



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

Interim Report 2015/16

2015.9.1–2016.2.29

Stock Code: 6288

Contents

Corporate Profile	2
Financial Highlights	3
Management Discussion and Analysis	5
Information about the Reporting Entity	8
Financial Section	11
Interim Condensed Consolidated Statement of Financial Position	12
Interim Condensed Consolidated Statement of Profit or Loss and Interim Condensed Consolidated Statement of Comprehensive Income	13
Interim Condensed Consolidated Statement of Changes in Equity	17
Interim Condensed Consolidated Statement of Cash Flows	19
Notes to the Interim Condensed Consolidated Financial Statements	21
Others	29
Report on Review of Interim Condensed Consolidated Financial Statements	30

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	Second Quarter of 54th Year	Second Quarter of 55th Year	54th Year
Accounting period	Six months ended 28 February 2015	Six months ended 29 February 2016	Year ended 31 August 2015
Revenue (Millions of yen)	949,684	1,011,653	1,681,781
Operating profit (Millions of yen)	150,077	99,341	164,463
Profit before income taxes (Millions of yen)	163,666	82,041	180,676
Profit attributable to owners of the parent (Millions of yen)	104,753	47,043	110,027
Comprehensive income/(loss) attributable to owners of the parent (Millions of yen)	176,091	(48,770)	163,871
Equity attributable to owners of the parent (Millions of yen)	780,826	685,871	750,937
Total assets (Millions of yen)	1,276,295	1,311,064	1,163,706
Basic earnings per share for the period (year) (Yen)	1,027.75	461.43	1,079.42
Diluted earnings per share for the period (year) (Yen)	1,026.51	460.80	1,078.08
Ratio of equity attributable to owners of the parent to total assets (%)	61.2	52.3	64.5
Net cash from operating activities (Millions of yen)	224,060	143,851	134,931
Net cash used in investing activities (Millions of yen)	(74,018)	(202,107)	(73,145)
Net cash used in financing activities (Millions of yen)	(22,397)	221,785	(41,784)
Cash and cash equivalents at end of the period (year) (Millions of yen)	462,884	504,002	355,212

Accounting period	Three months ended 28 February 2015	Three months ended 29 February 2016
Revenue (Millions of yen)	470,140	491,350
Profit/(loss) attributable to owners of the parent (Millions of yen)	35,926	(981)
Basic earnings/(loss) per share for the period (Yen)	352.47	(9.63)

- (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 six months ended 29 February 2016.

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 29 February 2016.

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 half of fiscal 2016, or the six months from 1 September 2015 to 29 February 2016. Consolidated revenue reached ¥1.0116 trillion (+6.5% year-on-year), while consolidated operating profit totaled ¥99.3 billion (-33.8% year-on-year), consolidated profit before income taxes stood at ¥82.0 billion (-49.9% year-on-year), and profit attributable to owners of the parent totaled ¥47.0 billion (-55.1% year-on-year). Breaking these first-half results down into the three business segments, Global Brands reported rises 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. The appreciation in the yen over the six months ended 29 February 2016 resulted in a ¥22.8 billion foreign exchange loss being recorded for the first half of fiscal 2016 under other income and expenses and finance income and costs. That amounts to a ¥42.4 billion decline, compared to a ¥19.6 billion income in the first half of fiscal 2015. As a result, consolidated profit before income taxes declined ¥81.6 billion year-on-year in the first-half.

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 by boosting store numbers in each country where we operate, and opening global flagship stores and large-format stores in major cities around the world. On the product side, we have sought to boost awareness and visibility of the UNIQLO brand by offering exciting joint collections with well-known designers and artistic directors from other brands around the world, such as Ines de la Fressange and Lemaire. We are currently in the process of aggressively transforming our distribution systems. In April 2016, we will launch our next-generation distribution center in Ariake, Tokyo, and we are pressing ahead with plans to open new distribution centers elsewhere in Japan and internationally. In addition, we are 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 half of fiscal 2016, reporting revenue of ¥453.6 billion (-0.2% year-on-year) and operating profit of ¥64.1 billion (-28.3% year-on-year). With hindsight, we didn't conduct enough marketing to effectively convey the fresh appeal and exciting new elements in our products to customers. In addition, while winter clothing constituted a large portion of our product lineup, we didn't have an adequate strategy in place to deal with warm winter weather. These two factors adversely affected demand during the traditionally buoyant months of November and December, and, as a result, same-store sales declined 1.9% year-on-year in the first half of fiscal 2016. Meanwhile, e-commerce sales expanded 28.4% year-on-year to ¥25.3 billion, accounting for 5.6% of total revenue. On the profit side, heavy discounting in January and February contributed to the 3.5 point contraction in the first-half gross profit margin. Operating profit came in considerably below forecast, declining 28.3% year-on-year on the back of higher selling, general and administrative expenses such as distribution and personnel expenses. The total number of directly-run UNIQLO Japan stores declined by 9 to 805 stores at the end of February 2016, while the number of franchise outlets rose by 11 to 39 stores after 10 stores were converted from directly-run stores to new employee-franchise outlets.

UNIQLO International

UNIQLO International reported a rise in revenue that was largely in line with forecasts, but the operation fell short of target on the profit side by reporting a sharp decline in operating profit. In the first half of fiscal 2016, UNIQLO International generated revenue of ¥389.2 billion (+12.7% year-on-year) and operating profit of ¥29.4 billion (-31.4% year-on-year). Profit declined at UNIQLO Greater China (encompassing operations in mainland China, Hong Kong and Taiwan) and UNIQLO South Korea, and operating losses at UNIQLO USA expanded. All these operations were adversely affected by warm winter weather but sales were hit especially hard in Hong Kong, Taiwan and South Korea due to sluggish economic conditions. Meanwhile, UNIQLO Southeast Asia and Oceania (Singapore, Malaysia, Thailand, the Philippines, Indonesia and Australia) and UNIQLO Europe (U.K., France, Russia, Germany and Belgium) reported gains in both revenue and profit that were broadly in line with forecasts. UNIQLO International recorded ¥1.6 billion a foreign exchange loss, and a ¥1.3 billion loss from asset retirement and other costs relating to the closure of four stores in the United States. As a result, operating profit for the segment declined 31.4% year-on-year in the first half. The total number of UNIQLO International stores had expanded by 174 year-on-year to 890 stores as of 29 February 2016. A strong reception for the first UNIQLO store in Belgium in October 2015 contributed to the brand's growing success in Europe. The March 2016 opening of the newly refurbished 311 Oxford Street global flagship store has also attracted a great deal of attention, with the store poised to serve as a beacon for new London culture.

Global Brands

Global Brands reported gains in both revenue and profit in the first half as expected, with revenue rising 12.9% year-on-year to ¥167.3 billion and operating profit expanding 21.9% year-on-year to ¥14.3 billion. Within the Global Brands segment, our low-priced GU fashion casualwear label reported significant rises in both revenue and profit that exceeded expectations. GU reported double-digit growth in same-store sales on the back of strong sales of heavily advertised knitwear, and trendy bottoms such as wide pants and jogging pants. A successful launch of Spring 2016 ranges in the traditionally less buoyant months of January and February also helped improve GU's gross margin, and significantly boost operating profit. Theory and Comptoir des Cotonniers fell short of target by reporting a decline in profits in the first half. The J Brand premium denim label also fell short of target by reporting an expanded operating loss, while the flat year-on-year performance from Princesse tam.tam was broadly in line with plan.

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.

The 2016 CSR Report summarizes the Group's CSR activities in the fiscal year ending 31 August 2015, and was published in January. Activity reports and improvement initiatives are featured in relation to four priority themes: Production, Environment, Community and Human Resources. We also proactively disclose information in our stores and on our website in communicating with our diverse stakeholders.

We have been conducting the 10 Million Ways to HELP Project since October 2015, as part of the All-Products Recycling Initiative, which collects customers' used clothing at Uniqlo and GU stores, and provides them to people in need of clothing. This project has collected a total of 8.60 million articles of clothing (as of 3 April 2016) across stores in 16 countries and regions, from both customers and employees. We will continue the initiative, with the goal of collecting 10 million articles of clothing.

Furthermore, in December, 2015, Link Theory Japan held its Closet for Needs initiative, which provides women who have been victims of domestic violence with the clothing to help them regain their confidence and independence.

(2) Financial Positions

Total assets as at 29 February 2016 were ¥1,311.0 billion, which was an increase of ¥147.3 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥148.7 billion in cash and cash equivalents, an increase of ¥176.1 billion in other current financial assets, a decrease of ¥38.2 billion in inventories, and a decrease of ¥119.2 billion in derivative financial assets.

Total liabilities as at 29 February 2016 were ¥601.4 billion, which was an increase of ¥212.5 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥247.0 billion in non-current financial liabilities and a decrease of ¥42.7 billion in deferred tax liabilities.

Total net assets as at 29 February 2016 were ¥709.6 billion, which was a decrease of ¥65.1 billion relative to the end of the preceding consolidated fiscal year. The principal factor was an increase of ¥29.2 billion in retained earnings and a decrease of ¥95.8 billion in other components of equity.

(3) Cash Flows Information

Cash and cash equivalents as at 29 February 2016 had increased by ¥41.1 billion from the six months ended 28 February 2015, to ¥504.0 billion.

Net cash from operating activities for the six months ended 29 February 2016 was ¥143.8 billion, which was a decrease of ¥80.2 billion (-35.8 % year-on-year) from the six months ended 28 February 2015. The principal factors were ¥82.0 billion in profit before income taxes (a decrease of ¥81.6 billion from the six months ended 28 February 2015), ¥17.3 billion increase in Foreign exchange losses (an increase of ¥30.0 billion from the six months ended 28 February 2015) and ¥22.7 billion increase in trade and other payables (a decrease of ¥29.3 billion from the six months ended 28 February 2015).

Net cash used in investing activities for the six months ended 29 February 2016 was ¥202.1 billion, which was an increase of ¥128.0 billion (+173.1 % year-on-year) from the six months ended 28 February 2015. The principal factors were ¥180.3 billion for increase in bank deposits with maturity over 3 months (an increase of ¥134.5 billion from the six months ended 28 February 2015) and ¥17.0 billion for purchases of property, plant and equipment (a decrease of ¥4.6 billion from the six months ended 28 February 2015).

Net cash used in financing activities for the six months ended 29 February 2016 was ¥221.7 billion, which was an increase of ¥244.1 billion from the six months ended 28 February 2015. The principal factor was ¥249.3 billion for proceeds from issuance of bonds (an increase of ¥249.3 billion from the six months ended 28 February 2015).

(4) Operational and Financial Assignment

There have been no important changes during the six months ended 29 February 2016 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 six months ended 29 February 2016.

<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

The following are the important facilities that were newly planned during the three months ended 29 February 2016.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Amount of planned investment		Construction start	Construction completion	Planned sales floor area (m ²)	Reference
				Total (Millions of yen)	Amount already disbursed (Millions of yen)				
UNIQLO EUROPE LIMITED	UNIQLO International Store	311 Oxford Street, London	London, United Kingdom	2,424	2,371	March 2015	March 2016	2,240	lease

(Notes) 1. It is expected that the Group will be able to meet its funding needs from equity capital.

2. The above figures do not include consumption tax, etc.

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 29 February 2016	Number of shares issued as of submission date (Shares) (As at 14 April 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

Not applicable.

(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 December 2015 to 29 February 2016	—	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 six months ended 29 February 2016.

(6) Principal Shareholders

As at 29 February 2016

Name or trade name	Location	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Tadashi Yanai	Shibuya-ku, Tokyo	22,987	21.67
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	13,300	12.54
Japan Trustee Services Bank, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	10,089	9.51
TTY Management B.V.	Hoogoorddreef 15, 1101BA Amsterdam, The Netherlands	5,310	5.01
Kazumi Yanai	New York, U.S.A.	4,781	4.51
Koji Yanai	Shibuya-ku, Tokyo	4,780	4.51
Fight & Step Co., Ltd.	1-4-3 Mita, Meguro-ku, Tokyo	4,750	4.48
Trust & Custody Services Bank, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	4,175	3.94
MASTERMIND, LLC	1-4-3 Mita, Meguro-ku, Tokyo	3,610	3.40
BNP Paribas Securities (Japan) Limited	1-9-1 Marunouchi, Chiyoda-ku, Tokyo	2,577	2.43
Total	—	76,362	71.99

- (Notes)
1. "Number of shares held" is rounded down to the nearest unit of thousand shares.
 2. The shares held by The Master Trust Bank of Japan, Ltd., Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. are all held in conjunction with trust business.
 3. According to the report of large shareholdings (report of change of composition) submitted on 21 October 2015 by Nomura Securities Co., Ltd. and the two parties of NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. as joint holders, each party was holding the shares stated below as at 15 October 2015. However, since the Company has not been able to confirm the number of shares actually held as of the end of the term, these shareholdings have not been included in the above statement of principal shareholders.

Name or trade name	Location	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Nomura Securities Co., Ltd.	1-9-1 Nihonbashi, Chuo-ku, Tokyo	28	0.03
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	242	0.23
Nomura Asset Management Co., Ltd.	1-12-1 Nihonbashi, Chuo-ku, Tokyo	7,750	7.31

4. In addition to the above, 4,117,463 shares of treasury stock are held by the Company (3.88% of the total number of authorized shares).

(7) Voting Rights

(i) Shares issued

As at 29 February 2016

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 4,117,400	—	—
Shares with full voting rights (others)	Common stock 101,904,100	1,019,041	(Note) 1
Shares less than one unit	Common stock 52,156	—	(Notes) 1,2
Total number of shares issued	106,073,656	—	—
Total number of voting rights of all shareholders	—	1,019,041	—

(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 63 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 29 February 2016

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	4,117,400	—	4,117,400	3.88
Total	—	4,117,400	—	4,117,400	3.88

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 six months ended 29 February 2016.

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 the three months and six months ended 29 February 2016, respectively, 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 29 February 2016
ASSETS			
Current assets			
Cash and cash equivalents		355,212	504,002
Trade and other receivables		44,777	48,909
Other current financial assets	13	22,593	198,715
Inventories	6	260,006	221,800
Derivative financial assets	13	157,490	38,258
Income taxes receivable		18,564	567
Others		15,748	15,529
Total current assets		874,394	1,027,783
Non-current assets			
Property, plant and equipment	7	129,340	125,996
Goodwill		27,165	26,463
Other intangible assets		40,991	39,702
Non-current financial assets	13	75,940	75,436
Deferred tax assets		11,107	11,035
Others		4,766	4,646
Total non-current assets		289,311	283,280
Total assets		1,163,706	1,311,064
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		181,577	200,106
Derivative financial liabilities	13	100	5,478
Other current financial liabilities	13	15,471	10,799
Income taxes payable		36,763	29,366
Provisions		22,615	16,505
Others		35,714	38,049
Total current liabilities		292,242	300,306
Non-current liabilities			
Non-current financial liabilities	13	25,513	272,556
Provisions		10,203	10,369
Deferred tax liabilities		47,272	4,559
Others		13,668	13,625
Total non-current liabilities		96,658	301,110
Total liabilities		388,901	601,417
EQUITY			
Capital stock		10,273	10,273
Capital surplus		11,524	13,032
Retained earnings		602,623	631,826
Treasury stock, at cost		(15,699)	(15,662)
Other components of equity		142,214	46,400
Equity attributable to owners of the parent		750,937	685,871
Non-controlling interests		23,867	23,775
Total equity		774,804	709,647
Total liabilities and equity		1,163,706	1,311,064

(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

Six months ended 29 February 2016

(Millions of yen)

	Notes	Six months ended 28 February 2015	Six months ended 29 February 2016
Revenue		949,684	1,011,653
Cost of sales		(470,166)	(534,717)
Gross profit		479,517	476,935
Selling, general and administrative expenses	9	(336,333)	(370,729)
Other income	10	8,075	921
Other expenses	10	(1,181)	(7,786)
Operating profit		150,077	99,341
Finance income	11	14,123	973
Finance costs	11	(534)	(18,273)
Profit before income taxes		163,666	82,041
Income taxes		(52,694)	(30,606)
Profit for the period		110,971	51,434
Attributable to:			
Owners of the parent		104,753	47,043
Non-controlling interests		6,218	4,391
Profit for the period		110,971	51,434
Earnings/(loss) per share			
Basic (Yen)	12	1,027.75	461.43
Diluted (Yen)	12	1,026.51	460.80

Three months ended 29 February 2016

(Millions of yen)

	Notes	Three months ended 28 February 2015	Three months ended 29 February 2016
Revenue		470,140	491,350
Cost of sales		(243,900)	(280,684)
Gross profit		226,239	210,665
Selling, general and administrative expenses		(168,323)	(180,048)
Other income		1,343	125
Other expenses		(552)	(7,322)
Operating profit		58,707	23,420
Finance income		379	555
Finance costs		(2,165)	(19,601)
Profit before income taxes		56,920	4,374
Income taxes		(18,745)	(4,071)
Profit for the period		38,174	302
Attributable to:			
Owners of the parent		35,926	(981)
Non-controlling interests		2,248	1,284
Profit for the period		38,174	302
Earnings per share			
Basic (Yen)	12	352.47	(9.63)
Diluted (Yen)	12	351.98	(9.63)

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 29 February 2016

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Profit for the period	110,971	51,434
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 (loss) on revaluation of available-for-sale investments	(689)	(39)
Exchange differences on translation of foreign operations	17,288	(18,341)
Cash flow hedges	56,062	(80,303)
Other comprehensive income/(loss), net of taxes	72,661	(98,684)
Total comprehensive income/(loss) for the period	183,633	(47,250)
Attributable to:		
Owners of the parent	176,091	(48,770)
Non-controlling interests	7,541	1,520
Total comprehensive income/(loss) for the period	183,633	(47,250)

Three months ended 29 February 2016

(Millions of yen)

	Three months ended 28 February 2015	Three months ended 29 February 2016
Profit for the period	38,174	302
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	18	(51)
Exchange differences on translation of foreign operations	(1,266)	(21,773)
Cash flow hedges	(16,574)	(74,388)
Other comprehensive income/(loss), net of taxes	(17,821)	(96,212)
Total comprehensive income/(loss) for the period	20,353	(95,910)
Attributable to:		
Owners of the parent	18,311	(93,782)
Non-controlling interests	2,041	(2,127)
Total comprehensive income/(loss) for the period	20,353	(95,910)

(3) Interim Condensed Consolidated Statement of Changes in Equity

For six months ended 28 February 2015

(Millions of yen)

	Note	Other components of equity						Total	Equity attributable		Total equity	
		Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	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		—	—	104,753	—	—	—	—	—	104,753	6,218	110,971
Other comprehensive income		—	—	—	—	(689)	16,118	55,908	71,337	71,337	1,323	72,661
Total comprehensive income		—	—	104,753	—	(689)	16,118	55,908	71,337	176,091	7,541	183,633
Transactions with the owners												
Acquisition of treasury stock		—	—	—	(2)	—	—	—	—	(2)	—	(2)
Disposal of treasury stock		—	415	—	59	—	—	—	—	474	—	474
Dividends	8	—	—	(15,287)	—	—	—	—	—	(15,287)	(1,226)	(16,513)
Share-based payments		—	1,170	—	—	—	—	—	—	1,170	—	1,170
Others		—	—	—	—	—	—	—	—	—	180	180
Total transactions with the owners		—	1,585	(15,287)	56	—	—	—	—	(13,646)	(1,046)	(14,692)
Total net changes during the period		—	1,585	89,465	56	(689)	16,118	55,908	71,337	162,445	6,495	168,940
As at 28 February 2015		10,273	11,389	615,187	(15,733)	109	39,154	120,444	159,708	780,826	24,156	804,982

For six months ended 29 February 2016

(Millions of yen)

	Note	Other components of equity							Equity		Total equity	
		Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Available-for-sale reserve	Foreign currency translation reserve	Cash-flow hedge reserve	Total	attributable to owners of the parent		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		—	—	47,043	—	—	—	—	—	47,043	4,391	51,434
Other comprehensive income		—	—	—	—	(39)	(15,874)	(79,899)	(95,813)	(95,813)	(2,871)	(98,684)
Total comprehensive income		—	—	47,043	—	(39)	(15,874)	(79,899)	(95,813)	(48,770)	1,520	(47,250)
Transactions with the owners												
Acquisition of treasury stock		—	—	—	(4)	—	—	—	—	(4)	—	(4)
Disposal of treasury stock		—	337	—	42	—	—	—	—	379	—	379
Dividends	8	—	—	(17,840)	—	—	—	—	—	(17,840)	(2,067)	(19,907)
Share-based payments		—	984	—	—	—	—	—	—	984	—	984
Others		—	187	—	—	—	—	—	—	187	454	641
Total transactions with the owners		—	1,508	(17,840)	37	—	—	—	—	(16,294)	(1,612)	(17,907)
Total net changes during the period		—	1,508	29,202	37	(39)	(15,874)	(79,899)	(95,813)	(65,065)	(92)	(65,157)
As at 29 February 2016		10,273	13,032	631,826	(15,662)	103	21,977	24,319	46,400	685,871	23,775	709,647

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Profit before income taxes	163,666	82,041
Depreciation and amortization	17,784	18,656
Increase/(decrease) in allowance for doubtful accounts	6	(28)
Increase/(decrease) in other provisions	(2,973)	(5,749)
Interest and dividend income	(606)	(973)
Interest expenses	530	920
Foreign exchange losses/(gains)	(12,724)	17,353
Losses on retirement of property, plant and equipment	265	519
Decrease/(increase) in trade and other receivables	(1,981)	(5,054)
Decrease/(increase) in inventories	21,878	27,941
Increase/(decrease) in trade and other payables	52,134	22,764
Decrease/(increase) in other assets	3,518	1,835
Increase/(decrease) in other liabilities	10,555	5,813
Others, net	(1,445)	(1,938)
Subtotal	250,610	164,101
Interest and dividend income received	478	973
Interest paid	(543)	(733)
Income taxes paid	(40,366)	(38,301)
Income taxes refund	13,881	17,811
Net cash from operating activities	224,060	143,851
Decrease/(increase) in bank deposits with maturity over 3 months	(45,811)	(180,353)
Purchases of property, plant and equipment	(21,678)	(17,062)
Proceeds from sales of property, plant and equipment	174	1,003
Purchases of intangible assets	(3,426)	(4,555)
Payments for lease and guarantee deposits	(4,291)	(2,102)
Proceeds from collection of lease and guarantee deposits	1,589	519
Increase in construction assistance fund receivables	(1,228)	(807)
Decrease in construction assistance fund receivables	905	1,023
Others, net	(250)	228
Net cash used in investing activities	(74,018)	(202,107)

	Note	Six months ended 28 February 2015	Six months ended 29 February 2016
Net increase/(decrease) in short-term loans payable		(1,067)	(2,870)
Repayment of long-term loans payable		(2,954)	(2,985)
Proceeds from issuance of bonds		—	249,369
Cash dividends paid	8	(15,234)	(17,840)
Cash dividends paid to non-controlling interests		(1,226)	(2,067)
Repayments of lease obligations		(2,244)	(2,319)
Others, net		330	497
Net cash used in financing activities		(22,397)	221,785
Effect of exchange rate changes on cash and cash equivalents		21,190	(14,739)
Net increase/(decrease) in cash and cash equivalents		148,835	148,789
Cash and cash equivalents at beginning of period		314,049	355,212
CASH AND CASH EQUIVALENTS AT END OF PERIOD		462,884	504,002

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 April 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 six months ended 28 February 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	454,502	345,504	148,254	948,260	1,423	—	949,684
Operating profit	89,462	42,861	11,740	144,064	15	5,997	150,077
Segment income (profit before income taxes)	90,820	41,994	11,715	144,530	15	19,120	163,666

(Note1) "Others" include real estate leasing business, etc.

(Note2) "Adjustments" mainly include revenue and corporate expenses which are not allocated to individual reportable segments.

For the six months ended 29 February 2016

(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	453,693	389,255	167,316	1,010,265	1,387	—	1,011,653
Operating profit	64,113	29,402	14,310	107,825	8	(8,492)	99,341
Segment income (profit before income taxes)	63,794	28,666	13,651	106,112	8	(24,079)	82,041

(Note1) "Others" include real estate leasing business, etc.

(Note2) "Adjustments" mainly include revenue and corporate expenses which are not allocated to individual reportable segments.

For the three months ended 28 February 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	221,869	177,472	70,067	469,409	730	—	470,140
Operating profit	38,319	18,545	2,182	59,047	17	(357)	58,707
Segment income (profit before income taxes)	37,977	18,248	2,089	58,315	17	(1,411)	56,920

(Note1) "Others" include real estate leasing business, etc.

(Note2) "Adjustments" mainly include revenue and corporate expenses which are not allocated to individual reportable segments.

For the three months ended 29 February 2016

(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	222,753	192,311	75,491	490,557	792	—	491,350
Operating profit	19,291	8,532	1,908	29,732	117	(6,429)	23,420
Segment income (profit before income taxes)	18,806	7,706	1,289	27,801	117	(23,545)	4,374

(Note1) "Others" include real estate leasing business, etc.

(Note2) "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)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Write-down of inventories to net realizable value	1,948	3,209

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 29 February 2016
Buildings and structures	91,635	89,757
Furniture, equipment and vehicles	16,825	16,709
Land	2,643	1,962
Construction in progress	7,284	6,418
Lease assets	10,952	11,148
Total	129,340	125,996

8. Dividends

The total amount of dividends paid was as follows:

Dividends paid during the six months ended 28 February 2015

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 six months ended 29 February 2016

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.

Proposed dividends on common stock are as follows:

	Six months ended 28 February 2015	Six months ended 29 February 2016
Total dividends (million yen)	17,838	18,861
Dividends per share (yen)	175	185

Regarding the proposed dividends per common stock, the Board has approved the proposal subsequent to the period-end date, and this sum is not recognized as a liability as at 29 February 2016.

9. Selling, general and administrative expenses

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

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Selling, general and administrative expenses		
Advertising and promotion	35,520	40,835
Rental expenses	86,814	91,163
Depreciation and amortization	17,784	18,656
Outsourcing	13,813	17,347
Salaries	110,986	121,597
Others	71,413	81,128
Total	336,333	370,729

10. Other income and other expenses

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

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Other income		
Foreign exchange gains*	6,906	—
Gains on sales of property, plant and equipment	0	33
Others	1,167	887
Total	8,075	921

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

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Other expenses		
Foreign exchange losses*	—	5,494
Loss on retirement of property, plant and equipment	265	519
Others	915	1,772
Total	1,181	7,786

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

11. Finance income and finance costs

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

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Finance income		
Foreign exchange gains*	12,724	—
Interest income	572	968
Dividend income	34	5
Others	792	—
Total	14,123	973

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

(Millions of yen)

	Six months ended 28 February 2015	Six months ended 29 February 2016
Finance costs		
Foreign exchange losses*	—	17,353
Interest expenses	530	920
Others	3	—
Total	534	18,273

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

12. Earnings per share

Six months ended 28 February 2015		Six months ended 29 February 2016	
Equity per share attributable to owners of the parent (Yen)	7,660.10	Equity per share attributable to owners of the parent (Yen)	6,727.12
Basic earnings per share for the period (Yen)	1,027.75	Basic earnings per share for the period (Yen)	461.43
Diluted earnings per share for the period (Yen)	1,026.51	Diluted earnings per share for the period (Yen)	460.80

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

	Six months ended 28 February 2015	Six months ended 29 February 2016
Basic earnings per share for the period		
Profit for the period attributable to owners of the parent (Millions of yen)	104,753	47,043
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	104,753	47,043
Average number of common stock during the period (Shares)	101,924,560	101,950,064
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	123,789	140,167
(share subscription rights)	(123,789)	(140,167)

Three months ended 28 February 2015		Three months ended 29 February 2016	
Basic earnings per share for the period (Yen)	352.47	Basic loss per share for the period (Yen)	(9.63)
Diluted earnings per share for the period (Yen)	351.98	Diluted loss per share for the period (Yen)	(9.63)

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

	Three months ended 28 February 2015	Three months ended 28 February 2016
Basic earnings/(loss) per share for the period		
Profit/(loss) for the period attributable to owners of the parent (Millions of yen)	35,926	(981)
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit/(loss) attributable to common shareholders (Millions of yen)	35,926	(981)
Average number of common stock during the period (Shares)	101,928,222	101,952,430
Diluted earnings/loss per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares) (share subscription rights)	142,957 (142,957)	— (—)

(Note) In the second quarter of the current fiscal year, no adjustment has been made to the basic earnings per share for the period in respect of a dilution as the impact of the outstanding stock options had an anti-dilutive effect on the basic loss per share amounts presented.

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 29 February 2016	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Short-term borrowings	4,652	4,652	1,538	1,538
Long-term borrowings (Note1)	21,121	21,270	16,961	17,209
Corporate bonds (Note2)	—	—	249,438	253,938
Lease obligations (Note1)	12,262	12,197	12,232	12,116
Total	38,035	38,120	280,170	284,802

(Note1) The above includes the outstanding balance of borrowings due within 1 year.

(Note2) Corporate bonds issued during the six-month ended February 29, 2016 are as follows.

(Millions of yen)

Company name	Name of bonds	Date of issuance	Amount to be issued	Interest Rate (%)	Date of maturity
FAST RETAILING CO., LTD.	1st non-collateralized corporate bonds	18 December 2015	30,000	0.110	18 December 2018
FAST RETAILING CO., LTD.	2nd non-collateralized corporate bonds	18 December 2015	100,000	0.291	18 December 2020
FAST RETAILING CO., LTD.	3rd non-collateralized corporate bonds	18 December 2015	50,000	0.491	16 December 2022
FAST RETAILING CO., LTD.	4th non-collateralized corporate bonds	18 December 2015	70,000	0.749	18 December 2025

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 Corporate bonds are measured by the market price.

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 29 February 2016	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	306	—	208	514
Financial instruments at FVTPL	—	71	—	71
Foreign currency forward contracts designated as hedging instruments	—	32,708	—	32,708
Total	306	32,779	208	33,293

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 29 February 2016
Commitment for acquisition of property, plant and equipment	8,825	6,389
Commitment for acquisition of intangible assets	85	—
Total	8,910	6,389

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 7 April 2016.

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 29 February 2016, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and the six-month period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-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 April 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 29 February 2016. Ernst & Young ShinNihon LLC has not reviewed the English language version of the interim condensed consolidated financial statements for the above mentioned period.