



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

First Quarterly Report 2014/15

2014.9.1–2014.11.30

Stock Code: 6288

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Corporate Profile

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

Financial Summary

Term	First Quarter of 53rd Year	First Quarter of 54th Year	53rd Year
Accounting period	Three months ended 30 November 2013	Three months ended 30 November 2014	Year ended 31 August 2014
Revenue (Millions of yen)	389,052	479,543	1,382,935
Operating profit (Millions of yen)	65,314	91,370	130,402
Profit before income taxes (Millions of yen)	69,476	106,745	135,470
Profit attributable to owners of the parent (Millions of yen)	41,995	68,826	74,546
Comprehensive income attributable to owners of the parent (Millions of yen)	65,546	157,780	75,517
Equity attributable to owners of the parent (Millions of yen)	621,828	762,414	618,381
Total assets (Millions of yen)	1,042,674	1,281,057	992,307
Basic earnings per share for the period (year) (Yen)	412.13	675.30	731.51
Diluted earnings per share for the period (year) (Yen)	411.81	674.61	730.81
Ratio of equity attributable to owners of the parent to total assets (%)	59.6	59.5	62.3
Net cash from operating activities (Millions of yen)	41,827	71,882	110,595
Net cash used in investing activities (Millions of yen)	(13,753)	(19,207)	(56,323)
Net cash used in financing activities (Millions of yen)	(7,432)	(17,194)	(44,060)
Cash and cash equivalents at end of the period (year) (Millions of yen)	323,493	371,546	314,049

- (Notes)
1. The Company has prepared interim condensed consolidated financial statements, and therefore has not included information regarding changes in key management indices for the submitting company.
 2. Revenue does not include consumption taxes, etc.
 3. The financial figures are quoted from interim condensed consolidated financial statements or consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

Business Description

There were no significant changes in the nature of business engaged in by the Group (the Company and its subsidiaries) during the three months ended 30 November 2014.

Important changes concerning subsidiaries are as follows:

(UNIQLO International)

Newly consolidated subsidiary:

UNIQLO Washington LLC

Excluded from consolidation:

UNIQLO (Germany) GmbH

Management Discussion and Analysis

Business Review

1. Business and Operational Risks

No new business-related risks have arisen during the three months ended 30 November 2014.

There have been no important changes concerning business-related risks as stated in the securities report for the preceding consolidated fiscal year.

2. Significant Contract in Business Operation

None.

3. Financial Analysis

(1) Results of Operations

The Group reported increase in both revenue and profit during the first quarter of fiscal year 2015 spanning 1 September to 30 November 2014. Consolidated revenue totaled ¥479.5 billion (+23.3% year-on-year), consolidated operating profit totaled ¥91.3 billion (+39.9% year-on-year), consolidated profit before income taxes totaled ¥106.7 billion (+53.6% year-on-year) and profit attributable to owners of the parent totaled ¥68.8 billion (+63.9% year-on-year). All Group operations reported increase in revenue and profit, while UNIQLO International performed particularly strongly during the three-month period. Consolidated profit before income taxes and profit attributable to owners of the parent both increased by a greater margin than consolidated operating profit. This was due largely to the depreciation of the Japanese yen at the end of November 2014, which boosted the appraisal value of foreign-currency denominated assets, generating net finance income of ¥15.3 billion.

The Group's medium-term vision is to become the world's number one apparel manufacturer and retailer. In pursuit of this aim, we are committed to promoting globalization, strengthening our overall Group management, and reigniting our entrepreneurial spirit. We have focused much of our efforts on building up our global UNIQLO operations, by accelerating the pace of new store openings outside of Japan. We have also opened global flagship stores, hotspot stores, and large-format stores in major cities around the world, in order to boost the awareness and visibility of the UNIQLO brand, and to strengthen our global operational base. Within our Global Brands segment, we have been actively expanding our low-priced GU casual wear brand, and our Theory fashion label.

UNIQLO Japan

UNIQLO Japan achieved higher than expected increase in revenue and profit during the three months ended 30 November 2014. Revenue rose to ¥232.6 billion (+11.6% year-on-year), and operating profit expanded to ¥51.1 billion (+21.3% year-on-year). Operating profit rose strongly due to a 7.5% increase in sales in existing stores, and higher gross profit margins. The gross profit to net sales margin improved by 2.4% in the first quarter thanks to the strong overall sales trend. The onset of cool weather from early September enabled UNIQLO Japan to launch its Fall, Winter ranges earlier than usual, and the subsequent strong performance of core winter items ranges, such as HEATTECH, Ultra Light Down, and Extra Fine Merino, helped to boost the gross profit margin. UNIQLO Japan opened the global hotspot store, UNIQLO Kichijoji, on 3 October 2014 and the global flagship store, UNIQLO OSAKA, on 31 October 2014. Both of these important new community-focused stores have proved extremely successful so far. The number of directly-run UNIQLO Japan stores, excluding 28 franchise outlets, totaled 824 stores at the end of November 2014. While there is a net decrease of 14 stores year-on-year, 9 of these stores were converted from directly-run stores to new employee-franchise outlets.

UNIQLO International

UNIQLO International performed extremely well during the three months ended 30 November 2014, reporting higher than expected increase in both revenue and profit. Revenue expanded considerably to ¥168.0 billion (+47.3% year-on-year), and operating profit rose to ¥24.3 billion (+57.2% year-on-year). Furthermore, the segment's increase in revenue and profit still exceeded expectations in local currency terms, after stripping out any foreign currency effect. With a net addition of 62 stores in the first quarter, the total number of UNIQLO International stores expanded to 695 stores at the end of November 2014. This represents an increase of 183 stores compared to the end of November 2013.

Within the UNIQLO International framework, UNIQLO Greater China (Mainland China, Hong Kong, and Taiwan) and UNIQLO South Korea reported higher than expected, strong increase in revenue and profit. UNIQLO Southeast Asia and Oceania generated rising revenue and profit in line with our expectations, while UNIQLO USA fell short of plan and reported an increase in revenue but a contraction in profit. UNIQLO Europe, including operations in the United Kingdom, France, Russia, and Germany, reported a slightly lower than expected increase in revenue and profit at the same level year-on-year.

Global Brands

Global Brands reported increase in revenue and profit during the three months ended 30 November 2014 in line with expectations. Revenue expanded to ¥78.1 billion (+18.6% year-on-year) and operating profit expanded to ¥9.5 billion (+30.4% year-on-year). Our low-priced GU fashion casual wear brand reported double-digit increase in both revenue and profit as expected, with strong performances from heavily-advertised skirts and knitwear items boosting sales in existing stores. Our Theory fashion brand reported slightly higher than expected increase in revenue and profit. Our France-based women's fashion brand, Comptoir des Cotonniers, fell short of plan, reporting a slight contraction in profit. Meanwhile, our France-based Princesse tam.tam brand, offering corsetry, homewear, swimwear and sportswear, and our U.S.-based J Brand premium denim label both performed to plan, generating stable year-on-year performances during the three months ended 30 November 2014.

Corporate Social Responsibility ("CSR") and Environmental Protection

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

Through our All-Product Recycling Initiative, in which UNIQLO and GU products are collected from customers and delivered to people who are in need of clothing, we have collected more than 32,500,000 items cumulatively at stores in 11 countries, and have donated 14,200,000 articles of clothing to 53 countries (as at 30 September 2014). In November 2014, FR staff visited a refugee camp in Jordan and donated clothing and created a rainbow banner in the refugee camp using heart shaped message cards collected from customers.

In Japan, as part of our support of the Setouchi Olive Foundation, UNIQLO's oldest CSR activity, the Company hosted the Olive Harvest Festival in November 2014 to thank customers for their fund-raising support. The Company invited 60 customers (from 224 applicants) to Teshima in Kagawa prefecture to take part in the festival.

To ensure responsible purchasing practices, we carefully monitor working conditions at our partner factories. We employ third party professionals to inspect sewing factories on a regular basis as an ongoing effort to ensure a fair and safe workplace environment, with no child labor, unpaid wages, or unsafe conditions. For fabric manufactures, we conduct environmental monitoring based on "Environmental Guidelines for Fabric Production" to reduce environmental impact. In September 2014, the Company became a member of Sustainable Apparel Coalition (SAC, head office: San Francisco), one of the largest organizations working to reduce the environmental and social impacts of apparel products around the world.

(2) Financial Positions

Total assets as at 30 November 2014 were ¥1,281.0 billion, which was an increase of ¥288.7 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥113.4 billion in derivative financial assets, an increase of ¥69.7 billion in trade and other receivables and an increase of ¥57.4 billion in cash and cash equivalents.

Total liabilities as at 30 November 2014 were ¥496.7 billion, which was an increase of ¥140.4 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥79.1 billion in trade and other payables and an increase of ¥38.9 billion in deferred tax liabilities.

Total net assets as at 30 November 2014 were ¥784.3 billion, which was an increase of ¥148.3 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥88.9 billion in other components of equity and an increase of ¥53.5 billion in retained earnings.

(3) Cash Flows Information

Cash and cash equivalents as at 30 November 2014 had increased by ¥48.0 billion relative to the end of the preceding consolidated fiscal year, to ¥371.5 billion.

Net cash from operating activities for the three months ended 30 November 2014 was ¥71.8 billion, which was an increase of ¥30.0 billion (+71.9% year-on-year) from the three months ended 30 November 2013. The principal factors were ¥106.7 billion in profit before income taxes and ¥30.3 billion in income taxes paid.

Net cash used in investing activities for the three months ended 30 November 2014 was ¥19.2 billion, which was an increase of ¥5.4 billion (+39.7% year-on-year) from the three months ended 30 November 2013. The principal factors were ¥15.2 billion for purchases of property, plant and equipment, and ¥2.2 billion for purchases of intangible assets.

Net cash used in financing activities for the three months ended 30 November 2014 was ¥17.1 billion, which was an increase of ¥9.7 billion (+131.4% year-on-year) from the three months ended 30 November 2013. The principal factor was ¥15.2 billion for cash dividends paid.

(4) Operational and Financial Assignment

There has been no important changes during the three months ended 30 November 2014 concerning issues that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Important Facilities

The following are the important facilities that were newly completed during the three months ended 30 November 2014.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO CO., LTD	UNIQLO Japan Stores	UNIQLO Kichijoji Store	Musashino-city, Tokyo	October 2014
UNIQLO CO., LTD	UNIQLO Japan Stores	UNIQLO OSAKA	Osaka-city, Osaka	October 2014

<Overseas Subsidiaries>

Not applicable.

Information about the Reporting Entity

1. Stock Information

(1) Number of Shares

(i) Total number of shares

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

(Note) There are no provisions for preemptive rights under the Companies Act of Japan, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

(ii) Shares Issued

Type	As at 30 November 2014	Number of shares issued as of submission date (Shares) (As at 14 January 2015)	Name of financial instrument exchange of listing, or authorised 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 Depository Receipts 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. Share subscription rights issued in the three months ended 30 November 2014 are as follows:

(i) 5th Share subscription rights A type

Resolution date	9 October 2014
Number of stock options (Shares)	21,732
Number of share subscription rights for treasury stock (Shares)	—
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	21,732
Amount to be paid upon exercise of share subscription rights (Yen)	1
Exercise period of share subscription rights	From 14 November 2017 To 13 November 2024
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 42,376 Paid-in capital: 21,188
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 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) 5th Share subscription rights B type

Resolution date	9 October 2014
Number of stock options (Shares)	33,062
Number of share subscription rights for treasury stock (Shares)	—
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	33,062
Amount to be paid upon exercise of share subscription rights (Yen)	1
Exercise period of share subscription rights	From 14 December 2014 To 13 November 2024
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 42,798 Paid-in capital: 21,399
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.

- 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.
- Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
Common stock of the Company Resulting From Reorganization.
- 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.
- 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.
- Period during which share subscription rights can be exercised:
The period from the earlier 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.

(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.

Dates	Increase/ decrease of total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase/ decrease of capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/ decrease of capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 September 2014 to 30 November 2014	—	106,073,656	—	10,273	—	4,578

(Note) There was no increase or decrease in the total number of shares issued, capital stock or capital reserve during the three months ended 30 November 2014.

(6) Principal Shareholders

There are no items to state, as the accounting period under review is the first quarter accounting period.

(7) Voting Rights

Concerning "Voting Rights" as at the end of the first quarterly accounting period ended 30 November 2014, it has not been possible to confirm and state the details entered in the register of shareholders. Therefore, the stated details are based on the register of shareholders as of the immediately preceding record date (31 August 2014).

(i) Shares issued

As at 30 November 2014

	Number of shares (Shares)	Number of voting rights (Number)	Remarks
Non-voting shares	—	—	—
Shares subject to restrictions on voting rights (treasury stock)	—	—	—
Shares subject to restrictions on voting rights (other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Shares held as treasury stock) Common stock 4,155,000	—	—
Shares with full voting rights (other)	Common stock 101,869,400	1,018,694	(Note) 1
Shares less than one unit	Common stock 49,256	—	(Notes) 1,2
Total number of shares issued	106,073,656	—	—
Total number of voting rights of all shareholders	—	1,018,694	—

(Notes) 1. The columns for the number of shares of “Shares with full voting rights (other)” and “Shares less than one unit” respectively include 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 45 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 30 November 2014

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 (%)
FAST RETAILING CO., LTD.	717-1 Sayama, Yamaguchi City, Yamaguchi	4,155,000	—	4,155,000	3.92
Total	—	4,155,000	—	4,155,000	3.92

2. Board of Directors

Since the submission of the year-end report for the preceding consolidated fiscal year, there has been no change in the directors during the three months ended 30 November 2014.

Financial Section

1. Preparation of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group were prepared in compliance with International Accounting Standards 34 “Interim Financial Reporting” (“IAS 34”), pursuant to Article 93 of the “Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements” (2007 Cabinet Office Ordinance No. 64, hereinafter referred to as “Consolidated Quarterly Financial Statements Rules”).

2. Review Certification

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, the quarterly and interim condensed consolidated financial statements of the Group for the three months ended 30 November 2014 are reviewed by Ernst & Young ShinNihon LLC.

(Amounts in millions of Japanese Yen and are rounded down to the nearest million unless otherwise stated)

1. Interim Condensed Consolidated Financial Statements

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2014	As at 30 November 2014
ASSETS			
Current assets			
Cash and cash equivalents		314,049	371,546
Trade and other receivables		47,428	117,190
Other current financial assets	13	9,119	10,371
Inventories	6	223,223	244,833
Derivative financial assets	13	99,125	212,544
Income taxes receivable		11,951	11,471
Others		12,139	12,685
Total current assets		717,037	980,643
Non-current assets			
Property, plant and equipment	7	114,398	132,901
Goodwill		26,715	28,352
Other intangible assets		46,968	50,433
Non-current financial assets	13	71,293	73,563
Deferred tax assets		11,257	10,240
Others		4,636	4,922
Total non-current assets		275,270	300,414
Total assets		992,307	1,281,057
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		185,119	264,302
Derivative financial liabilities	13	1,012	0
Other current financial liabilities	13	12,696	13,645
Income taxes payable		32,750	36,628
Provisions		16,154	11,485
Others		25,462	42,221
Total current liabilities		273,196	368,284
Non-current liabilities			
Non-current financial liabilities	13	27,604	30,747
Provisions		7,694	9,398
Deferred tax liabilities		37,387	76,312
Others		10,383	11,965
Total non-current liabilities		83,069	128,424
Total liabilities		356,265	496,708
EQUITY			
Capital stock		10,273	10,273
Capital surplus		9,803	11,335
Retained earnings		525,722	579,261
Treasury stock, at cost		(15,790)	(15,780)
Other components of equity		88,371	177,324
Equity attributable to owners of the parent		618,381	762,414
Non-controlling interests		17,660	21,934
Total equity		636,041	784,349
Total liabilities and equity		992,307	1,281,057

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

Interim Condensed Consolidated Statement of Profit or Loss

Three months ended 30 November 2014

(Millions of yen)

	Notes	Three months ended 30 November 2013	Three months ended 30 November 2014
Revenue		389,052	479,543
Cost of sales		(190,202)	(226,266)
Gross profit		198,849	253,277
Selling, general and administrative expenses	9	(135,447)	(168,009)
Other income	10	2,259	6,732
Other expenses	10	(346)	(629)
Operating profit		65,314	91,370
Finance income	11	4,452	15,643
Finance costs	11	(290)	(268)
Profit before income taxes		69,476	106,745
Income taxes		(24,960)	(33,948)
Profit for the period		44,515	72,796
Attributable to:			
Owners of the parent		41,995	68,826
Non-controlling interests		2,520	3,970
Profit for the period		44,515	72,796
Earnings per share			
Basic (Yen)	12	412.13	675.30
Diluted (Yen)	12	411.81	674.61

Interim Condensed Consolidated Statement of Comprehensive Income

Three months ended 30 November 2014

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Profit for the period	44,515	72,796
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss	—	—
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Net gain/(loss) on revaluation of available-for-sale investments	43	(708)
Exchange differences on translation of foreign operations	7,902	18,555
Cash flow hedges	16,915	72,636
Other comprehensive income, net of taxes	24,862	90,483
Total comprehensive income for the period	69,378	163,280
Attributable to:		
Owners of the parent	65,546	157,780
Non-controlling interests	3,831	5,499
Total comprehensive income for the period	69,378	163,280

(3) Interim Condensed Consolidated Statement of Changes in Equity

For three months ended 30 November 2013

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity			Equity attributable to owners of the parent	Non-controlling interests	Total equity	
						Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve				
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 period												
Comprehensive income												
Profit for the period		—	—	41,995	—	—	—	—	—	41,995	2,520	44,515
Other comprehensive income		—	—	—	—	43	6,592	16,915	23,551	23,551	1,310	24,862
Total comprehensive income		—	—	41,995	—	43	6,592	16,915	23,551	65,546	3,831	69,378
Transactions with the owners												
Acquisition of treasury stock												
		—	—	—	(11)	—	—	—	—	(11)	—	(11)
Disposal of treasury stock												
		—	28	—	14	—	—	—	—	43	—	43
Dividends	8	—	—	(15,284)	—	—	—	—	—	(15,284)	(659)	(15,944)
Share-based payments		—	1,105	—	—	—	—	—	—	1,105	—	1,105
Others		—	—	—	—	—	—	—	—	—	(310)	(310)
Total transactions with the owners		—	1,134	(15,284)	3	—	—	—	—	(14,146)	(970)	(15,116)
Total net changes during the period												
		—	1,134	26,710	3	43	6,592	16,915	23,551	51,400	2,861	54,261
As at 30 November 2013		10,273	7,993	508,457	(15,847)	775	23,044	87,131	110,951	621,828	22,159	643,988

For three months ended 30 November 2014

(Millions of yen)

	Note	Other components of equity							Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve				
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 period												
Comprehensive income												
Profit for the period		—	—	68,826	—	—	—	—	—	68,826	3,970	72,796
Other comprehensive income		—	—	—	—	(708)	17,307	72,353	88,953	88,953	1,529	90,483
Total comprehensive income		—	—	68,826	—	(708)	17,307	72,353	88,953	157,780	5,499	163,280
Transactions with the owners												
Acquisition of treasury stock		—	—	—	(1)	—	—	—	—	(1)	—	(1)
Disposal of treasury stock		—	63	—	11	—	—	—	—	75	—	75
Dividends	8	—	—	(15,287)	—	—	—	—	—	(15,287)	(1,226)	(16,513)
Share-based payments		—	1,467	—	—	—	—	—	—	1,467	—	1,467
Total transactions with the owners		—	1,531	(15,287)	9	—	—	—	—	(13,746)	(1,226)	(14,972)
Total net changes during the period		—	1,531	53,538	9	(708)	17,307	72,353	88,953	144,033	4,273	148,307
As at 30 November 2014		10,273	11,335	579,261	(15,780)	90	40,343	136,890	177,324	762,414	21,934	784,349

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Profit before income taxes	69,476	106,745
Depreciation and amortization	6,685	8,418
Increase/(decrease) in allowance for doubtful accounts	6	14
Increase/(decrease) in other provisions	(4,740)	(5,608)
Interest and dividend income	(123)	(227)
Interest expenses	290	264
Foreign exchange losses/(gains)	(4,328)	(14,623)
Losses on retirement of property, plant and equipment	29	75
Decrease/(increase) in trade and other receivables	(54,074)	(64,628)
Decrease/(increase) in inventories	(11,906)	(9,799)
Increase/(decrease) in trade and other payables	39,852	53,660
Decrease/(increase) in other assets	1,775	(3,020)
Increase/(decrease) in other liabilities	25,432	31,509
Others, net	(1,918)	(1,134)
Subtotal	66,455	101,645
Interest and dividend income received	116	227
Interest paid	(144)	(180)
Income taxes paid	(25,317)	(30,374)
Income taxes refund	718	564
Net cash from operating activities	41,827	71,882
Decrease/(increase) in bank deposits with maturity over 3 months	—	811
Purchases of property, plant and equipment	(10,659)	(15,209)
Proceeds from sales of property, plant and equipment	1,274	174
Purchases of intangible assets	(1,867)	(2,217)
Payments for lease and guarantee deposits	(1,911)	(2,960)
Proceeds from collection of lease and guarantee deposits	123	834
Increase in construction assistance fund receivables	(1,003)	(723)
Decrease in construction assistance fund receivables	423	442
Increase in guarantee deposits received	103	17
Decrease in guarantee deposits received	(202)	(26)
Others, net	(34)	(350)
Net cash used in investing activities	(13,753)	(19,207)

	Note	Three months ended 30 November 2013	Three months ended 30 November 2014
Net increase/(decrease) in short-term loans payable		8,674	(640)
Repayment of long-term loans payable		(8)	—
Cash dividends paid	8	(15,183)	(15,234)
Repayments of lease obligations		(835)	(1,076)
Others, net		(79)	(243)
Net cash used in financing activities		(7,432)	(17,194)
Effect of exchange rate changes on cash and cash equivalents		6,142	22,016
Net increase/(decrease) in cash and cash equivalents		26,784	57,497
Cash and cash equivalents at beginning of period		296,708	314,049
CASH AND CASH EQUIVALENTS AT END OF PERIOD		323,493	371,546

Notes to the Interim Condensed 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 on 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) and GU business, Theory business (apparel designing and retail business in Japan and overseas), etc.

2. Basis of Preparation

The interim condensed consolidated financial statements of the Group have been prepared in compliance with IAS34 “Interim Financial Reporting” (“IAS 34”). The Group adopted Article 93 of Consolidated Quarterly Financial Statements Rules, because the Group meets the criteria of a “specified company” defined under Article 1-2 of the said rules. Since the interim condensed consolidated financial statements do not include all the information and disclosures required for consolidated financial statements, they should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2014.

The interim condensed consolidated financial statements were approved on 14 January 2015 by Tadashi Yanai, Chairman, President and CEO, and Takeshi Okazaki, Group Senior Vice President and CFO.

3. Significant Accounting Policies

Except for the following standards that have been newly applied, the accounting policies presented in the consolidated financial statements for the year ended 31 August 2014 are applied consistently in the preparation of these interim condensed consolidated financial statements.

The Group adopted the following new and revised standards and interpretations beginning with the preparation of the interim condensed consolidated financial statements for the three months ended 30 November 2014.

IFRS	Title	Summary of new standards and amendments
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 interim condensed consolidated financial statements upon adoption.

4. Use of Estimates and Judgments

The preparation of the interim condensed consolidated financial statements in accordance with IAS34 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.

In principle, important estimates and judgments that have significant effects on the amounts recognized in the interim condensed consolidated financial statements are the same as the preceding consolidated fiscal year.

5. Segment information

(i) Description of reportable segments

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

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

(ii) Method of calculating segment revenue and results

The methods of accounting for the reportable segments are the same as those stated in the "Significant Accounting Policies" of the Group's annual consolidated financial statements for the year ended 31 August 2014.

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

(iii) Segment information

For the three months ended 30 November 2013

(Millions of yen)

	Reportable segments			Total	Others (Note)	Adjustments	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	208,497	114,096	65,907	388,501	551	—	389,052
Operating profit	42,176	15,473	7,331	64,981	(28)	362	65,314
Segment income (profit before income taxes)	42,630	15,177	7,389	65,197	(29)	4,308	69,476

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

For the three months ended 30 November 2014

(Millions of yen)

	Reportable segments			Total	Others (Note)	Adjustments	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	232,632	168,031	78,186	478,851	692	—	479,543
Operating profit	51,143	24,316	9,558	85,017	(2)	6,354	91,370
Segment income (profit before income taxes)	52,843	23,746	9,626	86,215	(2)	20,531	106,745

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

6. Inventories

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

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Write-down of inventories to net realizable value	1,455	1,255

7. Property, plant and equipment

The breakdown of property, plant and equipment at each reporting date is as follows:

(Millions of yen)

	As at 31 August 2014	As at 30 November 2014
Buildings and structures	80,131	96,342
Furniture, equipment and vehicles	24,869	30,024
Land	3,374	3,374
Construction in progress	6,021	3,160
Total	114,398	132,901

8. Dividends

The total amount of dividends paid was as follows:

Dividends paid during the three months ended 30 November 2013

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 4 November 2013	15,284	150

Dividends for which the declared date is 31 August 2013 are paid on and after 22 November 2013 as the effective date.

Dividends paid during the three months ended 30 November 2014

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 3 November 2014	15,287	150

Dividends for which the declared date is 31 August 2014 are paid on and after 21 November 2014 as the effective date.

9. Selling, general and administrative expenses

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

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Selling, general and administrative expenses		
Advertising and promotion	18,378	21,163
Rental expenses	34,926	42,263
Depreciation and amortization	6,685	8,418
Outsourcing	4,606	6,700
Salaries	42,693	54,044
Others	28,157	35,419
Total	135,447	168,009

10. Other income and other expenses

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

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Other income		
Foreign exchange gains*	1,073	6,254
Gains on sales of property, plant and equipment	876	0
Others	308	477
Total	2,259	6,732

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

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Other expenses		
Loss on retirement of property, plant and equipment	29	75
Others	316	553
Total	346	629

11. Finance income and finance costs

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

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Finance income		
Foreign exchange gains*	4,328	14,623
Interest income	123	227
Dividend income	0	0
Others	—	792
Total	4,452	15,643

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

(Millions of yen)

	Three months ended 30 November 2013	Three months ended 30 November 2014
Finance costs		
Interest expenses	290	264
Others	—	3
Total	290	268

12. Earnings per share

Three months ended 30 November 2013		Three months ended 30 November 2014	
Equity per share attributable to owners of the parent (Yen)	6,082.75	Equity per share attributable to owners of the parent (Yen)	7,480.41
Basic earnings per share for the period (Yen)	412.13	Basic earnings per share for the period (Yen)	675.30
Diluted earnings per share for the period (Yen)	411.81	Diluted earnings per share for the period (Yen)	674.61

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

	Three months ended 30 November 2013	Three months ended 30 November 2014
Basic earnings per share for the period		
Profit for the period attributable to owners of the parent (Millions of yen)	41,995	68,826
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	41,995	68,826
Average number of common stock during the period (Shares)	101,898,095	101,920,154
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares) (share subscription rights)	80,216 (80,216)	104,832 (104,832)

13. Fair value of financial instruments

The information about carrying amount and fair value of financial instruments is as follows:

(Millions of yen)

	As at 31 August 2014		As at 30 November 2014	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Short-term borrowings	2,857	2,857	2,426	2,426
Long-term borrowings (Note)	23,104	22,065	25,985	24,869
Lease obligations (Note)	11,599	11,379	12,608	12,350
Total	37,561	36,302	41,020	39,646

(Note) The above includes 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 are measured by amortized cost and 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.

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

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

(Millions of yen)

As at 31 August 2014	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	243	—	207	450
Financial liabilities at fair value through profit or loss ("FVTPL")	—	(118)	—	(118)
Foreign currency forward contracts designated as hedging instruments	—	98,231	—	98,231
Total	243	98,112	207	98,563

(Millions of yen)

As at 30 November 2014	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	243	—	223	466
Financial liabilities at FVTPL	—	825	—	825
Foreign currency forward contracts designated as hedging instruments	—	211,718	—	211,718
Total	243	212,544	223	213,011

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.

Unlisted securities 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.

14. Commitments

The Group had the following commitments at each reporting dates:

(Millions of yen)

	As at 31 August 2014	As at 30 November 2014
Commitment for acquisition of property, plant and equipment	5,487	2,479
Commitment for acquisition of intangible assets	373	216
Total	5,861	2,695

15. Subsequent Events

Not applicable.

2. Others

Dividends

The Company resolved to pay a dividend from retained earnings at the meeting of the Board of Directors convened on 3 November 2014.

The total amount of the dividend and amount per share are stated under “Financial section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 8. Dividends”.

Report on review of interim condensed consolidated financial statements

14 January 2015
Board of Directors
FAST RETAILING CO., LTD.

Ernst & Young ShinNihon LLC

Shigeyuki Amimoto
Certified Public Accountant
Designated and Engagement Partner

Shuji Kaneko
Certified Public Accountant
Designated and Engagement Partner

Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner

Pursuant to first clause of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial information included in the financial section, which comprises the interim condensed consolidated statement of financial position of FAST RETAILING CO., LTD. (the "Company") and its subsidiaries (collectively, the "Group") as at 30 November 2014, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended, and other explanatory notes (the "Interim Financial Information").

Management's responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and fair presentation of the Interim Financial Information in accordance with International Accounting Standards 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements", and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the Interim Financial Information based on our review. 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 review in accordance with quarterly review standards generally accepted in Japan. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS34.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Ernst & Young ShinNihon LLC

Tokyo, Japan
14 January 2015

(Note)

This is an English translation of the Japanese language Independent Auditors' Report issued by Ernst & Young ShinNihon LLC in connection with the review of the interim condensed consolidated financial statements of the Group prepared in Japanese, for the three months ended 30 November 2014. Ernst & Young ShinNihon LLC have not reviewed the English language version of the interim condensed consolidated financial statements for the above mentioned period.