

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2014 (Q2 FY2015) (Based on Japanese GAAP)

October 8, 2014

Company name: ABC-MART, INC.
 Stock exchange listing: Tokyo
 Stock code: 2670 URL <http://www.abc-mart.co.jp/ir/>
 Representative: President and Representative Director Minoru Noguchi
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 Scheduled date to file Quarterly Securities Report: October 9, 2014
 Scheduled date to commence dividend payments: November 10, 2014
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2014 (from March 1, 2014 to August 31, 2014)

(1) Consolidated financial results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2014	108,017	15.1	23,466	23.5	23,806	24.5	14,138	33.1
Six months ended August 31, 2013	93,814	21.7	18,999	13.4	19,126	10.0	10,623	7.4

(Note) Comprehensive income:

Six months ended August 2014 13,661 million yen (4.2%) Six months ended August 2013 13,105 million yen (29.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended August 31, 2014	187.78	171.41
Six months ended August 31, 2013	141.09	128.79

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2014	214,146	143,322	66.7	1,898.36
As of February 28, 2014	196,881	131,919	66.8	1,747.10

(Reference) Shareholders' Equity:

As of August 31, 2014 142,935 million yen As of February 28, 2014 131,546 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2014	–	25.00	–	30.00	55.00
Year ending February 28, 2015	–	40.00			
Year ending February 28, 2015 (Forecast)			–	40.00	80.00

(None) Revisions to dividend forecasts published most recently: None

3. Forecast of consolidated financial results for the year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	213,000	13.3	40,600	19.0	41,200	18.3	24,350	21.8	323.40

(None) Revisions to financial forecasts published most recently: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2014	75,294,429 shares	As of February 28, 2014	75,294,429 shares
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Number of treasury shares at the end of the period

As of August 31, 2014	164 shares	As of February 28, 2014	164 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2014	75,294,265 shares	Six months ended August 31, 2013	75,294,265 shares
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NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This quarterly consolidated financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At this time of disclosure of this quarterly consolidated financial results statement, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act has not been completed.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

The forecast for the year ending February 28, 2015 is based on ABC-MART, INC.'s hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of forecast.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2014	As of August 31, 2014
Assets		
Current assets		
Cash and deposits	78,884	89,603
Notes and accounts receivable - trade	6,463	6,741
Merchandise and finished goods	38,962	40,763
Work in process	13	13
Raw materials and supplies	479	631
Deferred tax assets	1,414	1,430
Other	3,355	6,062
Allowance for doubtful accounts	(30)	(31)
Total current assets	129,542	145,214
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,758	24,169
Accumulated depreciation	(10,980)	(11,684)
Buildings and structures, net	11,778	12,485
Tools, furniture and fixtures	8,012	7,664
Accumulated depreciation	(4,923)	(4,800)
Tools, furniture and fixtures, net	3,089	2,863
Land	17,696	19,024
Construction in progress	90	262
Other	593	615
Accumulated depreciation	(463)	(487)
Other, net	129	128
Total property, plant and equipment	32,784	34,763
Intangible assets		
Trademark right	2,682	2,428
Goodwill	7,195	6,401
Other	1,770	1,671
Total intangible assets	11,649	10,501
Investments and other assets		
Investment securities	125	54
Shares of subsidiaries and associates	94	102
Long-term loans receivable	2,575	2,529
Lease and guarantee deposits	18,960	19,784
Other	1,150	1,196
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	22,904	23,667
Total non-current assets	67,338	68,931
Total assets	196,881	214,146

(Millions of yen)

	As of February 28, 2014	As of August 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,551	11,921
Short-term loans payable	3,278	2,425
Current portion of long-term loans payable	1,002	1,001
Income taxes payable	7,113	9,684
Provision for bonuses	654	1,003
Provision	234	210
Asset retirement obligations	26	14
Notes payable - facilities	778	1,099
Other	5,722	6,469
Total current liabilities	27,362	33,829
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	33,000	33,000
Long-term loans payable	1,500	1,000
Provision	658	714
Asset retirement obligations	243	258
Other	2,197	2,022
Total non-current liabilities	37,599	36,994
Total liabilities	64,961	70,824
Net assets		
Shareholders' equity		
Capital stock	3,482	3,482
Capital surplus	7,488	7,488
Retained earnings	112,310	124,190
Treasury shares	(0)	(0)
Total shareholders' equity	123,281	135,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	10
Foreign currency translation adjustment	8,241	7,763
Total accumulated other comprehensive income	8,265	7,774
Minority interests	372	386
Total net assets	131,919	143,322
Total liabilities and net assets	196,881	214,146

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 31, 2013	Six months ended August 31, 2014
Net sales	93,814	108,017
Cost of sales	40,987	47,407
Gross profit	52,827	60,609
Selling, general and administrative expenses		
Packing and transportation expenses	1,002	1,138
Advertising expenses	3,309	3,244
Warehousing expenses	995	1,137
Directors' compensations, salaries and allowances	9,142	9,932
Bonuses	226	315
Provision for bonuses	637	998
Legal and employee benefits expenses	1,189	1,379
Rents	8,790	9,891
Depreciation	1,877	1,910
Utilities expenses	998	1,099
Commission fee	1,683	2,007
Taxes and dues	484	417
Provision of allowance for doubtful accounts	3	2
Amortization of goodwill	496	548
Other	2,991	3,119
Total selling, general and administrative expenses	33,827	37,143
Operating income	18,999	23,466
Non-operating income		
Interest income	33	84
Foreign exchange gains	8	47
Rent Income	311	364
Advertising medium income	26	30
Other	142	119
Total non-operating income	523	646
Non-operating expenses		
Interest expenses	29	22
Rent expenses	156	175
Loss on valuation of derivatives	152	–
Other	58	108
Total non-operating expenses	397	307
Ordinary income	19,126	23,806

(Millions of yen)

	Six months ended August 31, 2013	Six months ended August 31, 2014
Extraordinary income		
Gain on sales of non-current assets	0	4
Total extraordinary income	0	4
Extraordinary losses		
Loss on retirement of non-current assets	70	83
Impairment loss	107	106
Loss on abandonment of goods	85	–
Loss on cancellation of derivatives	1,051	–
Total extraordinary losses	1,314	190
Income before income taxes and minority interests	17,811	23,620
Income taxes - current	7,329	9,559
Income taxes - deferred	(107)	(104)
Total income taxes	7,221	9,454
Income before minority interests	10,590	14,165
Minority interests in income (loss)	(33)	26
Net income	10,623	14,138

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2013	Six months ended August 31, 2014
Income before minority interests	10,590	14,165
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(12)
Foreign currency translation adjustment	2,511	(490)
Total other comprehensive income	2,514	(503)
Comprehensive income	13,105	13,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,110	13,648
Comprehensive income attributable to minority interests	(5)	13

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2013	Six months ended August 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	17,811	23,620
Depreciation	1,877	1,910
Increase (decrease) in provision for bonuses	(0)	349
Increase (decrease) in allowance for doubtful accounts	(2)	1
Interest and dividend income	(34)	(85)
Interest expenses	29	22
Foreign exchange losses (gains)	(47)	(35)
Loss (gain) on valuation of derivatives	152	–
Loss on cancellation of derivatives	1,051	–
Loss (gain) on sales and retirement of non-current assets	70	78
Impairment loss	107	106
Decrease (increase) in notes and accounts receivable - trade	(1,743)	(2,323)
Decrease (increase) in inventories	(3,708)	(2,065)
Increase (decrease) in notes and accounts payable - trade	3,641	2,683
Other, net	1,927	1,742
Subtotal	21,132	26,006
Interest and dividend income received	22	68
Interest expenses paid	(28)	(22)
Income taxes paid	(7,425)	(6,849)
Net cash provided by (used in) operating activities	13,700	19,202
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,836)	(3,833)
Proceeds from sales of property, plant and equipment	1	5
Purchase of intangible assets	(170)	(133)
Payments for store removal	(36)	(45)
Purchase of shares of subsidiaries	–	(8)
Payments of loans receivable	(1,730)	(55)
Collection of loans receivable	42	55
Payments for lease and guarantee deposits	(1,153)	(1,169)
Proceeds from collection of lease and guarantee deposits	309	271
Other payments	(67)	(61)
Other proceeds	15	73
Net cash provided by (used in) investing activities	(4,625)	(4,901)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,677)	(835)
Repayments of long-term loans payable	(501)	(501)
Cash dividends paid	(2,103)	(2,255)
Other payments	(11)	(10)
Net cash provided by (used in) financing activities	(5,293)	(3,603)
Effect of exchange rate change on cash and cash equivalents	30	31
Net increase (decrease) in cash and cash equivalents	3,812	10,728
Cash and cash equivalents at beginning of period	68,772	78,755
Cash and cash equivalents at end of period	72,584	89,483