(1,900)
Increase/(decrease) in other liabilities	25,958	22,839
Others, net	1,265	1,339
Subtotal	166,216	205,456
Interest and dividend income received	896	1,477
Interest paid	(938)	(1,155)
Income taxes paid	(65,534)	(84,728)
Income taxes refund	9,954	13,881
Net cash from operating activities	110,595	134,931
Decrease/(increase) in bank deposits with maturity over 3 months	(2,156)	(16,173)
Purchases of property, plant and equipment	(41,414)	(44,663)
Proceeds from sales of property, plant and equipment	1,399	261
Purchases of intangible assets	(7,525)	(6,503)
Payments for lease and guarantee deposits	(6,982)	(8,849)
Proceeds from collection of lease and guarantee deposits	841	3,442
Increase in construction assistance fund receivables	(2,892)	(2,445)
Decrease in construction assistance fund receivables	1,895	1,895
Others, net	511	(109)
Net cash used in investing activities	(56,323)	(73,145)

(Millions of yen)

	Notes	Year ended 31 August 2014	Year ended 31 August 2015
Net increase/(decrease) in short-term loans payable		862	1,814
Repayment of long-term loans payable		(3,826)	(5,090)
Cash dividends paid	21	(30,574)	(33,127)
Cash dividends paid to non-controlling interests		(633)	(1,226)
Repayments of lease obligations		(3,656)	(4,587)
Acquisition of non-controlling interests		(6,026)	—
Others, net		(205)	431
Net cash used in financing activities		(44,060)	(41,784)
Effect of exchange rate changes on cash and cash equivalents		7,129	21,162
Net increase/(decrease) in cash and cash equivalents		17,340	41,162
Cash and cash equivalents at beginning of year	8	296,708	314,049
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	314,049	355,212

Notes to the Consolidated Financial Statements

1. Reporting Entity

FAST RETAILING CO., LTD. (the “Company”) is a company incorporated in Japan. The locations of the registered headquarters and principal offices of the Company are disclosed at the Group’s website (http://www.fastretailing.com/eng/).

The principal activities of the Company and its consolidated subsidiaries (the “Group”) are the UNIQLO business (casual wear retail business operating under the “UNIQLO” brand in Japan and overseas), GU business and Theory business (apparel designing and retail business in Japan and overseas), etc.

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The Group meets all criteria of a “specified company” defined under Article 1-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, and accordingly applies Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Approval of the Consolidated Financial Statements

The consolidated financial statements were approved on 27 November 2015 by Tadashi Yanai, Chairman, President and CEO, and Takeshi Okazaki, Group Senior Vice President and CFO.

(3) Basis of Measurement

The consolidated financial statements have been prepared on an historical cost basis, except for certain assets, liabilities, and financial instruments which are measured at fair value as indicated in “3. Significant Accounting Policies”.

(4) Functional Currency and Presentation Currency

The presentation currency for the Group’s consolidated financial statements is the Japanese yen (in units of millions of yen), which is also the Company’s functional currency. All values are rounded down to the nearest million yen, except when otherwise indicated.

(5) Use of Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the accounting period in which the estimates were reviewed and in future accounting periods.

Information about important estimation and judgments that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

- Useful lives of property, plant and equipment, and intangible assets (Notes 13, 14)
- Recoverable amounts from cash-generating units for impairment test (Note 15)
- Recoverability of deferred tax assets (Note 18)
- Valuation of inventories (Note 10)
- Recoverability of trade and other receivables (Notes 9, 29)
- Accounting treatment and valuation of provisions (Note 20)
- Fair value measurement of financial instruments (Note 29)
- Fair value unit price for share-based payments (Note 28)
- Probability of outflow of future economic benefits from contingent liabilities (Note 33)

3. Significant Accounting Policies

(1) Basis of Consolidation

“Subsidiaries” refers to enterprises that are controlled by the Company (including businesses established by the Company). The Group controls enterprises where it is exposed to variable returns arising from its involvement in those enterprises or when the Group has rights to variable returns in those enterprises and is able to have an impact on the said variable returns through its power over those enterprises. A subsidiary’s financial statements are incorporated into the Group’s consolidated financial statements from the date on which control begins until the date control ends.

The subsidiaries adopted consistent accounting policies as the Company in the preparation of their financial statements.

All intra-group balances, transactions within the Group as well as unrealized profit and loss resulting from transactions within the Group are eliminated at the time of preparation of the consolidated financial statements.

The reporting date for 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., GU (Shanghai) Trading Co., Ltd., Comptoir des Cotonniers (Shanghai) Trading Co., Ltd., PRINCESSE TAM.TAM (SHANGHAI) TRADING CO., LTD. and LLC UNIQLO (RUS) is 31 December. The management accounts of these subsidiaries are used for the Group’s consolidation purpose. The financial statements of other subsidiaries are prepared using the same reporting period as the parent company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the adjustment to the non-controlling interest and the fair value of the consideration received is recognized directly in equity as interests attributable to owners of the parent.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The number of consolidated subsidiaries as at 31 August 2015 is 119.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregation of the fair value at the acquisition date of the assets transferred, liabilities assumed and equity instruments issued by the Company in exchange for control of the acquired company.

If the cost of an acquisition exceeds the fair value of the identifiable assets and liabilities, it is recorded as goodwill on the consolidated statement of financial position. If it is below the fair value, this is immediately recorded as income on the consolidated statement of profit or loss.

Acquisition-related costs are expensed as incurred. Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

Contingent liabilities of acquired companies are recognized in a business combination only if they are present obligations, were incurred as a result of a past event, and their fair value can be reliably measured.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the reporting date of the fiscal year in which the business combination occurs, the items for which the acquisition accounting is incomplete are reported using provisional amounts. Those amounts provisionally recognized on the acquisition date are retrospectively adjusted to reflect new information if the acquisitions took place during a period (measurement period) when it is believed that, had facts and circumstances that existed at the acquisition date been known at that time, they would have affected the amounts recognized on that date. Additional assets and liabilities are recognized if new information results in the recognition of additional assets or liabilities. The measurement period should be within one year.

(3) Foreign Currencies

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at each reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non—monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

(ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Japanese yen at the rate of exchange prevailing at each reporting date and their income statements are translated at average exchange rates during the period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

(4) Financial Instruments

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument’s effectiveness in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has designated forward currency contracts as cash flow hedges and are accounted for as described below:

Cash flow hedges

When derivatives are designated as a hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognized in other comprehensive income and included in “Cash flow hedges” in other components of equity. The balances of cash flow hedges are subtracted from “other comprehensive income” on the consolidated statement of comprehensive income for the same period when the hedged cash flows would affect profit or loss, and reclassified as profit or loss in the same line items as the hedging instruments. The gain or loss relating to the ineffective portion of changes in the fair value of the derivatives is recognized immediately in profit or loss. When a hedged item gives rise to the recognition of a non-financial asset or non-financial liability, the amount recognized as other comprehensive income is treated as an adjustment to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, cumulative profit or loss amounts previously recognized in equity through other comprehensive income are reclassified as profits or losses. If the hedging instrument expires or is sold, is terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognized in equity through other comprehensive income are recorded as equity until the forecast transaction occurs or firm commitment is met.

Non-derivative financial instruments

(i) Initial recognition and measurement

All purchases and sales of financial assets that take place through ordinary methods (purchase or sale of a financial asset requiring delivery within the time frame established by market regulation or convention) are recognized or derecognized, and measured at the initial fair value plus transaction costs, on the trade date.

Financial assets are classified, at initial recognition, into the following three categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as “financial assets at fair value through profit or loss” if they are held for trading or if they are designated as financial assets at fair value through profit or loss.

Financial assets other than financial assets held for trading may be designated as “financial assets at fair value through profit or loss” at initial recognition if any of the following applies:

(a) If such designation eliminates or significantly reduces a measurement or recognition inconsistency (“accounting mismatch”) is likely to arise;

(b) If the financial assets are part of a “group of financial assets or financial liabilities (or both)”, which are managed and have their performance evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on a fair value basis; or

(c) If the contract contains at least one embedded derivative (IAS 39 allows the entire hybrid (combined) contract (assets or liabilities) to be designated as a “financial assets at fair value through profit or loss”), unless they are designated as an effective hedging instrument.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the consolidated statement of profit or loss. Recognized profits or losses, including the above, are recognized in the consolidated statement of profit or loss as dividend income, interest income or gain or loss on changes in fair value. Fair value is determined using the method described in “29. Financial Instruments”.

(iii) Loans and receivables

Trade receivables, loans, and other receivables that are not quoted in an active market are classified as “loans and receivables”. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (“EIR”) method, less impairment. The EIR amortization is included in finance income in the statement of profit or loss.

(iv) Available-for-sale financial assets

Any non-derivative financial assets classified as “available-for-sale financial assets” are those that are neither classified as “financial assets at fair value through profit or loss”, nor “loans and receivables”, or those that are designated as “available-for-sale financial assets”.

Available-for-sale listed equity securities that are traded on a market are measured using quoted market prices. Unlisted equity securities are measured at fair value using reasonable methods. Fair value is determined using the method described in “29. Financial Instruments”. Profits or losses arising from changes in fair value are recognized as other comprehensive income. Impairment losses or foreign currency gains or losses associated with monetary assets are treated as exceptions and recognized in profit or loss.

When available-for-sale financial assets are derecognized, or when an impairment loss is recognized, the cumulative profits or losses that have been recognized as other comprehensive income up to that time are reclassified to the profit or loss for the period.

Dividends associated with available-for-sale financial assets are recognized in profit or loss when the Group’s right to receive dividends is established. The fair value of available-for-sale financial assets denominated in foreign currencies is determined in that foreign currency and translated at the exchange rate prevailing at each reporting date. The effects of changes in exchange rates on foreign currencies denominated monetary assets is recognized in foreign exchange gains or losses, while the effect of changes in exchange rates on other foreign currencies denominated available-for-sale financial assets is recognized in other comprehensive income.

(v) Impairment of financial assets

Those financial assets other than “Financial assets at fair value through profit or loss”, pursuant to IAS 39, are evaluated at each reporting date to determine whether there is objective evidence of impairment. If there is objective evidence that one or more events having a negative impact on the estimated future cash flows has occurred subsequent to the initial recognition of the financial asset, an impairment loss is recognized.

For listed and unlisted equity securities classified as “available-for-sale financial assets”, a significant or prolonged decline in the fair value of the investment below its historical cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable securities and finance lease receivables classified as available-for-sale financial assets, objective evidence of impairment may include the following:

(a) Significant deterioration in the financial condition of the issuer or counterparty;

(b) Default or delinquency in interest or principal payments; or

(c) Probability that the issuer will enter bankruptcy or financial reorganization.

Certain categories of financial assets, such as trade receivables, are assessed for impairment on a collective basis even if they are not impaired individually. Objective evidence of impairment for a portfolio of receivables could include changes in national or local economic conditions that correlate with default on receivables or an increase in the number of delinquent payments in the portfolio past the average credit period.

For financial assets carried at amortized cost, the amount of the impairment loss is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original EIR. An asset’s carrying amount is reduced directly by the impairment loss amount, with the exception of trade receivables where the impairment loss is posted by using the allowance for doubtful accounts. An allowance for doubtful accounts is established when it is determined that receivables are uncollectable, including receivables for which the due date has been changed, and the allowance for doubtful accounts is reduced if the receivables are subsequently abandoned or collected. Changes in the allowance for doubtful accounts are recognized in profit or loss except for decreases due to use. Except for available-for-sale financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment after reversing the impairment loss does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale financial assets, impairment losses previously recognized in profit or loss cannot be reversed through profit or loss. Any change in fair values after an impairment loss is recognized through other comprehensive income as long as this does not give rise to an additional impairment loss.

(vi) Derecognition of financial assets

The Group derecognizes a financial asset only if the contractual rights to the cash flows from the financial asset expire or if the Group has transferred almost all risks and rewards of ownership. If the Group maintains control of the transferred financial asset, it recognizes the asset and associated liabilities to the extent of its continuing involvement.

Non-derivative equity instruments and financial liabilities

(i) Equity instruments (stocks)

An equity instrument is a contract that evidences ownership of a residual interest in the assets of a company after deducting all of its liabilities.

(ii) Financial liabilities

Financial liabilities are classified as either “financial liabilities at fair value through profit or loss” or “other financial liabilities”.

(iii) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as “financial liabilities at fair value through profit or loss” if they are held for trading or if they are designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as being held for trading purposes if any of the following applies:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities other than financial liabilities held for trading may be designated as “financial liabilities at fair value through profit or loss” at initial recognition if any of the following applies:

(a) If such designation eliminates or significantly reduces a measurement or recognition inconsistency (“accounting mismatch”) is likely to arise;

(b) If the financial liabilities are part of a “group of financial assets or financial liabilities (or both)” which are managed and have their performance evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on a fair value basis; or

(c) If the contract contains at least one embedded derivative (IAS 39 allows the entire hybrid (combined) contract (assets and liabilities) to be designated as “financial liabilities at fair value through profit or loss”).

Financial liabilities designated as “financial liabilities at fair value through profit or loss” are measured at fair value, with any changes recognized in profit or loss. Recognized profits and losses, including the above, are recognized in the consolidated statement of profit or loss as interest expenses or gain or loss on change in fair value. Fair value is determined using the method described in “29. Financial Instruments”.

(iv) Other financial liabilities

Other financial liabilities, including loans payable, are initially measured at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the EIR method, and interest expenses are recognized using the EIR method.

(v) Derecognition of financial liabilities

The Group derecognizes a financial liability when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expires.

(vi) Fair value of financial instruments

The fair value of financial instruments that are traded on an active financial market at each reporting date are based on quoted market prices and dealer prices.

The fair value of financial instruments for which there is no active market are calculated using appropriate valuation techniques.

(vii) Offsetting financial Instruments

Financial assets and financial liabilities are only offset when there is an enforceable legal right to offset the recognized amounts and when there is an intention to either settle on a net basis, or realize the asset and settle the liability simultaneously; and the net amount is reported on the consolidated statement of financial position.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available for withdrawal on demand, and short-term, highly liquid investments due with a maturity of three months of the acquisition date or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are valued at the lower of cost and net realizable value; the weighted average method is principally used to determine cost. Net realizable value is based on the estimated selling price in the ordinary course of business less any estimated costs to be incurred to sell the goods.

(7) Property, plant and equipment (other than leased assets)

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

(ii) Depreciation

Assets other than land and construction in progress, are depreciated using the straight-line method over the estimated useful lives shown below:

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

The useful lives, residual values, and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates being accounted for on a prospective basis.

(8) Goodwill and intangible assets (other than leased assets)

(i) Goodwill

Goodwill is stated at the carrying amount, which is the acquisition cost after deducting accumulated impairment losses. Goodwill represents the excess amount of the historical cost of an interest acquired by the Group over the net amount of the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized but is allocated to identifiable cash-generating units based on the geographical region where business takes place and the type of business conducted, and then tested for impairment each year or when there is an indication that it may be impaired. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and cannot be subsequently reversed in future period.

(ii) Intangible assets

Intangible assets are measured at cost, with any accumulated amortization and accumulated impairment losses deducted from the historical cost to arrive at the stated carrying amount.

Intangible assets acquired separately are measured at cost at initial recognition, and the cost of intangible assets acquired in a business combination is measured as fair value at the acquisition date.

For internally generated intangible assets, the entire amount of the expenditure is recorded as an expense in the period in which it arises, except for development expenses that meet the requirements for capitalization.

Intangible assets with finite useful lives are amortized over their respective estimated useful lives using the straight-line method, and they are tested for impairment when there is an indication that they may be impaired. The estimated useful life and amortization method for an intangible asset with a finite useful life is reviewed at the end of each reporting period, and any changes are applied prospectively as a change in accounting estimate.

The estimated useful lives of the main intangible assets with finite useful lives are as follows:

- Software for internal use — Length of time it is usable internally (3–5 years)

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized. They are tested for impairment annually or when there is an indication that they may be impaired, either individually or at the cash-generating unit level.

(9) Leases

The determination of whether an arrangement is, or contains, a lease is made based on the substance of the arrangement on the inception date of the lease, or in other words, whether the fulfillment of the arrangement depends on the use of a specific asset or group of assets and whether the arrangement conveys the right to such asset (whether explicitly stated in the contract or not).

If the lease agreement substantially conveys the risks and rewards of the ownership of the asset to the lessee, the lease is classified as a finance lease. Leases other than finance leases are classified as operating leases.

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis.

Operating lease payments as lessee are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Operating lease income as lessor are recognized as an operating revenue in the statement of profit or loss on a straight-line basis over the lease term.

(10) Impairment

The carrying amounts of the Group's non-financial assets, excluding inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment at each reporting date. If there is any indication of impairment, the recoverable amount for the asset is estimated. For goodwill, intangible assets with indefinite useful lives, and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount for an asset or cash-generating unit ("CGU") is the higher of value-in-use and fair value less costs of disposal. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

A CGU is the smallest group of assets which generates cash inflows from continuing use, which are largely independent of the cash inflows from other assets or groups of assets.

The CGU (or group of CGUs) for goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes and must not be larger than an operating segment before aggregation.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss for the period. Impairment losses recognized in relation to a CGU are first allocated to reduce the carrying amount of any goodwill allocated to the CGU and then allocated to the other assets of the CGU pro rata on the basis of their carrying amounts.

An impairment loss related to goodwill cannot be reversed in future periods. Previously recognized impairment losses on other assets are reviewed at each reporting date to determine whether there is any indication that a loss has decreased or no longer exists. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(11) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized as the best estimate of the expenditure required to settle the present obligation (future cash flows), taking into account the risks and uncertainties surrounding the obligation at each reporting date.

If the time value of money is material, provisions are measured as the estimated future cash flows discounted to the present value using a pre-tax rate that reflects, when appropriate, the time value of money and the risks specific to the liability. When discounting is used, the increase due to the passage of time is recognized as a finance cost.

Each provision is described below:

(i) Allowance for bonuses

The amount expected to be borne as bonuses in the current reporting period is recorded as a provision for the payment of bonuses to employees of the Group.

(ii) Asset retirement obligations

The obligations to restore property to its original state under real estate leasing agreements for offices, such as corporate headquarters and stores, are estimated and recorded as a provision. The expected length of use is estimated as the time from acquisition to the end of the useful life and 0.37–0.99% is generally used as the discount rate in calculations.

(12) Share-based payments

The Group grants share-based payments in the form of share subscription rights (stock options) to employees of the Company and its subsidiaries. In doing so, the Group aims to heighten morale and motivate employees to improve the Group's business performance, thereby increasing shareholder value by reinforcing business development that is focused on the interests of the shareholders. These share-based payments do this by rewarding contributions to the Group's profit and by connecting the benefits received by these individuals to the Company's stock price.

Stock options are measured at fair value based on the price of the Company's shares on the grant date. Fair value of stock options is further disclosed in "28. Share-based Payments".

The fair value of the stock options determined at the grant date is expensed, together with a corresponding increase in capital surplus in equity, over the vesting period on a straight-line basis, taking into consideration the Group's best estimates of number of stock options that will ultimately vest.

(13) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Group, less returns, trade discounts and rebates. If a single transaction has multiple identifiable elements, the transaction is apportioned among the elements and revenue is recognized for each element. When two or more transactions make commercial sense only when considered together as a single entity, revenue is recognized for the transactions together. The recognition standards and method of presentation for revenue are described below.

(i) Revenue recognition standards

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Method of presentation for revenue

If the Group is acting as a principal in a transaction, revenue is measured at the fair value of consideration received or receivable from the customer.

(14) Income taxes

Income taxes comprise current and deferred taxes. These are recognized in profit or loss, except for the taxes arising from items that are recognized as other comprehensive income.

Current taxes are measured at the amount expected to be paid to (or recovered from) taxation authorities on taxable income or loss for the current year, using the rates that have been enacted or substantively enacted by each reporting date in the countries where the Group operates and generate taxable income, with adjustments to tax payments in past periods.

Through the use of an asset and liability approach, deferred tax assets and liabilities are recorded for the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts of assets and liabilities for tax purposes. Deferred tax assets and liabilities are not recognized for temporary differences under any of the following circumstances:

- Temporary differences arising from goodwill;
- Temporary differences arising from the initial recognition of an asset/liability which, at the time of the transaction, does not affect either the accounting profit or the taxable income (other than in a business combination); or
- Temporary differences associated with investments in subsidiaries, but only to the extent that it is possible to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when temporary difference is realized or settled, based on tax laws that have been enacted or substantively enacted by each reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when income taxes are levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(15) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to common shareholders of the parent by the weighted average number of common stocks outstanding during the period, adjusted for treasury stock. Diluted earnings per share is calculated by adjusting for all dilutive potential ordinary shares having a dilutive effect.

4. Application of new and amended standards and interpretations

The Group adopted the following standards and amendments from beginning of this fiscal year.

IFRS	Title	Summary
IAS 32 (Amendments)	Amendments to IAS 32 Financial Instruments: Presentation	Offsetting financial assets and financial liabilities.
IAS 36 (Amendments)	Amendments to IAS 36 Impairment of Assets	Recoverable amount disclosures for non-financial assets.
IAS 39 (Amendments)	Amendments to IAS 39 Financial Instruments: Recognition and Measurement	Novation of derivatives and continuation of hedge accounting.
IFRIC 21	Levies	Clarifies the timing of recognition of liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.
IFRS 10 (Amendments)	Amendments to IFRS 10 — Consolidated Financial Statements	Defines investment entity and provide an exception to the consolidation requirement for entities that meet the definition of investment entity.
IFRS 12 (Amendments)	Amendments to IFRS 12 — Disclosures of interests in other entities	Sets out the disclosure requirements for investment entities.

There is no significant impact on the accompanying consolidated financial statements resulting from the adoption of the above new and amended standards and interpretations.

5. Issued but not yet effective IFRS

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards were issued but not yet effective and have not been early adopted by the Group.

The Company is in the process of assessing the impact of the adoption of these standards and interpretations, but is not yet in a position to state whether these new and revised IFRS would have a significant impact on the Group's results of operation and financial position.

IFRS	Title	Mandatory adoption date (year beginning on)	The Group's adoption date	Summary
IAS 1 (Amendments)	Amendments to IAS 1 Presentation of Financial Statements	1 January 2016	Year ending 31 August 2017	Clarification of methods of presentation of financial statements and disclosures.
IAS16 (Amendments)	Amendments to IAS 16 Property, Plant and Equipment	1 January 2016	Year ending 31 August 2017	Clarification of acceptable methods of depreciation and amortisation.
IAS 28 (Amendments)	Amendments to IAS 28 Investments in Associates and Joint Ventures	1 January 2016	Year ending 31 August 2017	Accounting treatment for sales or other transfers of funds relating to assets involving investors and related companies and/or joint-control enterprises. Clarification of items requested regarding accounting treatment of investment entities.
IAS 34 (Amendments)	Amendments to IAS 34 Interim Financial Reporting	1 January 2016	Year ending 31 August 2017	Clarifying the handling of information required by IAS 34, when given in the "Other" section of the financial reports for the term.
IAS 38 (Amendments)	Amendments to IAS 38 Intangible Assets	1 January 2016	Year ending 31 August 2017	Clarification of acceptable methods of depreciation and amortisation.
IFRS 5 (Amendments)	Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016	Year ending 31 August 2017	Clarification of accounting treatment of non-current assets, when the categorization requirements regarding "holding for purpose of allocation to owner" are no longer met, or when the category is changed from "holding for purpose of sale" to "holding for purpose of allocation to owner."
IFRS 7 (Amendments)	Amendments to IFRS 7 Financial Instruments: Disclosures	1 January 2016	Year ending 31 August 2017	Clarification of standards for determination of continuing involvement in financial assets to be transferred. Clarification of scope of applicable range for offsetting financial assets and financial liabilities in financial reports for the term.
IFRS 10 (Amendments)	Amendments to IFRS 10 Consolidated Financial Statements	1 January 2016	Year ending 31 August 2017	Accounting treatment for sales or other transfers of funds relating to assets involving investors and related companies and/or joint-control enterprises. Clarification of items requested regarding accounting treatment of investment entities.
IFRS 12 (Amendments)	Amendments to IFRS 12 — Disclosures of interests in other entities	1 January 2016	Year ending 31 August 2017	Sets out the disclosure requirements for investment entities.
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Year ending 31 August 2019	Provides a single revenue recognition model based on the transfer of control of a good or service to a customer.
IFRS 9 (2014)	Financial Instruments	1 January 2018	Year ending 31 August 2019	Replaces IAS39 Financial Instruments: Recognition and Measurement, and addresses the classification and measurement of financial assets and financial liabilities, and hedge accounting requirements.

6. Segment Information

(1) 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.

The Group's main retail clothing business is divided into three reportable operating segments: UNIQLO Japan, UNIQLO International 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
Global Brands: GU, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand clothing operations

(2) Method of calculating segment revenue and results

The methods of accounting for the reportable segments are the same as those stated in "3. Significant Accounting Policies".

The Group does not allocate assets and liabilities to individual reportable segments.

(3) Segment information

Year ended 31 August 2014

(Millions of yen)

	Reportable segments			Total	Others (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	715,643	413,655	251,225	1,380,524	2,410	—	1,382,935
Operating profit/(losses)	106,304	32,956	(4,195)	135,064	83	(4,745)	130,402
Segment income/(losses) (profit before income taxes)	106,650	32,552	(3,661)	135,541	82	(152)	135,470
Other disclosure:							
Depreciation and amortization	8,712	11,712	5,519	25,945	174	4,688	30,808
Impairment losses	3,258	849	19,852	23,960	—	—	23,960

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

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

Year ended 31 August 2015

(Millions of yen)

	Reportable segments			Total	Others (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	780,139	603,684	295,316	1,679,140	2,641	—	1,681,781
Operating profit/(losses)	117,249	43,376	14,418	175,045	114	(10,695)	164,463
Segment income (profit before income taxes)	119,651	42,914	14,362	176,928	114	3,633	180,676
Other disclosure:							
Depreciation and amortization	7,475	16,865	6,682	31,024	181	6,552	37,758
Impairment losses	106	3,426	6,083	9,616	—	6,530	16,146

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

(Note 2) "Adjustments" mainly include revenue and corporate expenses which are not allocated to individual reportable segments. Please refer to "15. Impairment losses" for details related to IT system investment.

(4) Geographic Information

Year ended 31 August 2014

1. External Revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
868,657	136,585	377,693	1,382,935

2. Non-current assets (excluding financial assets and deferred tax assets)

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
62,219	20,603	109,895	192,719

Year ended 31 August 2015

1. External Revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
967,178	204,916	509,687	1,681,781

2. Non-current assets (excluding financial assets and deferred tax assets)

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
56,670	25,143	120,548	202,362

7. Business Combination and acquisition of non-controlling interests

Year ended 31 August 2014

With regard to the additional share acquisition of J Brand Holdings, LLC, the carrying amount of non-controlling interests decreased by 7,813 million yen. Capital surplus increased by 1,726 million yen as a result of this acquisition, which is equal to the difference between the price of acquisition and the carrying amount.

Year ended 31 August 2015

Not applicable.

8. Cash and cash equivalents

The breakdown of cash and cash equivalents as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Cash and bank balances	172,364	305,204
Money market funds (MMF), cash funds, negotiable certificates of deposits	141,684	50,007
Total	314,049	355,212

9. Trade and other receivables

The breakdown of trade and other receivables as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Accounts receivable — trade	42,960	40,931
Notes receivable	69	66
Other accounts receivable	4,909	4,459
Allowance for doubtful accounts	(511)	(679)
Total	47,428	44,777

See note “29. Financial Instruments” for credit risk management and the fair value of trade and other receivables.

10. Inventories

The breakdown of inventories as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Products	219,492	255,736
Supplies	3,730	4,270
Total	223,223	260,006

No inventories were pledged as collateral to secure debt.

Write-down of inventories to net realizable value is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Write-down of inventories to net realizable value	1,976	3,427

11. Other financial assets and other financial liabilities

The breakdown of other financial assets and other financial liabilities as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Other financial assets:		
Available-for-sale financial assets	450	574
Loans and receivables		
Loans and receivables	80,039	98,225
Allowance for doubtful accounts	(76)	(265)
Total loans and receivables	79,962	97,960
Total	80,413	98,534
Other current financial assets total	9,119	22,593
Other non-current financial assets total	71,293	75,940

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Other financial liabilities:		
Financial liabilities measured at amortized cost		
Interest-bearing bank and other borrowings	37,561	38,035
Deposits	1,135	1,394
Deposits/guarantees received	1,603	1,555
Total	40,300	40,985
Other current financial liabilities total	12,696	15,471
Other non-current financial liabilities total	27,604	25,513

12. Other assets and other liabilities

The breakdown of other assets and other liabilities as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Other assets:		
Prepayments	9,192	11,818
Long-term prepayments	4,743	4,755
Others	2,839	3,941
Total	16,775	20,514
Current	12,139	15,748
Non-current	4,636	4,766

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Other liabilities:		
Accruals	19,606	24,248
Employee benefits accruals	3,534	3,793
Others	12,704	21,341
Total	35,845	49,382
Current	25,462	35,714
Non-current	10,383	13,668

13. Property, plant and equipment

Increase/(decrease) in acquisition costs, accumulated depreciation and impairment of property, plant and equipment are as follows:

(Millions of yen)

Acquisition costs	Buildings and structures	Furniture, equipment and vehicles	Land	Construction in progress	Leased assets	Total
At 1 September 2013	129,341	21,963	4,194	4,260	17,120	176,881
Additions	20,445	9,087	—	13,273	5,394	48,201
Disposals	(4,819)	(1,301)	(504)	—	(2,238)	(8,864)
Transfers	13,036	—	—	(13,036)	—	—
Exchange differences	5,203	1,193	—	1,523	—	7,920
At 31 August 2014	163,207	30,943	3,689	6,021	20,276	224,139
Additions	19,917	9,326	—	11,339	4,818	45,401
Disposals	(8,906)	(1,368)	(343)	—	(3,726)	(14,344)
Transfers	10,004	833	—	(10,837)	—	—
Exchange differences	11,540	(1,372)	—	760	—	10,929
At 31 August 2015	195,764	38,362	3,345	7,284	21,369	266,126

(Millions of yen)

Accumulated depreciation and impairment	Buildings and structures	Furniture, equipment and vehicles	Land	Construction in progress	Leased assets	Total
At 1 September 2013	(66,192)	(10,908)	(315)	—	(8,080)	(85,495)
Depreciation provided during the year	(16,383)	(4,618)	—	—	(3,607)	(24,609)
Impairment	(3,550)	(546)	—	—	(539)	(4,636)
Disposals	2,959	1,112	—	—	2,219	6,291
Exchange differences	(740)	(549)	—	—	—	(1,290)
At 31 August 2014	(83,907)	(15,510)	(315)	—	(10,007)	(109,741)
Depreciation provided during the year	(18,289)	(7,170)	—	—	(4,060)	(29,520)
Impairment	(3,334)	(772)	(387)	—	(365)	4,858
Disposals	5,918	1,361	—	—	4,016	11,296
Exchange differences	(4,516)	554	—	—	—	(3,961)
At 31 August 2015	(104,129)	(21,537)	(702)	—	(10,416)	(136,785)

(Millions of yen)

Net carrying amount	Buildings and structures	Furniture, equipment and vehicles	Land	Construction in progress	Lease assets	Total
At 31 August 2014	79,299	15,432	3,374	6,021	10,269	114,398
At 31 August 2015	91,635	16,825	2,643	7,284	10,952	129,340

Net carrying amounts of finance-leased assets are as follows:

(Millions of yen)

	Buildings and structures	Furniture, equipment and vehicles	Others	Total
At 31 August 2014	831	9,437	—	10,269
At 31 August 2015	988	9,964	—	10,952

There are no restrictions on ownership rights and no pledges on the Group’s property, plant and equipment.

14. Goodwill and intangible assets

The increase/(decrease) in acquisition costs, accumulated amortization and impairment of goodwill and intangible assets are as follows:

(Millions of yen)

Acquisition costs	Goodwill	Intangible assets other than goodwill				Intangible assets total
		Software	Trademarks	Other intangible assets	Total	
At 1 September 2013	37,016	27,466	19,239	21,805	68,511	105,527
External purchases	—	6,690	—	164	6,854	6,854
Disposals	—	(498)	—	(231)	(730)	(730)
Exchange differences	1,393	30	918	1,023	1,972	3,366
At 31 August 2014	38,410	33,688	20,158	22,762	76,608	115,018
External purchases	—	6,759	—	368	7,128	7,128
Disposals	—	(2,223)	—	(673)	(2,896)	(2,896)
Exchange differences	3,688	3	3,292	2,661	5,956	9,645
At 31 August 2015	42,098	38,227	23,450	25,119	86,797	128,896

(Millions of yen)

Accumulated amortization and impairment	Goodwill	Intangible assets other than goodwill				Intangible assets total
		Software	Trademarks	Other intangible assets	Total	
At 1 September 2013	—	(11,865)	(908)	(2,898)	(15,673)	(15,673)
Amortization provided during the year	—	(4,498)	—	(1,872)	(6,371)	(6,371)
Impairment	(11,154)	—	(4,376)	(3,793)	(8,170)	(19,324)
Disposals	—	455	—	173	628	628
Exchange differences	(540)	(33)	(30)	9	(54)	(594)
At 31 August 2014	(11,694)	(15,941)	(5,315)	(8,382)	(29,640)	(41,334)
Amortization provided during the year	—	(6,146)	—	(1,761)	(7,907)	(7,907)
Impairment	(1,420)	(6,135)	(1,469)	(2,232)	(9,837)	(11,258)
Disposals	—	2,196	—	190	2,385	2,385
Exchange differences	(1,818)	23	(785)	(43)	(805)	(2,623)
At 31 August 2015	(14,933)	(26,005)	(7,571)	(12,229)	(45,806)	(60,739)

(Note) Amortization of intangible assets is included in “selling, general and administrative expenses” on the consolidated statement of profit or loss.

(Millions of yen)

Net carrying amount	Goodwill	Intangible assets other than goodwill				Intangible assets total
		Software	Trademarks	Other intangible assets	Total	
At 31 August 2014	26,715	17,746	14,842	14,379	46,968	73,684
At 31 August 2015	27,165	12,222	15,879	12,889	40,991	68,156

(2) Significant goodwill and intangible assets

Goodwill and intangible assets recorded in the consolidated statement of financial position are mainly for goodwill and trademarks related to J Brand.

Some of the trademarks will continue to be used as long as the business remains viable; therefore, management considers the useful lives of these as indefinite.

The carrying amount of the goodwill and intangible assets with indefinite useful lives by cash-generating unit (“CGU”) is as follows:

(Millions of yen)

Net carrying amount	Goodwill			Intangible assets with indefinite useful lives		
	UNIQLO Japan	UNIQLO International	Global Brands	UNIQLO Japan	UNIQLO International	Global Brands
At 31 August 2014	—	—	26,715	—	—	21,695
At 31 August 2015	—	—	27,165	—	—	23,244

15. Impairment losses

During the year ended 31 August 2015, the Group recognized impairment losses of some store assets, goodwill and intangible assets owned by J Brand business and software assets, etc related to IT system investment, mainly due to a decline in their expected recoverability.

The breakdown of impairment losses by asset type is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Buildings and structures	3,550	3,334
Furniture and equipment	546	772
Land	—	387
Leased assets	539	365
Subtotal impairment losses on property, plant and equipment	4,636	4,858
Software	—	6,135
Goodwill	11,154	1,420
Trademark	4,376	1,469
Other intangible assets	3,793	2,232
Subtotal impairment losses on intangible assets	19,324	11,258
Other non-current assets (Long-term prepayments)	—	29
Total impairment losses	23,960	16,146

(Note) Leased assets include furniture and equipment.

The Group’s impairment losses during the year ended 31 August 2015 amounted to 16,146 million yen, compared with 23,960 million yen during the year ended 31 August 2014, and are included in “other expenses” on the consolidated statement of profit or loss.

Year ended 31 August 2014

(1) Property, plant and equipment

The grouping is based on the smallest cash-generating unit that independently generates cash inflow. In principle, each store is considered a cash-generating unit and recoverable amounts of cash-generating units are calculated based on value in use.

Impairment losses represented provision against the carrying amount of the store assets to the recoverable amount, mainly due to a reduction in profitability of certain stores.

The value in use is calculated based on estimates and growth rates compiled by management. Since the future cash flow is estimated to be negative, the value in use is deemed to be zero.

The main cash-generating units of which impairment losses were recorded are as follows:

Operating segment	Cash-generating unit	Type
UNIQLO Japan	UNIQLO CO., LTD. stores	Buildings and structures
UNIQLO International	Fast Retailing (China) Trading Co. Ltd. stores	Buildings and structures
UNIQLO International	UNIQLO TRADING CO., LTD. stores	Buildings and structures
UNIQLO International	UNIQLO TAIWAN LTD. stores	Buildings and structures
Global brands	G.U. CO., LTD. stores	Buildings and structures

(2) Goodwill and intangible assets, etc.

23,960 million yen in impairment losses mainly comprised of impairment losses for goodwill, trademarks and customer relationships owned by the J Brand business. The carrying amounts of cash-generating units related to J Brand business after recognition of impairment losses are 10,604 million yen of goodwill, 7,009 million yen of trademarks and 6,154 million yen of customer relationships.

The recoverable amounts of goodwill, trademarks and customer relationships related to the J Brand business are calculated based on fair value less costs of disposal.

Fair value less costs of disposal is determined by taking into account the following two approaches:

① The terminal value of the business added to the 10-year discounted cash flow based on plans projected and approved by management. The discount rate (pre-tax) is calculated at 26.8% (post-tax discount rate is 18.8%) based on the weighted average cost of capital of the cash-generating units (Income approach).

② Calculation based on the market value of similar assets (Market approach).

This measurement of fair value is classified as level 3 in the fair value hierarchy based on significant inputs in used valuation techniques. Adverse change in key assumptions — lower estimated future cash flow or higher discount rate, would cause further impairment loss to be recognized.

Year ended 31 August 2015

(1) Property, plant and equipment

The grouping is based on the smallest cash-generating unit that independently generates cash inflow. In principle, each store is considered a cash-generating unit and recoverable amounts of cash-generating units are calculated based on value in use.

Impairment losses represented provision against the carrying amount of the store assets to the recoverable amount, mainly due to a reduction in profitability of certain stores.

The value in use is calculated based on estimates and growth rates compiled by management. Since the future cash flow is estimated to be negative, the value in use is deemed to be zero.

The main cash-generating units for which impairment losses were recorded is as follows:

Operating segment	Cash-generating unit	Type
UNIQLO International	UNIQLO USA LLC stores	Buildings and structures

(2) Goodwill and intangible assets, etc.

(i) Impairment losses related to J Brand business

Of the total impairment losses amounting to 16,146 million yen, 5,123 million yen represented impairment losses for goodwill, trademarks and customer relationships owned by the J Brand business. The carrying amounts of cash-generating units related to J Brand business after recognition of impairment losses are 11,401 million yen of goodwill, 7,005 million yen of trademarks and 4,249 million yen of customer relationships.

The recoverable amounts from goodwill, trademarks and customer relationships related to the J Brand business are calculated based on fair value less costs of disposal.

Fair value less costs of disposal is determined by taking into account the following two approaches:

① The terminal value of the business added to the 10-year discounted cash flow based on plans projected and approved by management. The discount rate (pre-tax) is calculated at 27.5% (post-tax discount rate is 19.5%) based on the weighted average cost of capital of the cash-generating units (Income approach).

② Calculation based on the market value of similar assets (Market approach).

This measurement of fair value is classified as level 3 in the fair value hierarchy based on significant inputs in used valuation techniques. Adverse change in key assumptions — lower estimated future cash flow or higher discount rate, would cause further impairment loss to be recognized.

(ii) Impairment losses related to IT system investment

Of the total impairment losses amounting to 16,146 million yen, 6,530 million yen relates to an IT system. 6,530 million yen comprised of impairment losses for software assets which amount to 6,135 million yen and impairment losses amounted to 395 million yen for IT system assets, which are included in property, plant and equipment and other non-current assets.

Impairment losses represented write down of the carrying amount of assets to the recoverable amount, mainly due to a reduction in profitability. IT system and related assets are recognized as one cash-generating unit and the recoverable amount was deemed as zero because the assets are going to be disposed.

16. Finance lease obligations

The breakdown of finance lease obligations is as follows:

(Millions of yen)

	Future minimum lease payments		Present value of future minimum lease payments	
	As at 31 August 2014	As at 31 August 2015	As at 31 August 2014	As at 31 August 2015
Finance lease obligations				
Due within one year	3,997	4,302	3,894	4,188
Due after one year through five years	7,811	8,185	7,705	8,073
Due after five years	—	—	—	—
Total	11,809	12,488	11,599	12,262
Deductions – future finance costs	(209)	(226)	—	—
Total net finance lease payables	11,599	12,262	11,599	12,262
Current portion	—	—	3,894	4,188
Non-current portion	—	—	7,705	8,073

The Group has no sublease contracts, accrued variable lease fees or escalation clauses (clauses enabling upward revision of rental charges), and no limitations imposed by lease contracts (limitations regarding dividends, additional borrowing, or additional leases, etc.).

17. Operating lease commitments

(1) As Lessee

The Group's total future minimum lease payments on non-cancellable operating leases as at each year end are as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Due within one year	28,662	34,018
Due after one year through five years	79,871	96,064
Due after five years	69,296	85,187
Total	177,830	215,270

The total minimum lease payments and contingent rents for operating lease contracts recognized as expenses during the year are as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Total minimum lease payments	91,383	103,298
Contingent rents	47,269	63,139
Total	138,652	166,437

Contingent rents, renewal options, and escalation clauses (clauses enabling upward revision of rental charges) are included in the operating lease agreements.

There are no limitations imposed by lease contracts (limitations regarding dividends, additional borrowing, or additional leases, etc.).

(2) As lessor

The Company sub-leases some of the properties it leased through operating leases, and so while it pays rent to the property owner, it also receives rent from the sub-tenant.

A breakdown of the future minimum rental receivables under non-cancellable leases is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Due within one year	58	8
Due after one year through five years	8	—
Due after five years	—	—
Total	67	8

The total of contingent rents recorded as revenue during each reporting period is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Contingent rents	1,139	1,162

18. Deferred taxes and income taxes

(1) Deferred taxes

The main factors in the increase/(decrease) of deferred tax assets and deferred tax liabilities are as follows:

(Millions of yen)

	As at 1 September 2013	Recognized in profit or loss (Note)	Recognized in other comprehensive income	As at 31 August 2014
Temporary differences				
Accrued business tax	1,784	289	—	2,073
Allowance for bonuses	2,338	359	—	2,697
Provision of allowance for doubtful accounts	182	(59)	—	122
Impairment losses on non-current assets	1,143	(144)	—	998
Unrealized gains/(losses) on available-for-sale securities	—	—	(1)	(1)
Depreciation	5,008	515	—	5,524
Net gain/(loss) on revaluation of cash flow hedges	(42,467)	—	6,606	(35,861)
Temporary differences on shares of subsidiaries	(2,203)	—	—	(2,203)
Accelerated depreciation	(2,807)	(698)	—	(3,505)
Intangible assets	(8,344)	3,596	—	(4,747)
Others	5,946	(1,353)	—	4,593
Subtotal	(39,418)	2,505	6,604	(30,308)
Tax losses carried forward	5,133	(956)	—	4,177
Net deferred tax assets/ (liabilities)	(34,284)	1,549	6,604	(26,130)

(Note) The difference between the total amount recognized in profit or loss and the amount of deferred tax is due to exchange realignment.

(Millions of yen)

	As at 1 September 2014	Recognized in profit or loss (Note)	Recognized in other comprehensive income	As at 31 August 2015
Temporary differences				
Accrued business tax	2,073	305	—	2,378
Allowance for bonuses	2,697	595	—	3,293
Provision of allowance for doubtful accounts	122	76	—	199
Impairment losses on non current assets	998	2,244	—	3,243
Unrealized gains/(losses) on available-for-sale securities	(1)	—	(69)	(70)
Depreciation	5,524	361	—	5,886
Net gain/(loss) on revaluation of cash flow hedges	(35,861)	—	(16,180)	(52,042)
Temporary differences on shares of subsidiaries	(2,203)	208	—	(1,994)
Accelerated depreciation	(3,505)	(1,751)	—	(5,256)
Intangible assets	(4,747)	806	—	(3,940)
Others	4,593	921	—	5,515
Subtotal	(30,308)	3,770	(16,250)	(42,788)
Tax losses carried forward	4,177	2,445	—	6,623
Net deferred tax assets/(liabilities)	(26,130)	6,215	(16,250)	(36,165)

(Note) The difference between the total amount recognized in profit or loss and the amount of deferred tax is due to exchange realignment.

Tax effects of unrecognized tax losses carried forward and deductible temporary differences for which deferred tax assets are not recognized are as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Unrecognized tax losses carried forward	5,653	9,590
Deductible temporary differences	12,568	12,577
Total	18,222	22,167

Tax effects of unrecognized tax losses carried forward of which no deferred tax asset is recognized in the consolidated statement of financial position, if unutilized, will expire as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
First year	—	—
Second year	—	—
Third year	—	—
Fourth year	—	—
Fifth year and thereafter	5,653	9,590
Total	5,653	9,590

Temporary differences on shares of subsidiaries for which deferred tax liabilities were not recognized

The aggregate amounts of temporary differences associated with undistributed retained earnings of subsidiaries for which deferred tax liabilities have not been recognized as at 31 August 2014 and 31 August 2015 were 332,519 million yen and 414,218 million yen, respectively.

No liability has been recognized with respect to these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

(2) Income taxes

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Current tax	58,207	68,110
Deferred tax	(2,074)	(4,822)
Total	56,133	63,287

Reconciliations between the statutory income tax rates and the effective tax rates are as follows. The effective tax rate shown is the corporate income tax rate applied to the Group’s profit before income taxes.

In addition, following promulgation of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015) on 31 March 2015, a reduction in the corporation tax rate was applied to the Company and its domestic subsidiaries from the fiscal year commencing 1 April 2015.

As a result, the effective statutory tax rate used in the calculation of deferred tax assets and liabilities has been revised from 35.6% to 33.0% with regard to temporary differences expected to be eliminated in the fiscal year commencing 1 September 2015, and to 32.2% with regard to temporary differences expected to be eliminated from the fiscal year commencing 1 September 2016.

The impact of this tax rate amendment on the financial statements is slight.

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Statutory income tax rate	38.0%	35.6%
Unrecognized deferred tax assets	2.8%	2.0%
Difference in statutory income tax rates of subsidiaries	(4.4%)	(4.2%)
Impairment loss of goodwill	3.2%	0.3%
Inhabitant tax on per capita basis	0.6%	0.4%
Others	1.2%	0.8%
Effective tax rate	41.4%	35.0%

19. Trade and other payables

The breakdown of trade and other payables as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Trade payables	137,069	122,620
Other payables	48,049	58,957
Total	185,119	181,577

20. Provisions

The breakdown of provisions as at each year end is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Allowance for bonuses	12,192	17,735
Asset retirement obligations	11,656	15,083
Total	23,849	32,819
Current liabilities	16,154	22,615
Non-current liabilities	7,694	10,203

The main factors for the increase/(decrease) in provisions are as follows:

(Millions of yen)

	Allowance for bonuses	Asset retirement obligations	Total
Balances as at 1 September 2013	9,056	8,182	17,238
Additional provisions	15,966	3,606	19,573
Amounts utilized	(13,051)	(398)	(13,449)
Increase in discounted amounts arising from passage of time	—	91	91
Others	221	173	394
Balances as at 31 August 2014	12,192	11,656	23,849
Additional provisions	20,902	3,641	24,543
Amounts utilized	(15,806)	(468)	(16,274)
Increase in discounted amounts arising from passage of time	—	153	153
Others	446	100	546
Balances as at 31 August 2015	17,735	15,083	32,819

Please refer to "3. Significant Accounting Policies (11) Provisions" for explanation of respective provisions.

21. Equity and other equity Items

(1) Share Capital

	Number of authorized shares (Common stock with no par-value) (shares)	Number of issued shares (Common stock with no par-value) (shares)	Number of outstanding shares (Common stock with no par-value) (shares)	Capital stock (Millions of yen)	Capital surplus (Millions of yen)
Balances as at 1 September 2013	300,000,000	106,073,656	101,896,492	10,273	6,859
Increase/(decrease) (Note)	—	—	22,119	—	2,944
Balances as at 31 August 2014	300,000,000	106,073,656	101,918,611	10,273	9,803
Increase/(decrease) (Note)	—	—	26,790	—	1,720
Balances as at 31 August 2015	300,000,000	106,073,656	101,945,401	10,273	11,524

(Note) The main factor for the increase/(decrease) in the number of shares in circulation was the increase/(decrease) in the number of treasury stock as indicated below.

(2) Treasury Stock and Capital Surplus

① Treasury Stock

	Number of shares (shares)	Amount (Millions of yen)
Balances as at 1 September 2013	4,177,164	15,851
Acquisition of treasury stock less than one unit	699	25
Exercise of stock options	(22,818)	(86)
Balances as at 31 August 2014	4,155,045	15,790
Acquisition of treasury stock less than one unit	228	11
Exercise of stock options	(27,018)	(102)
Balances as at 31 August 2015	4,128,255	15,699

② Capital surplus

(Millions of yen)

	Capital reserve	Gain/(loss) on disposal of treasury stock	Stock options	Others	Total
Balances as at 1 September 2013	4,578	1,384	896	—	6,859
Disposal of treasury stock	—	471	—	—	471
Share-based payments	—	—	746	—	746
Acquisition of non-controlling interests	—	—	—	1,726	1,726
Balances as at 31 August 2014	4,578	1,856	1,642	1,726	9,803
Disposal of treasury stock	—	700	—	—	700
Share-based payments	—	—	1,019	—	1,019
Balances as at 31 August 2015	4,578	2,556	2,662	1,726	11,524

Please refer to “28. Share-based payments” for details of share-based payments (stock options).

(3) Other components of equity

The breakdown of other comprehensive income included in non-controlling interests is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Exchange differences on translation of foreign operations	1,818	(774)
Cash flow hedges	(94)	667
Other comprehensive income	1,724	(107)

(4) Dividends

The Company's basic policy is to pay dividends twice a year, an interim dividend and a year-end dividend. These dividends are decided by resolution of the Board, unless otherwise stipulated by laws and regulations.

The total amount of dividends paid was as follows:

Year ended 31 August 2014

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 4 November 2013	15,284	150
Board of Directors' meeting held on 10 April 2014	15,286	150

Year ended 31 August 2015

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 3 November 2014	15,287	150
Board of Directors' meeting held on 9 April 2015	17,838	175

Proposed dividends on common stock are as follows:

	Year ended 31 August 2014	Year ended 31 August 2015
Total amount of dividends (million yen)	15,287	17,840
Dividends per share (yen)	150	175

Regarding the proposed dividends per common stock, the Board has approved the proposal subsequent to the year-end date, and this sum is not recognized as a liability at year end.

22. Revenue

The breakdown of revenue for each reporting period is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Revenue		
Sales of goods	1,379,077	1,677,016
Service revenue	3,857	4,765
Total	1,382,935	1,681,781

23. Selling, general and administrative Expenses

The breakdown of selling, general and administrative expenses for the year is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Selling, general and administrative expenses		
Advertising and promotion	60,941	68,474
Rental expenses	138,652	166,437
Depreciation and amortisation	30,808	37,758
Outsourcing	22,953	29,324
Salaries	184,864	230,815
Others	110,975	139,053
Total	549,195	671,863

24. Other income and other expenses

The breakdown of other income and other expenses for the year is as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Other income		
Foreign exchange gains*	3,926	5,809
Gains on sales of property, plant and equipment	991	43
Others	2,107	2,929
Total	7,025	8,782

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

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Other expenses		
Loss on retirement of property, plant and equipment	391	2,479
Impairment losses	23,960	16,146
Others	2,847	2,366
Total	27,200	20,992

25. Finance income and finance costs

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

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Finance income		
Foreign exchange gains*	5,104	15,084
Interest income	879	1,434
Dividend income	17	42
Others	—	792
Total	6,001	17,354

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

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Finance costs		
Interest expenses	933	1,137
Others	—	3
Total	933	1,141

26. Other comprehensive income

The breakdown of amounts recorded during the year, reclassification adjustments and income tax effect generated by individual comprehensive income items included in "other comprehensive income" for the year are as follows:

Year ended 31 August 2014

(Millions of yen)

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Net gain/(loss) on revaluation of available-for-sale investments	66	—	66	—	66
Exchange differences on translation of foreign operations	8,793	(391)	8,402	—	8,402
Cash flow hedges	42,639	(55,022)	(12,382)	6,608	(5,773)
Total	51,500	(55,413)	(3,913)	6,608	2,695

Year ended 31 August 2015

(Millions of yen)

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Net gain/(loss) on revaluation of available-for-sale investments	(585)	—	(585)	(69)	(655)
Exchange differences on translation of foreign operations	14,040	—	14,040	—	14,040
Cash flow hedges	142,536	(86,004)	56,531	(16,180)	40,350
Total	155,991	(86,004)	69,986	(16,250)	53,735

27. Earnings per share

Year ended 31 August 2014		Year ended 31 August 2015	
Equity per share attributable to owners of the parent (Yen)	6,067.40	Equity per share attributable to owners of the parent (Yen)	7,366.07
Basic earnings per share for the year (Yen)	731.51	Basic earnings per share for the year (Yen)	1,079.42
Diluted earnings per share for the year (Yen)	730.81	Diluted earnings per share for the year (Yen)	1,078.08

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

	Year ended 31 August 2014	Year ended 31 August 2015
Basic earnings per share for the year		
Profit for the year attributable to owners of the parent (Millions of yen)	74,546	110,027
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	74,546	110,027
Average number of common stock during the year (Shares)	101,908,470	101,932,225
Diluted earnings per share for the year		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	97,917	126,749
(share subscription rights)	(97,917)	(126,749)

28. Share-based Payments

The Group has a program for issuing share subscription rights as share-based compensation stock options for employees of the Company and its subsidiaries as a means of recognizing their contribution to Group's profit. By linking the Company's stock price to the benefits received by personnel, this program aims to boost staff morale and motivation, improve Group performance and enhance shareholder value by strengthening business development with a focus on shareholder return.

1. Details, scale and changes in stock options

(1) Description of stock options

	1st Share subscription rights A type	1st Share subscription rights B type
Category and number of grantee	Employees of the Company: 7 Employees of the Group subsidiaries: 3	Employees of the Company: 266 Employees of the Group subsidiaries: 413
Number of stock options by type of shares (Note)	Common stock: maximum 3,370 shares	Common stock: maximum 77,542 shares
Grant date	8 November 2010	8 November 2010
Vesting conditions	To serve continuously until the vesting date (7 November 2013) after the grant date (8 November 2010)	To serve continuously until the vesting date (7 December 2010) after the grant date (8 November 2010)
Eligible service period	From 8 November 2010 to 7 November 2013	From 8 November 2010 to 7 December 2010
Exercise period	From 8 November 2013 to 7 November 2020	From 8 December 2010 to 7 November 2020
Settlement	Equity settlement	Equity settlement

	2nd share subscription rights A type	2nd share subscription rights B type
Category and number of grantee	Employees of the Company: 14 Employees of the Group subsidiaries: 4	Employees of the Company: 139 Employees of the Group subsidiaries: 584
Number of stock options by type of shares (Note)	Common stock: maximum 13,894 shares	Common stock: maximum 51,422 shares
Grant date	15 November 2011	15 November 2011
Vesting conditions	To serve continuously until the vesting date (14 November 2014) after the grant date (15 November 2011)	To serve continuously until the vesting date (14 December 2011) after the grant date (15 November 2011)
Eligible service period	From 15 November 2011 to 14 November 2014	From 15 November 2011 to 14 December 2011
Exercise period	From 15 November 2014 to 14 November 2021	From 15 December 2011 to 14 November 2021
Settlement	Equity settlement	Equity settlement

	3rd share subscription rights A type	3rd share subscription rights B type
Category and number of grantee	Employees of the Company: 18 Employees of the Group subsidiaries: 8	Employees of the Company: 136 Employees of the Group subsidiaries: 615
Number of stock options by type of shares (Note)	Common stock: maximum 10,793 shares	Common stock: maximum 39,673 shares
Grant date	13 November 2012	13 November 2012
Vesting conditions	To serve continuously until the vesting date (12 November 2015) after the grant date (13 November 2012)	To serve continuously until the vesting date (12 December 2012) after the grant date (13 November 2012)
Eligible service period	From 13 November 2012 to 12 November 2015	From 13 November 2012 to 12 December 2012
Exercise period	From 13 November 2015 to 12 November 2022	From 13 December 2012 to 12 November 2022
Settlement	Equity settlement	Equity settlement

	4th share subscription rights A type	4th share subscription rights B type
Category and number of grantee	Employees of the Company: 19 Employees of the Group subsidiaries: 11	Employees of the Company: 180 Employees of the Group subsidiaries: 706
Number of stock options by type of shares (Note)	Common stock: maximum 7,564 shares	Common stock: maximum 29,803 shares
Grant date	3 December 2013	3 December 2013
Vesting conditions	To serve continuously until the vesting date (2 December 2016) after the grant date (3 December 2013)	To serve continuously until the vesting date (2 January 2014) after the grant date (3 December 2013)
Eligible service period	From 3 December 2013 to 2 December 2016	From 3 December 2013 to 2 January 2014
Exercise period	From 3 December 2016 to 2 December 2023	From 3 January 2014 to 2 December 2023
Settlement	Equity settlement	Equity settlement

	5th share subscription rights A type	5th share subscription rights B type
Category and number of grantee	Employees of the Company: 36 Employees of the Group subsidiaries: 16	Employees of the Company: 223 Employees of the Group subsidiaries: 785
Number of stock options by type of shares (Note)	Common stock: maximum 21,732 shares	Common stock: maximum 33,062 shares
Grant date	14 November 2014	14 November 2014
Vesting conditions	To serve continuously until the vesting date (13 November 2017) after the grant date (14 November 2014)	To serve continuously until the vesting date (13 December 2014) after the grant date (14 November 2014)
Eligible service period	From 14 November 2014 to 13 November 2017	From 14 November 2014 to 13 December 2014
Exercise period	From 14 November 2017 to 13 November 2024	From 14 December 2014 to 13 November 2024
Settlement	Equity settlement	Equity settlement

Note: The number of stock options is equivalent to the number of shares.

Expenses recognized for share-based payments are as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Expenses recognized Share-based payments	1,269	1,849

(2) Scale of stock options program and changes

For purposes of counting the number of stock options in existence in the consolidated fiscal year under review (ended August 2015), each stock option is recorded as converted to shares.

① The number and weighted average exercise prices of stock options

Stock options

	Year ended 31 August 2014	Year ended 31 August 2015
	Number of shares (shares)	Number of shares (shares)
Non-vested		
Non-vested at beginning of the year	25,696	30,375
Granted	37,367	54,794
Forfeited	(525)	(4,790)
Vested	(32,163)	(46,207)
Non-vested at end of the year	30,375	34,172

	Year ended 31 August 2014	Year ended 31 August 2015
	Number of shares (shares)	Number of shares (shares)
Vested		
Outstanding at beginning of the year	55,809	64,774
Vested	32,163	46,207
Exercised	(22,818)	(27,018)
Forfeited	(380)	(816)
Outstanding at end of the year	64,774	83,147

All stock options are granted with an exercise price of 1 yen per share.

② Stock price on exercise date

Stock options exercised during the year ended 31 August 2015 are as follows:

Type	Number of shares (shares)	Weighted average stock price on exercise date (Yen)
Stock options	27,018	45,719

③ Expected life of stock options

The weighted average expected life of outstanding stock options as at 31 August 2015 was 7.63 years.

In addition, the weighted average expected life of outstanding stock options as at 31 August 2014 was 7.83 years.

2. Methods of estimating fair value of stock options, etc.

The methods of estimating fair value of 5th share subscription rights A type and B type, granted during the year ended 31 August 2015, were as follows:

① Valuation model: Black-Scholes model
② The following table lists the inputs to the model used:

	5th share subscription rights A type	5th share subscription rights B type
Stock price volatility (Note 1)	36%	34%
Expected life of options (Note 2)	6.5 years	5.04 years
Expected dividends (Note 3)	300 yen/share	300 yen/share
Risk-free interest rate (Note 4)	0.254%	0.168%

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from May 2008 to November 2014) and 5.04 years for B type (from November 2009 to November 2014).
2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.
3. Expected dividends are the actual dividends for the year ended 31 August 2014.
4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.

Also, the method of estimating fair value for the 4th share subscription rights A type and B type granted during the year ended 31 August 2014 are as follows:

① Valuation model: Black-Scholes model
② The following table lists the inputs to the model used:

	4th share subscription rights A type	4th share subscription rights B type
Stock price volatility (Note 1)	37%	37%
Expected life of options (Note 2)	6.5 years	5.04 years
Expected dividends (Note 3)	290 yen/share	290 yen/share
Risk-free interest rate (Note 4)	0.308%	0.189%

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from May 2007 to December 2013) and 5.04 years for B type (from December 2008 to December 2013).
2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.
3. Expected dividends are the actual dividends for the year ended 31 August 2013.
4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.

3. Estimation method of the number of share subscription rights which have already been vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the method reflecting actual numbers of forfeiture is adopted.

29. Financial Instruments

(1) Capital risk management

The Group engages in capital management to achieve continuous growth and maximize corporate value.

The ratio of the Group's net interest-bearing borrowings to equity is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Interest-bearing borrowings	37,561	38,035
Cash and cash equivalents	314,049	355,212
Net interest-bearing borrowings	(276,487)	(317,176)
Equity	636,041	774,804

To maximize corporate value, the Group engages in cash flow-oriented management. As at 31 August 2014 and 2015, the Group maintained a position where the value of cash and cash equivalents exceeded interest-bearing borrowings.

As at 31 August 2015, the Group is not subject to any externally imposed capital requirement.

(2) Significant accounting policies

See Note "3. Significant Accounting Policies" for significant accounting policies regarding standards for recognizing financial assets, financial liabilities, equity financial instruments, as well as the fundamentals of measurement and recognition of profit or loss.

(3) Categories of financial instruments

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Financial assets		
Loans and receivables		
Trade and other receivables	47,428	44,777
Other current financial assets	9,119	22,593
Other non-current financial assets	70,842	75,366
Available-for-sale investments	450	574
Derivatives		
Financial assets at fair value through profit or loss ("FVTPL")	21	595
Foreign currency forward contracts designated as hedging instruments	99,103	156,895
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	185,119	181,577
Other current financial liabilities	12,696	15,471
Other non-current financial liabilities	27,604	25,513
Derivatives		
Financial liabilities at FVTPL	140	38
Foreign currency forward contracts designated as hedging instruments	871	61

No items in the above categories are included in discontinued operations or disposal group held-for-sale. Also, there are no financial assets or liabilities valued using the fair value option to measure fair value.

On the consolidated statement of financial position, available-for-sale investments are included under "non-current financial assets".

(4) Financial risk management

In relation to the cash management, the Group seeks to ensure effective utilization of group funds through the Group's Cash Management Service ("CMS"). The Group obtained credit facilities from financial institutions. Any temporary surplus funds are invested mainly in fixed interest rate-bearing instruments with minimal credit risk.

The Group entered into foreign currency forward contracts to hedge risk arising from fluctuations in foreign currency exchange rates and did not conduct any speculative trading in derivatives.

(5) Market risk management

The Group conducts its business on a global scale, and is therefore exposed to the price fluctuation risk of currencies and equity financial instruments.

① *Foreign currency risk*

1) Foreign currency risk management

The Group conducts its business on a global scale, and is exposed to foreign currency risk in relation to purchases and sales transactions and financing denominated in currencies other than the local currencies of those countries in which the Group operates its business.

In regard to operating obligations denominated in foreign currencies, the Group in principle hedges risk by using foreign currency forward contracts and other instruments for foreign currency risk assessed on a semi-annual basis.

For imports, the Group endeavors to stabilize purchasing costs by concluding foreign currency forward contracts and standardizing import exchange rates. If the yen should weaken significantly against the US dollar in the future and this situation continued for an extended period, it could have a negative impact on the Group's performance.

The Group identifies concentration of risk in regard to foreign currency forward contracts.

The Group's notional amount of foreign currency forward contracts was 1,038,956 million yen as at 31 August 2015.

2) Foreign currency sensitivity analysis

Below is an analysis of the impact an 1% increase in the yen against the Euro ("EUR") and the United States dollar ("$") would have on the Group's profit for the year and other comprehensive income on the respective reporting periods.

These calculations assume no changes in the value of other foreign currencies not included herein.

	Year ended 31 August 2014	Year ended 31 August 2015
Average exchange rate (Yen)		
$	101.54	117.36
EUR	138.20	137.14
Impact on profit for the year (Millions of yen)		
$	(613)	(1,281)
EUR	(42)	(70)
Impact on other comprehensive income (Millions of yen)		
$	(8,933)	(10,865)
EUR	(5)	(8)

3) Currency derivatives and hedges

The Group uses foreign currency forward contract transactions to hedge against the risk of future fluctuations in exchange rates in regard to foreign currency transactions and applies hedge accounting to transactions that meet hedge requirements, and did not conduct any speculative trading in derivatives.

Cash flow hedges

A cash flow hedge is a hedge for avoiding risk of volatility in future cash flows. The Company uses foreign currency forward contracts to hedge cash flow fluctuations relating to forecast transactions.

Fluctuations in the fair value of derivative transactions designated as cash flow hedges are recognized as other comprehensive income, and included in other components of equity, and are reclassified to profit or loss at the time net profit is recognized on the hedged item.

The gain/(loss) on derivative transactions (after tax effects) projected to be reclassified to profit or loss within one year was 94,285 million yen (gain) as at 31 August 2015, and 54,154 million yen (gain) as at 31 August 2014.

1. Derivative transactions of which hedge accounting is not applied

	Average exchange rates		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2014	31 August 2015	31 August 2014	31 August 2015	31 August 2014	31 August 2015	31 August 2014	31 August 2015
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell EUR)	— (€/$)	0.90 (€/$)	—	8	—	1,117	—	(0)
Within 1 year								
Buy USD (sell EUR)	0.71 (€/$)	0.89 (€/$)	5	13	535	1,507	20	(38)
Buy USD (sell SGD)	— (SG$/$)	1.33 (SG$/$)	—	22	—	2,585	—	162
Buy USD (sell KRW)	1,056.10 (KRW/$)	1,131.13 (KRW/$)	3	2	364	282	(6)	11
Buy USD (sell TWD)	30.05 (TWD/$)	31.58 (TWD/$)	34	39	3,634	4,680	(10)	181
Buy USD (sell THB)	32.99 (THB/$)	33.47 (THB/$)	45	28	4,672	3,167	(116)	239
Buy USD (sell AUD)	1.08 (AUD/$)	— (AUD/$)	8	—	879	—	1	—
Buy USD (sell IDR)	12,230.00 (IDR/$)	— (IDR/$)	6	—	682	—	(6)	—

2. Derivative transactions of which hedge accounting is applied

	Average exchange rates		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2014	31 August 2015	31 August 2014	31 August 2015	31 August 2014	31 August 2015	31 August 2014	31 August 2015
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell JPY)	93.59 (¥/$)	106.01 (¥/$)	5,229	5,659	489,422	599,999	44,077	62,547
Buy USD (sell EUR)	— (€/$)	0.88 (€/$)	—	2	—	299	—	1
Within 1 year								
Buy USD (sell JPY)	88.08 (¥/$)	95.11 (¥/$)	3,538	3,618	311,645	344,154	54,647	90,583
Buy USD (sell EUR)	0.73 (€/$)	0.85 (€/$)	104	123	10,402	14,210	378	564
Buy USD (sell SGD)	1.26 (SG$/$)	— (SG$/$)	49	—	5,129	—	(32)	—
Buy USD (sell TWD)	— (TWD/$)	32.20 (TWD/$)	—	117	—	14,127	—	221
Buy USD (sell MYR)	— (MYR/$)	3.70 (MYR/$)	—	10	—	1,091	—	152
Buy USD (sell IDR)	— (IDR/$)	14,052.00 (IDR/$)	—	5	—	663	—	25
Buy USD (sell AUD)	— (AUD/$)	1.30 (AUD/$)	—	23	—	2,617	—	222
Buy USD (sell KRW)	1,087.34 (KRW/$)	1,120.14 (KRW/$)	247	413	27,152	47,342	(827)	2,577
Buy EUR (sell JPY)	136.55 (¥/€)	139.05 (¥/€)	4	6	587	851	(12)	(49)
Buy KRW (sell USD)	— ($/KRW)	0.001 ($/KRW)	—	2	—	255	—	(12)

② Interest rate risk management

The Group's interest-bearing borrowings are mainly loans with variable interest rates, but the Group maintains positions in cash and cash equivalents that exceed the outstanding balance of its interest-bearing borrowings.

At present, the impact of interest payments on the Group is quite small. Consequently, the Group's current level of interest-rate risk is minor, and the Group has not performed any interest rate sensitivity analysis.

③ Price risk management in equity instruments

The Group is exposed to the risk of price volatility in equity financial instruments. The Group holds no equity financial instruments for short-term trading purposes.

The Group makes regular periodic checks of the market value of the equity financial instruments it holds, as well as the financial health of the issuers.

(6) Credit risk management

When the Group initiates ongoing transactions where receivables will be generated on an ongoing basis, the finance department manages the Group's risk exposure by setting credit limits and credit periods, as needed.

Trade receivables encompass many customers spanning a wide range of industries and geographic regions. The Group conducts regular credit checks of the companies it does business with, and when necessary takes appropriate protective measures, such as requiring collateral.

The Group does not have excessively concentrated credit risk exposure to any single company or corporate group.

As for deposits and guarantees, the Group mitigates risk by conducting regular monitoring of the companies with which it does business for early detection of any worsening of their financial health.

① Financial assets and other credit risk exposure

Except for the items listed below, the carrying amounts after adjustment for impairment shown in the consolidated financial statements represent the Group's maximum exposure to credit risk before consideration of collateral assets.

(Millions of yen)

	Maximum credit risk	
	As at 31 August 2014	As at 31 August 2015
Guaranteed liabilities	7	—

The Company holds no properties or other credit enhancement as collateral for exposure to the credit risk described above.

② Past-due or impaired financial assets

Below is an aged analysis of financial assets whose due date had not passed as at each reporting date, and financial assets that are overdue whereof no asset impairment was recognized.

(Millions of yen)

	Total	Within due date	Overdue amounts		
			Within 90 days	91 days to 1 year	Over 1 year
Balances as at 31 August 2014					
Trade and other receivables (total)	47,940	45,688	1,617	230	403
Allowance for doubtful accounts	(511)	(255)	(7)	(17)	(231)
Trade and other receivables (net)	47,428	45,432	1,610	213	172
Other financial assets (total)	80,490	80,410	13	31	34
Allowance for doubtful accounts	(76)	(76)	—	—	—
Other financial assets (net)	80,413	80,333	13	31	34
Balances as at 31 August 2015					
Trade and other receivables (total)	45,457	42,864	2,152	165	275
Allowance for doubtful accounts	(679)	(452)	(2)	(43)	(180)
Trade and other receivables (net)	44,777	42,411	2,150	121	95
Other financial assets (total)	98,800	98,681	10	77	30
Allowance for doubtful accounts	(265)	(265)	—	—	—
Other financial assets (net)	98,534	98,415	10	77	30

The Group does not hold any collateral or other credit enhancements on the above financial assets.

When the Group recognizes impairment of a financial asset, it does not subtract the value of the impairment directly from the carrying amount. Rather, this is recorded as an allowance for doubtful accounts.

The main factors increasing/decreasing the Group's allowances for doubtful accounts were as follows:

(Millions of yen)

	Allowance for doubtful accounts (current)	Allowance for doubtful accounts (non-current)	Total
Balances as at 1 September 2013	488	78	567
Provision for the year	216	76	292
Decrease (intended purposes)	(55)	—	(55)
Others	(137)	(78)	(215)
Balances as at 31 August 2014	511	76	588
Provision for the year	436	276	712
Decrease (intended purposes)	(26)	(24)	(51)
Others	(241)	(63)	(304)
Balances as at 31 August 2015	679	265	945

Where recoverability is uncertain, the Group conducts ongoing monitoring of the credit status of companies with which it does business, including receivables whose maturity date has been changed.

Based on the credit facts uncovered by this monitoring, the Group assess the recoverability of trade receivables, etc., and makes provisions accordingly, in the form of allowances for doubtful accounts.

In addition, because the Group does business on a world-wide scale and its credit risk is distributed, it is not overly reliant on any specific counterparty and faces minimal exposure to the impact of chain-reaction credit risk due to the worsening of the credit conditions of any given counterparty.

Consequently, there is no need to record additional allowances for doubtful accounts based on credit risk concentration.

(7) Liquidity risk management

The Group manages liquidity risk by formulating and revising its funding plans on a timely basis and maintains an appropriate level of liquidity on hand.

The ultimate responsibility for management of liquidity risk lies with the CFO appointed by the Board of Directors. The finance department, under the direction of the CFO, performs the day-to-day aspects of liquidity risk management by maintaining appropriate levels of surplus funds and bank loans, and by monitoring budgets and cash flows.

(Millions of yen)

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	More than 2 years but within 3 years	More than 3 years but within 4 years	More than 4 years but within 5 years	Over 5 years
As at 31 August 2014								
Non-derivative financial liabilities								
Trade and other payables	185,119	185,119	185,119	—	—	—	—	—
Long-term borrowings (excluding current portion)	18,295	18,295	—	4,809	2,074	3,112	4,149	4,149
Current portion of long-term borrowings	4,809	4,809	4,809	—	—	—	—	—
Short-term borrowings	2,857	2,857	2,857	—	—	—	—	—
Long-term finance lease obligations	7,705	7,705	—	3,140	2,429	1,634	500	—
Short-term finance lease obligations	3,894	3,894	3,894	—	—	—	—	—
Derivative financial liabilities								
Foreign currency forward contracts	1,012	—						
Total	223,693	222,680	196,680	7,950	4,504	4,746	4,649	4,149
As at 31 August 2015								
Non-derivative financial liabilities								
Trade and other payables	181,577	181,577	181,577	—	—	—	—	—
Long-term borrowings (excluding current portion)	15,884	15,884	—	2,536	3,654	4,847	4,847	—
Current portion of long-term borrowings	5,236	5,236	5,236	—	—	—	—	—
Short-term borrowings	4,652	4,652	4,652	—	—	—	—	—
Long-term finance lease obligations	8,073	8,073	—	3,495	2,720	1,488	368	—
Short-term finance lease obligations	4,188	4,188	4,188	—	—	—	—	—
Derivative financial liabilities								
Foreign currency forward contracts	100	—						
Total	219,713	219,613	195,654	6,031	6,375	6,335	5,215	—

(Note) Guaranteed obligations are not included in the above, as the probability of having to act on those guarantees is remote.

(8) Fair value of financial instruments

(Millions of yen)

	As at 31 August2014		As at 31 August 2015	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Short-term borrowings	2,857	2,857	4,652	4,652
Long-term borrowings	23,104	22,065	21,121	21,270
Lease obligations	11,599	11,379	12,262	12,197
Total	37,561	36,302	38,035	38,120

(Note) Long-term borrowings and Lease obligations include the outstanding balance of borrowings due within 1 year.

The fair value of short-term financial assets, short-term financial liabilities, long-term financial assets and long-term financial liabilities, which are measured by amortized cost, approximate their carrying amounts.

The fair value of long-term borrowings and lease obligations are classified by term, and are calculated on the basis of the current value applying a discount rate that takes into account time remaining to maturity and credit risk.

(9) Fair value hierarchy of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

(Millions of yen)

As at 31 August 2014	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	243	—	207	450
Financial assets/(liabilities) at FVTPL	—	(118)	—	(118)
Foreign currency forward contracts designated as hedging instruments	—	98,231	—	98,231
Net amount	243	98,112	207	98,563

As at 31 August 2015	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	363	—	210	574
Financial assets/(liabilities) at FVTPL	—	556	—	556
Foreign currency forward contracts designated as hedging instruments	—	156,834	—	156,834
Net amount	363	157,390	210	157,964

For the valuation of level 2 derivative financial instruments for which a market value is available, we use a valuation model that uses observable data on the measurement date as indicators such as interest rates, yield curves, currency rates and volatility in comparable instruments.

Non-listed shares are included in level 3. There is no significant increase or decrease in level 3 items through purchase, disposal or settlement. Also, there is no transfer from level 3 to level 2.

30. Related Party Disclosures

Remuneration of key management personnel

Remuneration of the Group's key management personnel is as below:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Short-term employee benefits	364	364
Total	364	364

Transactions with officers and major shareholders (individuals only), etc. of the reporting entity submitting these consolidated financial statements

Year ended 31 August 2014 (from 1 September 2013 to 31 August 2014)

Category	Name of Company or Individual	Location	Capital Stock or investment	Business details or profession	Percentage of shares with voting rights (%)	Relationship with related parties	Details of transaction	Amount of transaction (millions of yen)	Account	Balance at 31 August 2014 (millions of yen)
Officer	Toru Murayama	—	—	Non-executive Director	Direct 0.00	Outsourcing	Consulting and advisory agreements about training of management personnel	18	Other current liabilities	1

Notes: 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 the negotiation with the related party considering market prices.

Year ended 31 August 2015 (from 1 September 2014 to 31 August 2015)

Category	Name of Company or Individual	Location	Capital Stock or investment	Business details or profession	Percentage of shares with voting rights (%)	Relationship with related parties	Details of transaction	Amount of transaction (millions of yen)	Account	Balance at 31 August 2015 (millions of yen)
Officer	Toru Murayama	—	—	Non-executive Director	Direct 0.00	Outsourcing	Consulting and advisory agreements about training of management personnel	18	Other current liabilities	1

Notes: 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 the negotiation with the related party considering market prices.

31. Major subsidiaries

The Group's major subsidiaries are as listed in "Corporate Profile 3. Subsidiaries and Associates".

32. Commitments

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Commitment for the acquisition of property, plant and equipment	5,487	8,825
Commitment for acquisition of intangible assets	373	85
Total	5,861	8,910

33. Contingent liabilities

Amount of guaranteed obligations

As at each reporting date, the Group has provided the following guarantees to financial institutions on loans payable of employees' benefit society.

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Employees' Benefit Society:		
Fast Retailing Mutual Aid Society	7	—
Total	7	—

34. Subsequent Events

Year ended 31 August 2014

(1) The Issue of Share-based Compensation Stock Options (Share Subscription Rights)

Based on Articles 236, 238 and 240 of the Companies Act and on the decision taken by the Board of Directors at its meeting held on 9 October 2014, the Company decided to issue share subscription rights as share-based compensation stock options for the purpose of rewarding employees of the Company and its subsidiaries for their contribution to the Group's profit. By linking the Company's stock price more closely to the benefits received by highly productive personnel, the share subscription rights program is designed both to boost staff morale and their motivation to improve group performance and to boost shareholder value by strengthening business development with a focus on shareholder return.

Please see "Stock Information and Dividend Policy 1. Stock Information (9) Stock Options Program" for details.

Year ended 31 August 2015

(1) The Issue of Share-based Compensation Stock Options (Share Subscription Rights)

Based on Articles 236, 238 and 240 of the Companies Act and on the decision taken by the Board of Directors at its meeting held on 8 October 2015, the Company decided to issue share subscription rights as share-based compensation stock options for the purpose of rewarding employees of the Company and its subsidiaries for their contribution to the Group's profit. By linking the Company's stock price more closely to the benefits received by highly productive personnel, the share subscription rights program is designed both to boost staff morale and their motivation to improve group performance and to boost shareholder value by strengthening business development with a focus on shareholder return.

Please see "Stock Information and Dividend Policy 1. Stock Information (9) Stock Options Program" for details.

(2) Issuance of non-collateralized corporate bonds

At the Board of Directors meeting on 25 November 2015, a comprehensive decision was made to issue non-collateralized corporate bonds, as detailed below.

(1) Amount to be issued	Up to 250 billion yen (may be issued in multiple tranches, up to a total of this amount)
(2) Time frame	26 November 2015 to 5 November 2017
(3) Amount of payment	100 yen per 100 yen face value
(4) Interest rate	No more than 0.6 percentage point above the market yield of JGBs of comparable maturity
(5) Term	Three years or more, up to 10 years
(6) Redemption	Lump sum payment at maturity
(7) Use of funds	Capital investment, operating funds, investments and/or repayment of other borrowings
(8) Determination of terms of issuance	Decisions regarding amount to be issued, maturity, interest rate, payment date and other terms of issuance shall be made solely by the chairman, president and representative director, within parameters determined by the Board of Directors.

(2) Others

Quarterly information for the year ended 31 August 2015

(Cumulative)	First quarter	Second quarter	Third quarter	Fiscal year
Revenue (Millions of yen)	479,543	949,684	1,348,114	1,681,781
Quarterly income before income taxes and non-controlling interests (Millions of yen)	106,745	163,666	210,282	180,676
Quarterly net income (Millions of yen)	68,826	104,753	132,364	110,027
Earnings per share (Yen)	675.30	1,027.75	1,298.60	1,079.42

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings/(losses) per share (Yen)	675.30	352.47	270.86	(219.11)

2. Financial statements
(1) Financial statements
(i) Balance Sheet

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
ASSETS		
Current assets		
Cash and deposits	46,673	145,192
Trade accounts receivable	*1 12,679	*1 11,818
Short-term investment securities	131,622	39,943
Short-term loans receivable from subsidiaries and affiliates	34,275	49,226
Income taxes receivable	11,481	17,979
Accounts receivable from subsidiaries and affiliates	8,962	3,036
Deferred tax assets	—	867
Others	1,877	1,821
Allowance for doubtful accounts	(1)	(0)
Total current assets	247,570	269,886
Non-current assets		
Property, plant and equipment		
Buildings	5,736	5,860
Accumulated depreciation	*3 (3,990)	*3 (4,412)
Buildings, net	1,745	1,448
Structures	298	298
Accumulated depreciation	*3 (207)	*3 (212)
Structures, net	91	86
Tools, furniture and equipment	1,406	1,475
Accumulated depreciation	*3 (1,290)	*3 (1,355)
Tools, furniture and equipment, net	116	119
Land	1,158	1,158
Leased assets	20	135
Accumulated depreciation	*3 (15)	*3 (133)
Leased assets, net	4	2
Total property, plant and equipment	3,116	2,815
Intangible assets		
Software	11,849	10,179
Software in progress	5,403	1,124
Others	80	73
Total intangible assets	17,333	11,377
Investments and other assets		
Investment securities	439	553
Investments in subsidiaries and affiliates	74,922	75,810
Investments in capital of subsidiaries and affiliates	11,069	12,629
Long-term loans receivable from subsidiaries and affiliates	24,034	29,898
Leases and guarantee deposits	5,314	5,986
Others	1,310	1,051
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	117,092	125,930
Total non-current assets	137,542	140,122
Total assets	385,113	410,009

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
LIABILITIES		
Current liabilities		
Accounts payable	3,178	4,251
Accruals	1,173	715
Deposits received	*1 42,435	*1 23,939
Allowance for bonuses	1,283	1,614
Others	160	521
Total current liabilities	48,231	31,043
Non-current liabilities		
Guarantee deposits received	1,127	1,126
Deferred tax liabilities	3,012	1,072
Others	486	759
Total non-current liabilities	4,625	2,959
Total liabilities	52,857	34,002
NET ASSETS		
Shareholders' equity		
Capital stock	10,273	10,273
Capital surplus		
Capital reserve	4,578	4,578
Other capital surplus	1,856	2,550
Total capital surplus	6,435	7,129
Retained earnings		
Legal reserve	818	818
Other retained earnings		
Special reserve fund	185,100	185,100
Retained earnings carried forward	148,299	185,400
Total retained earnings	334,217	371,318
Treasury stock	(15,790)	(15,699)
Total shareholders' equity	335,136	373,023
Valuation and translation adjustments		
Unrealized gains/(losses) on available-for-sale securities	(4,515)	329
Total valuation and translation adjustments	(4,515)	329
Share subscription rights	1,634	2,654
Total net assets	332,255	376,007
Total liabilities and net assets	385,113	410,009

(ii) Statement of Income

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Operating revenue		
Management income from operating companies	*1 26,481	*1 30,265
Dividends income from subsidiaries and affiliates	*1 50,957	*1 88,805
Total operating revenue	77,438	119,071
Operating expenses		
Selling, general and administrative expenses		
Salaries	3,240	4,280
Bonuses	533	396
Allowance for bonuses	862	1,106
Rental expenses	3,881	4,419
Depreciation	4,908	6,438
Outsourcing expenses	10,620	13,923
Others	9,914	10,662
Total operating expenses	33,961	41,227
Operating income	43,477	77,844
Non-operating income		
Interest income	62	292
Interest income from investment securities	86	39
Foreign exchange gains	3,508	11,218
Others	96	132
Total non-operating income	3,753	11,683
Non-operating expenses		
Interest expenses	14	42
Others	294	239
Total non-operating expenses	308	282
Ordinary income	46,921	89,245
Extraordinary income		
Gain on sales of investments in short-term investment securities	—	1,773
Gain from discharge of indebtedness	427	—
Others	—	1
Total extraordinary income	427	1,775
Extraordinary losses		
Losses on retirement of non-current assets	*2 —	*2 9
Loss on sales of investments in short-term investment securities	—	1,081
Impairment losses of investments in investment securities	23,499	15,591
Impairment losses	—	6,530
Total extraordinary losses	23,499	23,212
Income before income taxes	23,849	67,808
Income taxes – current	(91)	586
Income taxes – deferred	605	(3,005)
Total income taxes	513	(2,418)
Net income	23,336	(70,227)

(iii) Statement of Changes in Net Assets

Year ended 31 August 2014

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Special reserve fund	Retained earnings carried forward	Total retained earnings
Balance at the beginning of year	10,273	4,578	1,384	5,963	818	185,100	155,534	341,452
Changes during the year								
Exercise of share subscription rights			471	471				
Dividends							(30,571)	(30,571)
Net income							23,336	23,336
Acquisition of treasury stock								
Disposal of treasury stock								
Net changes of items other than those in shareholders' equity								
Net changes during the year	—	—	471	471	—	—	(7,234)	(7,234)
Balance at the end of year	10,273	4,578	1,856	6,435	818	185,100	148,299	334,217

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock	Total shareholders' equity	Unrealized gains/(losses) on available-for-sale securities	Total valuation and translation adjustments	Share subscription rights	Total net assets
Balance at the beginning of year	(15,851)	341,838	(6,980)	(6,980)	896	335,754
Changes during the year						
Exercise of share subscription rights		471				471
Dividends		(30,571)				(30,571)
Net income		23,336				23,336
Acquisition of treasury stock	(25)	(25)				(25)
Disposal of treasury stock	86	86				86
Net changes of items other than those in shareholders' equity			2,464	2,464	738	3,203
Net changes during the year	60	(6,701)	2,464	2,464	738	(3,498)
Balance at the end of year	(15,790)	335,136	(4,515)	(4,515)	1,634	332,255

Year ended 31 August 2015

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Special reserve fund	Retained earnings carried forward	Total retained earnings
Balance at the beginning of year	10,273	4,578	1,856	6,435	818	185,100	148,299	334,217
Changes during the year								
Exercise of share subscription rights			694	694				
Dividends								
Net income							(33,126)	(33,126)
Acquisition of treasury stock							70,227	70,227
Disposal of treasury stock								
Net changes of items other than those in shareholders' equity								
Net changes during the year	—	—	694	694	—	—	37,101	37,101
Balance at the end of year	10,273	4,578	2,550	7,129	818	185,100	185,400	371,318

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains/(losses) on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of year	(15,790)	335,136	(4,515)	(4,515)	1,634	332,255
Changes during the year						
Exercise of share subscription rights		694				694
Dividends		(33,126)				(33,126)
Net income		70,227				70,227
Acquisition of treasury stock	(11)	(11)				(11)
Disposal of treasury stock	102	102				102
Net changes of items other than those in shareholders' equity			4,845	4,845	1,019	5,865
Net changes during the year	90	37,886	4,845	4,845	1,019	43,751
Balance at the end of year	(15,699)	373,023	329	329	2,654	376,007

Notes

(Significant accounting policies)

1. Valuation methods for securities

(a) Investments in subsidiaries and affiliates:

The Company's investments in subsidiaries and affiliates are stated at cost. The cost of securities sold is determined by average method.

(b) Available-for-sale securities:

(i) Listed securities:

Listed securities are stated at fair value, with fair value gains and losses, net of applicable taxes, reported as "unrealized gains/(losses) on available-for-sale securities", a separate component of net assets. The cost of securities sold is determined based on moving average cost method.

(ii) Unlisted securities:

Unlisted securities are stated at cost, which is determined by average method.

2. Depreciation method for non-current assets

(a) Property, plant and equipment (other than leased assets)

Depreciation of property, plant and equipment is calculated using the straight-line method. The principal ranges of estimated useful lives are as follows:

Buildings and structures 5–10 years

Tools, furniture and equipment 5 years

(b) Intangible assets (other than leased assets)

Amortization of intangible assets is calculated using the straight-line method. The principal range of estimated useful life is as follows:

Software for internal use 5 years

(c) Leased assets

Assets held under capitalized finance leases are depreciated using the straight-line method over the lease terms at zero residual value.

3. Provision basis for allowances

(a) Allowance for doubtful accounts

Provision for potential bad debts, loan loss ratios are recorded for general accounts receivable. Specified doubtful accounts receivable are reviewed individually to determine their recoverability, and an estimate for the non-recoverable portion is recorded.

(b) Allowance for bonuses

Bonuses to employees are accrued on the balance sheet date.

4. Other significant matter for the preparation of non-consolidated financial statements

Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(Changes in method of presentation)

The Notes prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Non-consolidated Financial Statements, Article 127-2, have been changed to Notes prepared in accordance with the Ordinance on Company Accounting.

The following items have been omitted.

- Notes on lease transactions stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 8-6, have been omitted, in accordance with Item 4 of the same Article.
- Notes on asset retirement obligations stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 8-28, have been omitted, in accordance with Item 2 of the same Article.
- Notes on accumulated impairment stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 26-2, have been omitted, in accordance with Item 5 of the same Article.
- Notes on net assets per share stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 68-4, have been omitted, in accordance with Item 3 of the same Article.
- Notes on net income per share stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 95-5-2, have been omitted, in accordance with Item 3 of the same Article.
- Notes on diluted net income per share stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 95-5-3, have been omitted, in accordance with Item 4 of the same Article.
- Notes on treasury stock stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 107, have been omitted, in accordance with Item 2 of the same Article.
- Notes on the detailed table of marketable securities, stipulated by the Rules Governing Term, Form and Presentation of Financial Statements, Article 121-1-1, have been omitted, in accordance with Item 3 of the same Article.

(Notes to balance sheet)

1. Breakdown of assets and liabilities related to subsidiaries and affiliates which were not separately presented are as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Trade accounts receivable	12,600	11,730
Deposits received	42,167	23,704

2. Contingent liabilities

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Guarantees for office and retail store leases	65,700	94,814
Guarantees on loans payable to financial institutions	23,132	20,916

3. Accumulated depreciation includes accumulated impairment losses.

(Notes to statement of income)

1. Transactions related to the subsidiaries and affiliates are as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Ordinary revenue:		
Management income from operating companies	24,189	27,782
Dividends income from subsidiaries and affiliates	50,957	88,805

2. Breakdown of losses on retirement of non-current assets are as follows:

(Millions of yen)

	Year ended 31 August 2014	Year ended 31 August 2015
Software	—	9

(Marketable securities)

As at 31 August 2014

Fair value of the shares of subsidiaries (74,922 million yen on balance sheet) is not described as they do not have market price and the fair value is extremely difficult to determine.

As at 31 August 2015

Fair value of the shares of subsidiaries (75,810 million yen on balance sheet) is not described as they do not have market price and the fair value is extremely difficult to determine.

(Deferred taxes)

1. Breakdown of the causes of deferred tax assets and deferred tax liabilities are as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Deferred tax assets:		
Allowance for bonuses	508	596
Depreciation	338	402
Write-down of shares in subsidiaries and affiliates	25,898	28,471
Impairment losses	—	2,158
Provision of allowance for doubtful accounts	0	0
Unrealised gains/(losses) on available-for-sale securities	1,641	—
Unused tax losses carried forward	1,173	641
Others	2,827	2,518
Subtotal	32,387	34,788
Valuation allowance	(32,387)	(31,694)
Total deferred tax assets	—	3,093
Deferred tax liabilities:		
Asset retirement obligations	(24)	—
Temporary differences on shares of subsidiaries	(2,203)	(1,944)
Others	(784)	(1,304)
Total deferred tax liabilities	(3,012)	(3,298)
Net deferred tax liabilities	(3,012)	(204)

2. The differences between the effective tax rate after applying tax effect and the statutory income tax rate is as follows:

(Millions of yen)

	As at 31 August 2014	As at 31 August 2015
Statutory income tax rate	38.0%	35.6%
(adjustments)		
Non-taxable dividend income	(80.7)	(46.4)
Increase/(decrease) in valuation allowance	39.4	6.0
Foreign withholding tax	2.4	0.8
Others	3.0	0.4
Effective tax rates after applying tax effect accounting	2.2	(3.5)

3. Revision of amount of deferred tax assets and liabilities following amendment of the rate of corporation tax, etc.

Based on the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015), which were promulgated on 31 March 2015, a reduction in the corporation tax rate was applied from the fiscal year commencing 1 April 2015. As a result, the effective statutory tax rate used in the calculation of deferred tax assets and liabilities has been revised from 35.6% to 33.0% with regard to temporary differences expected to be eliminated in the fiscal year commencing 1 September 2015, and to 32.2% with regard to temporary differences expected to be eliminated from the fiscal year commencing 1 September 2016.

The impact of this tax rate amendment on the financial statements is slight.

(Business Combination)
Not applicable.

(Notes on Significant Subsequent Events)
Year ended 31 August 2015 (1 September 2014–31 August 2015)
(1) The Issue of Stock-based Compensation Stock Options (Share Subscription Rights)

Based on Articles 236, 238 and 240 of the Companies Act and on the decision taken by the Board of Directors at its meeting held on 8 October 2015, the Company decided to issue share subscription rights as stock-based compensation stock options for the purpose of rewarding employees of the Company and its subsidiaries for their contribution to the Group's profit. By linking the Company's stock price more closely to the benefits received by highly productive personnel, the share subscription rights program is designed both to boost staff morale and their motivation to improve group performance and to boost shareholder value by strengthening business development with a focus on shareholder return.

Please see "Stock Information and Dividend Policy 1. Stock Information (9) Stock Options Program" for details.

(2) Issuance of non-collateralized corporate bonds

At the Board of Directors meeting on 25 November 2015, a comprehensive decision was made to issue non-collateralized corporate bonds, as detailed below.

(1) Amount to be issued	Up to 250 billion yen (may be issued in multiple tranches, up to a total of this amount)
(2) Time frame	26 November 2015 to 5 November 2017
(3) Amount of payment	100 yen per 100 yen face value
(4) Interest rate	No more than 0.6 percentage point above the market yield of JGBs of comparable maturity
(5) Term	Three years or more, up to 10 years
(6) Redemption	Lump sum payment at maturity
(7) Use of funds	Capital investment, operating funds, investments and/or repayment of other borrowings
(8) Determination of terms of issuance	Decisions regarding amount to be issued, maturity, interest rate, payment date and other terms of issuance shall be made solely by the chairman, president and representative director, within parameters determined by the Board of Directors.

(iv) Associated details

Details of fixed assets

Types of assets	Balances as at 1 September 2014 (Millions of yen)	Increase (Millions of yen)	Decrease (Millions of yen)	Depreciation, amortization during the year (Millions of yen)	Balances as at 31 August 2015 (Millions of yen)	Accumulated depreciation or amortization as at 31 August 2015 (Millions of yen)
Property, plant and equipment						
Buildings	1,745	124	—	421	1,448	4,412
Structures	91	—	—	4	86	212
Tools, furniture and equipment	116	68	—	65	119	1,355
Land	1,158	—	—	—	1,158	—
Leased assets	4	486	365 (365)	124	2	133
Total property, plant and equipment	3,116	679	365 (365)	617	2,815	6,114
Intangible assets						
Software	11,849	10,204	5,999 (5,991)	5,874	10,179	—
Software in progress	5,403	797	5,077 (143)	—	1,124	—
Leased assets	20	3	190	10	13	—
Others	59	—	—	0	58	—
Total intangible assets, total	17,333	11,055	11,076 (6,135)	5,885	11,377	—

(Notes) 1. The main factors listed as increase during the year are as follows:

Types of assets	Amount (Millions of yen)	Contents
Software	10,204	Construction cost for new system

2. The main factors listed as decrease during the year are as follows:

Types of assets	Amount (Millions of yen)	Contents
Software	5,991	Impairment losses
Software in progress	4,933	Construction cost for of new systems (transferred to software as the new system was launched)

3. In the “Decrease” column, the figures in parentheses are included, and are the recorded impairment loss amounts.

Details of provisions

(Millions of yen)

Categories	Balance as at 1 September 2014	Increase	Decrease (Intended purposes)	Decrease (Other purposes)	Balance as at 31 August 2015
Allowance for doubtful accounts	1	0	—	1	0
Allowance for bonuses	1,283	1,614	1,283	—	1,614

(Notes) Decrease (Other purposes) in “Allowance for doubtful accounts” is due to reversal of the allowances provided in previous years.

(v) Main details of assets and liabilities

Omitted because the consolidated financial statements are prepared.

(3) Others

Not applicable.

Independent Auditors' Report (Group)

Independent auditors' report

To the Board of Directors of FAST RETAILING CO., LTD.

We have audited the accompanying consolidated financial statements of FAST RETAILING CO., LTD. (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 August 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 present fairly, in all material respects, the financial position of the Group as at 31 August 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young ShinNihon LLC

27 November 2015

Independent Auditors’ Report (Company)

Independent auditors’ report

To the Board of Directors of FAST RETAILING CO., LTD.

We have audited the accompanying financial statements of FAST RETAILING CO., LTD. (the “Company”), which comprise the balance sheet as at 31 August 2015, and the statement of income and statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

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

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. 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 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 August 2015, and its financial performance for the year then ended in accordance with generally accepted accounting principles in Japan.

Ernst & Young ShinNihon LLC

27 November 2015

Internal Control Report

1. Basic framework of internal control in connection with financial reporting

Chairman, President and CEO Tadashi Yanai and Chief Financial Officer Takeshi Okazaki hold responsibility for the preparation and management of internal controls in connection with financial reporting for the Company and its consolidated subsidiaries (hereinafter, the “Group”). The preparation and management of internal controls in connection with financial reporting are conducted in accordance with the basic framework of internal controls described in the “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting — Council Opinions”, published by the Business Accounting Council.

The basic elements of our internal controls are organically interconnected, and function as a single whole. Our aim is to achieve their purposes within a reasonable range. For this reason, these internal controls on financial reporting may not completely prevent or discover all misstatements in the financial reports.

2. Scope of evaluation, book-close dates, and evaluation procedures

The internal control evaluation of our financial reports was made on 31 August 2015, which was the last day of the fiscal year under review. This evaluation was made using generally accepted internal control evaluation standards for financial reports.

This evaluation was started with an evaluation of internal controls that have a significant influence on our consolidated financial reports as a whole (company-wide internal controls). The operational processes to be evaluated were selected on the basis of this evaluation. In the evaluation of these operational processes, the selected operational processes were analyzed, and the key points of internal controls that might have a significant influence on the credibility of financial reports were categorized. Then, the status of preparation and operation was evaluated in terms of these key points of internal controls to determine the effectiveness of the internal controls.

The scope of the evaluation of the internal controls on financial reporting is of great importance, both fiscally and qualitatively, for the credibility of the Group’s financial reports. The methods and procedures employed are:

Based on the principle that the operational procedures for the entire Company’s internal controls, accounts, and financial reports should best be evaluated from a company-wide perspective, these evaluations are performed for the Group as a whole. However, because some consolidated subsidiaries are very small, both fiscally and qualitatively, they are not included within the scope of the evaluation.

Regarding operational procedures, based on the results of the company-wide evaluation of internal controls, and as an indicator of sales (adjusted to exclude intra-group sales) for each of our businesses in the fiscal year under review, those businesses that make up roughly two-thirds of consolidated sales in the fiscal year under review are designated “important businesses.” The selected important businesses are evaluated in terms of broad indicators such as sales, accounts receivable, inventories and other operational procedures. Next, the impact on the Group’s financial reports is calculated. Those operational procedures that are of particular importance are added to the evaluation process.

3. Results of evaluation

Based on the evaluation results discussed above, it was determined that the Group’s internal controls on financial reports were effective as of the end of the fiscal year under review.

4. Additional items

None

5. Special items

None

Confirmation Note

1. The Company’s Chairman, President and CEO Tadashi Yanai and Chief Financial Officer Takeshi Okazaki have reviewed the contents of the financial reports for the Company’s 54th fiscal year (September 1, 2014 — August 31, 2015), and confirm they are true, based on the Financial Instruments and Exchange Law.

2. Special items

None