



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

First Quarterly Report 2015/16

2015.9.1–2015.11.30

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

702–706, 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 54th Year	First Quarter of 55th Year	54th Year
Accounting period	Three months ended 30 November 2014	Three months ended 30 November 2015	Year ended 31 August 2015
Revenue (Millions of yen)	479,543	520,303	1,681,781
Operating profit (Millions of yen)	91,370	75,921	164,463
Profit before income taxes (Millions of yen)	106,745	77,666	180,676
Profit attributable to owners of the parent (Millions of yen)	68,826	48,024	110,027
Comprehensive income attributable to owners of the parent (Millions of yen)	157,780	45,012	163,871
Equity attributable to owners of the parent (Millions of yen)	762,414	779,368	750,937
Total assets (Millions of yen)	1,281,057	1,264,584	1,163,706
Basic earnings per share for the period (year) (Yen)	675.30	471.07	1,079.42
Diluted earnings per share for the period (year) (Yen)	674.61	470.48	1,078.08
Ratio of equity attributable to owners of the parent to total assets (%)	59.5	61.6	64.5
Net cash from operating activities (Millions of yen)	71,882	58,501	134,931
Net cash used in investing activities (Millions of yen)	(19,207)	(7,178)	(73,145)
Net cash used in financing activities (Millions of yen)	(17,194)	(21,478)	(41,784)
Cash and cash equivalents at end of the period (year) (Millions of yen)	371,546	387,537	355,212

- (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 2015.

Important changes concerning subsidiaries are as follows:

(Others)

Newly consolidated subsidiary:

Wearex Co., Ltd.

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 2015.

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

2. Significant Contract in Business Operation

None.

3. Financial Analysis

(1) Results of Operations

The Fast Retailing Group reported a rise in revenue but a fall in profit in the first quarter of fiscal 2016, or the three months from 1 September to 30 November 2015. Consolidated revenue reached ¥520.3 billion (+8.5% year-on-year), while consolidated operating profit totaled ¥75.9 billion (-16.9% year-on-year), consolidated profit before income taxes stood at ¥77.6 billion (-27.2% year-on-year), and profit attributable to owners of the parent totaled ¥48.0 billion (-30.2% year-on-year). Breaking these first-quarter results down into the three business segments, Global Brands reported a rise in both revenue and profit, while UNIQLO Japan reported declines in both revenue and profit, and UNIQLO International reported a rise in revenue but a decline in profit. In addition, the amount of foreign exchange gains recorded under other income and expenses, and net finance income declined by ¥18.9 billion in the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015, when the yen depreciated considerably. That was the main factor underlying the ¥29.0 billion fall in consolidated profit before income taxes.

The Group's medium-term vision is to become the world's number one apparel manufacturer and retailer. To this aim, we have focused our efforts on expanding UNIQLO's global operations, boosting store numbers in each country where we operate, opening global flagship stores and large-format stores in major cities around the world, and offering exciting joint collections with well-known designers from around the world, such as Ines de la Fressange. This strategy is designed to both boost awareness and visibility of the UNIQLO brand and strengthen our global operational base. We are also actively promoting our GU brand by accelerating the opening of new stores in Japan and launching the label in the Chinese market. We believe the GU operation has reached a key turning point in its growth and development as a second pillar brand for the Group.

UNIQLO Japan

UNIQLO Japan fell short of expectations in the first quarter of fiscal 2016, reporting a year-on-year decline in both revenue and profit (revenue: ¥230.9 billion (-0.7% year-on-year), operating profit: ¥44.8 billion (-12.4% year-on-year)). While online sales expanded 23.2% year-on-year, same-store sales declined 2.3%, resulting the fall in revenue. In September and October, fall winter items such as cashmere sweaters, merino sweaters, gaucho pants and wide pants got off to a great start and sales proved strong, pushing same-stores sales higher as a result. However, the unexpected heatwave in November stifled demand for winter items, and led to a sharp drop in revenue. On the profit side, hefty discounting of winter items in November squeezed the first-quarter gross profit margin, while lower-than-expected first-quarter sales inflated the selling, general and administrative expenses to revenue ratio. The number of directly-run UNIQLO Japan stores, excluding 38 franchise outlets, totaled 806 stores at the end of November 2015. While that represents a net decrease of 18 stores year-on-year, 10 of these stores were converted from directly-run stores to new employee-franchise outlets.

UNIQLO International

UNIQLO International's also fell short of target in the first quarter, reporting a rise in revenue but a decline in profit (revenue: ¥196.9 billion (+17.2% year-on-year), operating profit: ¥20.8 billion (-14.2% year-on-year)). Unseasonal warm winter weather around the globe adversely impacted same-store sales at UNIQLO Greater China (encompassing operations in mainland China, Hong Kong and Taiwan), UNIQLO South Korea and UNIQLO USA in particular, resulting in a lower-than-expected first-quarter performance and declining profits in all three of these areas. Meanwhile, UNIQLO Europe reported higher-than-forecast gains in both revenue and profit, and UNIQLO Southeast Asia and Oceania reported a steady operating profit, as expected. New store openings proceeded as planned, with a net 66 stores opened during the first quarter, mainly in Greater China and Southeast Asia. As a result, the total number of UNIQLO International stores had expanded by 169 year-on-year to 864 stores as of 30 November 2015. Fifteen years after the first UNIQLO store outside of Japan was opened in London in fall 2001, the number of UNIQLO International stores finally overtook the number of UNIQLO Japan stores in November 2015. UNIQLO USA continued to generate an operating loss, but we now have a new

strategy focusing on new store openings in major US cities and expanding e-commerce sales. As part of that strategy, in the first quarter we opened a 4,100m² flagship store in Chicago, the first such store in the Midwest, as well as a store in Boston on the East Coast in order to boost awareness of the UNIQLO brand. In Europe, our first UNIQLO store in Belgium, which was opened in Antwerp in October, got off to a favorable start.

Global Brands

Global Brands exceeded expectations in the first quarter by reporting a 17.4% year-on-year gain in revenue to ¥91.8 billion, and a 29.7% year-on-year gain in operating profit to ¥12.4 billion. Within the Global Brands segment, our low-priced GU fashion casualwear label reported significant rises in both revenue and profit that surpassed our initial forecasts. GU reported double-digit growth in same-store sales on the back of strong sales of heavily advertised campaign items such as wide pants, baggy sweaters and knitted bottoms. Meanwhile, our Theory fashion brand and J Brand premium denim label both fell slightly short of target when they reported a decline in profits. Our France-based Comptoir des Cotonniers and Princesse tam.tam labels reported lower-than-expected sales and a decline in profit, after the November terrorist attacks in Paris forced some stores to close temporarily.

Corporate Social Responsibility (“CSR”) and Environmental Protection

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.

To improve the work environment throughout the entire supply chain, we implemented the Work Environment Monitoring program at partner manufacturing facilities in 2004. We also began monitoring working conditions and the environmental impact of our partner fabric manufacturers, and had introduced monitoring procedures at fabric manufacturers accounting for 70% of UNIQLO’s production output as of September 2015. Moreover, as part of our efforts to make our operations more sustainable, we joined the Sustainable Apparel Coalition (SAC), an organization that strives to reduce the environmental impact of apparel products, and the Fair Labor Association (FLA), an organization that strives to protect the rights of factory workers.

Since 2011 we have also been providing support for refugees through a global partnership with the United Nations High Commissioner for Refugees (UNHCR). In November 2015 we held a joint press conference with the UNHCR to announce our commitment to provide US\$10 million in funds to expand our refugee employment program, and provide emergency clothing relief. To broaden our efforts to provide clothing for refugees, we launched the 10 Million Ways to HELP project in October as a joint effort of UNIQLO and GU. We aim to collect 10 million clothing items by stepping up our collection efforts through our All Product Recycling Initiative and by enlisting the support of FR Group employees and our business partners.

To disseminate information on the plight of refugees, in November we ran a feature article on the global refugee problem and the All Product Recycling Initiative in *The Power of Clothing Vol.15*, a CSR booklet which we distribute at UNIQLO stores in Japan.

(2) Financial Positions

Total assets as at 30 November 2015 were ¥1,264.5 billion, which was an increase of ¥100.8 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥63.6 billion in trade and other receivables, an increase of ¥32.3 billion in cash and cash equivalents and an increase of ¥12.8 billion in inventories.

Total liabilities as at 30 November 2015 were ¥459.6 billion, which was an increase of ¥70.7 billion relative to the end of the preceding consolidated fiscal year. The principal factor was an increase of ¥76.9 billion in trade and other payables.

Total net assets as at 30 November 2015 were ¥804.9 billion, which was an increase of ¥30.1 billion relative to the end of the preceding consolidated fiscal year. The principal factor was an increase of ¥30.1 billion in retained earnings.

(3) Cash Flows Information

Cash and cash equivalents as at 30 November 2015 had increased by ¥15.9 billion from the three months ended 30 November 2014, to ¥387.5 billion.

Net cash from operating activities for the three months ended 30 November 2015 was ¥58.5 billion, which was a decrease of ¥13.3 billion (-18.6 % year-on-year) from the three months ended 30 November 2014. The principal factors were ¥77.6 billion in profit before income taxes (a decrease of ¥29.0 billion from the three months ended 30 November 2014), ¥1.7 billion in foreign exchange gains (a decrease of ¥12.9 billion from the three months ended 30 November 2014), and ¥34.0 billion in income taxes paid (an increase of ¥3.7 billion from the three months ended 30 November 2014).

Net cash used in investing activities for the three months ended 30 November 2015 was ¥7.1 billion, which was a decrease of ¥12.0 billion (-62.6 % year-on-year) from the three months ended 30 November 2014. The principal factors were ¥6.0 billion for decrease in bank deposits with maturity over 3 months (an increase of ¥5.2 billion from the three months ended 30 November 2014), and ¥11.1 billion for purchases of property, plant and equipment (a decrease of ¥4.0 billion from the three months ended 30 November 2014).

Net cash used in financing activities for the three months ended 30 November 2015 was ¥21.4 billion, which was an increase of ¥4.2 billion (+24.9 % year-on-year) from the three months ended 30 November 2014. The principal factors were ¥17.8 billion for cash dividends paid (an increase of ¥2.5 billion from the three months ended 30 November 2014) and ¥2.5 billion for net decrease in short-term loans payable (an increase of ¥1.9 billion from the three months ended 30 November 2014).

(4) Operational and Financial Assignment

There have been no important changes during the three months ended 30 November 2015 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 2015.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO Illinois LLC	UNIQLO International Stores	Chicago N. Michigan Ave	Chicago City Illinois, U.S.A.	October 2015
UNIQLO EUROPE LIMITED	UNIQLO International Stores	Meir 67/69, Antwerp	Antwerp City, Belgium.	October 2015

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 2015	Number of shares issued as of submission date (Shares) (As at 14 January 2016)	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 2015 are as follows:

(i) 6th Share subscription rights A type

Resolution date	8 October 2015
Number of stock options (Shares)	2,847
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)	2,847
Amount to be paid upon exercise of share subscription rights (Yen)	1
Exercise period of share subscription rights	From 13 November 2018 To 12 November 2025
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 45,658 Paid-in capital: 22,829
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	(Notes)

(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) 6th Share subscription rights B type

Resolution date	8 October 2015
Number of stock options (Shares)	25,389
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)	25,389
Amount to be paid upon exercise of share subscription rights (Yen)	1
Exercise period of share subscription rights	From 13 December 2015 To 12 November 2025
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 46,148 Paid-in capital: 23,074
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	(Notes)

(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.

(iii) 6th Share subscription rights C type

Resolution date	8 October 2015
Number of stock options (Shares)	6,072
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)	6,072
Amount to be paid upon exercise of share subscription rights (Yen)	1
Exercise period of share subscription rights	13 November 2018
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 46,841 Paid-in capital: 23,420
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	(Notes)

(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.

(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 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 2015 to 30 November 2015	—	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 2015.

(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 2015, 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 2015).

(i) Shares issued

As at 30 November 2015

Class	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 (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” 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” row includes 55 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 30 November 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 (%)
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

2. Board of Directors

Since the submission of the year-end report for the preceding consolidated fiscal year, there has been no change of directors during the three months ended 30 November 2015.

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 Standard 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 three months ended 30 November 2015 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 2015	As at 30 November 2015
ASSETS			
Current assets			
Cash and cash equivalents		355,212	387,537
Trade and other receivables		44,777	108,430
Other current financial assets	13	22,593	15,838
Inventories	6	260,006	272,903
Derivative financial assets	13	157,490	148,331
Income taxes receivable		18,564	19,150
Others		15,748	16,717
Total current assets		874,394	968,910
Non-current assets			
Property, plant and equipment	7	129,340	134,449
Goodwill		27,165	27,318
Other intangible assets		40,991	41,004
Non-current financial assets	13	75,940	76,860
Deferred tax assets		11,107	11,360
Others		4,766	4,680
Total non-current assets		289,311	295,674
Total assets		1,163,706	1,264,584
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		181,577	258,522
Derivative financial liabilities	13	100	98
Other current financial liabilities	13	15,471	15,160
Income taxes payable		36,763	30,184
Provisions		22,615	15,019
Others		35,714	44,879
Total current liabilities		292,242	363,863
Non-current liabilities			
Non-current financial liabilities	13	25,513	25,693
Provisions		10,203	10,559
Deferred tax liabilities		47,272	44,889
Others		13,668	14,639
Total non-current liabilities		96,658	95,782
Total liabilities		388,901	459,646
EQUITY			
Capital stock		10,273	10,273
Capital surplus		11,524	12,770
Retained earnings		602,623	632,808
Treasury stock, at cost		(15,699)	(15,686)
Other components of equity		142,214	139,201
Equity attributable to owners of the parent		750,937	779,368
Non-controlling interests		23,867	25,569
Total equity		774,804	804,938
Total liabilities and equity		1,163,706	1,264,584

(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 2015

(Millions of yen)

	Notes	Three months ended 30 November 2014	Three months ended 30 November 2015
Revenue		479,543	520,303
Cost of sales		(226,266)	(254,033)
Gross profit		253,277	266,269
Selling, general and administrative expenses	9	(168,009)	(190,680)
Other income	10	6,732	795
Other expenses	10	(629)	(463)
Operating profit		91,370	75,921
Finance income	11	15,643	2,119
Finance costs	11	(268)	(374)
Profit before income taxes		106,745	77,666
Income taxes		(33,948)	(26,534)
Profit for the period		72,796	51,131
Attributable to:			
Owners of the parent		68,826	48,024
Non-controlling interests		3,970	3,107
Profit for the period		72,796	51,131
Earnings per share			
Basic (Yen)	12	675.30	471.07
Diluted (Yen)	12	674.61	470.48

Interim Condensed Consolidated Statement of Comprehensive Income

Three months ended 30 November 2015

(Millions of yen)

	Three months ended 30 November 2014	Three months ended 30 November 2015
Profit for the period	72,796	51,131
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	(708)	11
Exchange differences on translation of foreign operations	18,555	3,432
Cash flow hedges	72,636	(5,915)
Other comprehensive income, net of taxes	90,483	(2,471)
Total comprehensive income for the period	163,280	48,660
Attributable to:		
Owners of the parent	157,780	45,012
Non-controlling interests	5,499	3,648
Total comprehensive income for the period	163,280	48,660

(3) Interim Condensed Consolidated Statement of Changes in Equity

For three months ended 30 November 2014

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity			Total	Equity attributable to owners of the parent		Total equity
						Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve		to owners of the parent	Non-controlling interests	
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

For three months ended 30 November 2015

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity			Total	Equity attributable to owners of the parent		Total equity
						Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve		Non-controlling interests		
As at 1 September 2015		10,273	11,524	602,623	(15,699)	143	37,851	104,219	142,214	750,937	23,867	774,804
Net changes during the period												
Comprehensive income												
Profit for the period		—	—	48,024	—	—	—	—	—	48,024	3,107	51,131
Other comprehensive income		—	—	—	—	11	2,490	(5,514)	(3,012)	(3,012)	540	(2,471)
Total comprehensive income		—	—	48,024	—	11	2,490	(5,514)	(3,012)	45,012	3,648	48,660
Transactions with the owners												
Acquisition of treasury stock												
		—	—	—	—	—	—	—	—	—	—	—
Disposal of treasury stock												
		—	80	—	13	—	—	—	—	93	—	93
Dividends	8	—	—	(17,840)	—	—	—	—	—	(17,840)	(2,067)	(19,907)
Share-based payments		—	1,165	—	—	—	—	—	—	1,165	—	1,165
Others		—	—	—	—	—	—	—	—	—	121	121
Total transactions with the owners		—	1,245	(17,840)	13	—	—	—	—	(16,581)	(1,945)	(18,527)
Total net changes during the period		—	1,245	30,184	13	11	2,490	(5,514)	(3,012)	28,430	1,702	30,133
As at 30 November 2015		10,273	12,770	632,808	(15,686)	154	40,342	98,704	139,201	779,368	25,569	804,938

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended 30 November 2014	Three months ended 30 November 2015
Profit before income taxes	106,745	77,666
Depreciation and amortization	8,418	9,209
Increase/(decrease) in allowance for doubtful accounts	14	(38)
Increase/(decrease) in other provisions	(5,608)	(7,770)
Interest and dividend income	(227)	(417)
Interest expenses	264	374
Foreign exchange losses/(gains)	(14,623)	(1,701)
Losses on retirement of property, plant and equipment	75	96
Decrease/(increase) in trade and other receivables	(64,628)	(61,221)
Decrease/(increase) in inventories	(9,799)	(11,432)
Increase/(decrease) in trade and other payables	53,660	61,787
Decrease/(increase) in other assets	(3,020)	(1,261)
Increase/(decrease) in other liabilities	31,509	25,467
Others, net	(1,134)	1,809
Subtotal	101,645	92,567
Interest and dividend income received	227	300
Interest paid	(180)	(289)
Income taxes paid	(30,374)	(34,077)
Income taxes refund	564	—
Net cash from operating activities	71,882	58,501
Decrease/(increase) in bank deposits with maturity over 3 months	811	6,090
Purchases of property, plant and equipment	(15,209)	(11,116)
Proceeds from sales of property, plant and equipment	174	1,003
Purchases of intangible assets	(2,217)	(2,359)
Payments for lease and guarantee deposits	(2,960)	(1,133)
Proceeds from collection of lease and guarantee deposits	834	226
Increase in construction assistance fund receivables	(723)	(506)
Decrease in construction assistance fund receivables	442	543
Others, net	(360)	75
Net cash used in investing activities	(19,207)	(7,178)

(Millions of yen)

	Note	Three months ended 30 November 2014	Three months ended 30 November 2015
Net increase/(decrease) in short-term loans payable		(640)	(2,576)
Cash dividends paid	8	(15,234)	(17,807)
Repayments of lease obligations		(1,076)	(1,147)
Others, net		(243)	52
Net cash used in financing activities		(17,194)	(21,478)
Effect of exchange rate changes on cash and cash equivalents		22,016	2,480
Net increase/(decrease) in cash and cash equivalents		57,497	32,324
Cash and cash equivalents at beginning of period		314,049	355,212
CASH AND CASH EQUIVALENTS AT END OF PERIOD		371,546	387,537

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 International Accounting Standard 34 “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 2015.

The interim condensed consolidated financial statements were approved on 14 January 2016 by Tadashi Yanai, Chairman, President and CEO, and Takeshi Okazaki, Group Executive Vice President and CFO.

3. Significant Accounting Policies

The accounting policies presented in the consolidated financial statements for the year ended 31 August 2015 are applied consistently in the preparation of these interim condensed consolidated financial statements.

4. Use of Estimates and Judgments

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 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 2015.

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

(iii) Segment information

For the three months ended 30 November 2014

(Millions of yen)

	Reportable segments			Total	Others (Note 1)	Adjustments (Note 2)	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 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.

For the three months ended 30 November 2015

(Millions of yen)

	Reportable segments			Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	Global Brands				
Revenue	230,939	196,943	91,825	519,708	595	—	520,303
Operating profit	44,821	20,869	12,401	78,093	(109)	(2,062)	75,921
Segment income (profit before income taxes)	44,988	20,960	12,362	78,311	(109)	(534)	77,666

(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.

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 2014	Three months ended 30 November 2015
Write-down of inventories to net realizable value	1,255	2,335

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 2015	As at 30 November 2015
Buildings and structures	91,635	97,180
Furniture, equipment and vehicles	16,825	18,036
Land	2,643	1,985
Construction in progress	7,284	6,067
Lease assets	10,952	11,179
Total	129,340	134,449

8. Dividends

The total amount of dividends paid was as follows:

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 or after 21 November 2014 as the effective date.

Dividends paid during the three months ended 30 November 2015

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 4 November 2015	17,840	175

Dividends for which the declared date is 31 August 2015 are paid on or after 11 November 2015 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 2014	Three months ended 30 November 2015
Selling, general and administrative expenses		
Advertising and promotion	21,163	23,935
Rental expenses	42,263	45,769
Depreciation and amortization	8,418	9,209
Outsourcing	6,700	9,024
Salaries	54,044	61,731
Others	35,419	41,009
Total	168,009	190,680

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 2014	Three months ended 30 November 2015
Other income		
Foreign exchange gains*	6,254	203
Gains on sales of property, plant and equipment	0	7
Others	477	584
Total	6,732	795

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

(Millions of yen)

	Three months ended 30 November 2014	Three months ended 30 November 2015
Other expenses		
Loss on retirement of property, plant and equipment	75	96
Others	553	367
Total	629	463

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 2014	Three months ended 30 November 2015
Finance income		
Foreign exchange gains*	14,623	1,701
Interest income	227	417
Dividend income	0	0
Others	792	—
Total	15,643	2,119

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

(Millions of yen)

	Three months ended 30 November 2014	Three months ended 30 November 2015
Finance costs		
Interest expenses	264	374
Others	3	—
Total	268	374

12. Earnings per share

Three months ended 30 November 2014		Three months ended 30 November 2015	
Equity per share attributable to owners of the parent (Yen)	7,480.41	Equity per share attributable to owners of the parent (Yen)	7,644.70
Basic earnings per share for the period (Yen)	675.30	Basic earnings per share for the period (Yen)	471.07
Diluted earnings per share for the period (Yen)	674.61	Diluted earnings per share for the period (Yen)	470.48

(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 2014	Three months ended 30 November 2015
Basic earnings per share for the period		
Profit for the period attributable to owners of the parent (Millions of yen)	68,826	48,024
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	68,826	48,024
Average number of common stock during the period (Shares)	101,920,154	101,947,408
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares) (share subscription rights)	104,832 (104,832)	129,190 (129,190)

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 2015		As at 30 November 2015	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Short-term borrowings	4,652	4,652	2,076	2,076
Long-term borrowings (Note)	21,121	21,270	21,241	21,408
Lease obligations (Note)	12,262	12,197	12,377	12,249
Total	38,035	38,120	35,694	35,734

(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 2015	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	363	—	210	574
Financial instruments at fair value through profit or loss (“FVTPL”)	—	556	—	556
Foreign currency forward contracts designated as hedging instruments	—	156,834	—	156,834
Total	363	157,390	210	157,964

(Millions of yen)

As at 30 November 2015	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	381	—	208	590
Financial instruments at FVTPL	—	284	—	284
Foreign currency forward contracts designated as hedging instruments	—	147,948	—	147,948
Total	381	148,232	208	148,823

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 2015	As at 30 November 2015
Commitment for acquisition of property, plant and equipment	8,825	5,899
Commitment for acquisition of intangible assets	85	64
Total	8,910	5,964

15. Subsequent Events

Based on the comprehensive decision made in the Board of Directors meeting on 25 November 2015, the conditions of issuance of non-collateralized corporate bonds were decided upon on 11 December 2015, and these were issued from 18 December 2015 as detailed below.

1st non-collateralized corporate bonds

1. Amount to be issued: 30,000 million yen
2. Issue price: 100 yen per 100 yen of face value
3. Interest rate: 0.110% per annum
4. Maturity: 18 December 2018
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital investment, operating funds, investments and/or repayment of other borrowings

2nd non-collateralized corporate bonds

1. Amount to be issued: 100,000 million yen
2. Issue price: 100 yen per 100 yen of face value
3. Interest rate: 0.291% per annum
4. Maturity: 18 December 2020
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital investment, operating funds, investments and/or repayment of other borrowings

3rd non-collateralized corporate bonds

1. Amount to be issued: 50,000 million yen
2. Issue price: 100 yen per 100 yen of face value
3. Interest rate: 0.491% per annum
4. Maturity: 16 December 2022
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital investment, operating funds, investments and/or repayment of other borrowings

4th non-collateralized corporate bonds

1. Amount to be issued: 70,000 million yen
2. Issue price: 100 yen per 100 yen of face value
3. Interest rate: 0.749% per annum
4. Maturity: 18 December 2025
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital investment, operating funds, investments and/or repayment of other borrowings

2. Others

Dividends

The Company resolved to pay a dividend from retained earnings at the meeting of the Board of Directors convened on 4 November 2015.

The total amount of 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

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

Tomo Ito
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 2015, and the related interim condensed consolidated statement of profit or loss and 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 Standard 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 IAS 34.

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 2016

(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 period ended 30 November 2015. Ernst & Young ShinNihon LLC has not reviewed the English language version of the interim condensed consolidated financial statements for the above mentioned period.