

# Summary of Consolidated Financial Results for the Three Months Ended May 31, 2016 (Q1 FY2017) (Based on Japanese GAAP)

July 6, 2016

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: July 7, 2016  
 Scheduled date to commence dividend payments: –  
 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 three months ended May 31, 2016 (from March 1, 2016 to May 31, 2016)

### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2016	66,354	4.5	14,350	7.9	14,611	8.2	9,640	21.7
Three months ended May 31, 2015	63,496	12.0	13,295	1.0	13,508	1.5	7,920	1.0

(Note) Comprehensive income:

Three months ended May 2016 7,363 million yen ( $\Delta$ 4.3%)      Three months ended May 2015 7,693 million yen (12.2%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2016	116.81		–	
Three months ended May 31, 2015	105.12		96.02	

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2016	244,488	206,064	84.1	2,490.29
As of February 29, 2016	238,575	203,652	85.1	2,461.25

(Reference) Shareholders' Equity:

As of May 31, 2016 205,528 million yen      As of February 29, 2015 203,131 million yen

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2016	–	60.00	–	60.00	120.00
Year ending February 28, 2017	–	–	–	–	–
Year ending February 28, 2017 (Forecast)	–	60.00	–	60.00	120.00

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

## 3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2016	123,200	2.3	24,100	0.9	24,500	0.8	15,870	8.2	192.29
Full year	243,000	2.0	42,700	2.9	43,650	3.4	28,490	9.0	345.20

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

#### 4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2016  
(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: Yes
- 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 May 31, 2016	82,532,416 shares	As of February 29, 2016	82,532,416 shares
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Number of treasury shares at the end of the period

As of May 31, 2016	393 shares	As of February 29, 2016	393 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2016	82,532,023 shares	Three months ended May 31, 2015	75,343,187 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 been completed.

#### **FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS**

The forecast for the year ending February 28, 2017 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 29, 2016	As of May 31, 2016
Assets		
Current assets		
Cash and deposits	100,748	98,260
Notes and accounts receivable - trade	8,147	9,652
Inventories	54,503	58,750
Deferred tax assets	1,864	1,861
Other	4,009	5,332
Allowance for doubtful accounts	(24)	(24)
Total current assets	169,249	173,833
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,672	26,200
Accumulated depreciation	(12,906)	(13,207)
Buildings and structures, net	12,766	12,993
Tools, furniture and fixtures	9,540	9,351
Accumulated depreciation	(6,447)	(6,380)
Tools, furniture and fixtures, net	3,092	2,970
Land	14,728	14,662
Construction in progress	1,567	1,553
Other	438	429
Accumulated depreciation	(368)	(366)
Other, net	69	62
Total property, plant and equipment	32,223	32,242
Intangible assets		
Trademark right	2,563	2,695
Goodwill	6,236	5,610
Other	2,339	1,804
Total intangible assets	11,139	10,109
Investments and other assets		
Investment securities	552	532
Shares of subsidiaries and associates	102	2,647
Long-term loans receivable	2,243	2,239
Lease and guarantee deposits	21,809	21,629
Other	1,272	1,269
Allowance for doubtful accounts	(16)	(15)
Total investments and other assets	25,963	28,303
Total non-current assets	69,326	70,655
Total assets	238,575	244,488

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	10,675	16,724
Short-term loans payable	3,191	2,842
Current portion of long-term loans payable	500	–
Income taxes payable	7,778	5,325
Provision for bonuses	831	1,445
Provision	424	355
Asset retirement obligations	19	18
Notes payable - facilities	892	767
Other	7,661	8,076
<b>Total current liabilities</b>	<b>31,975</b>	<b>35,557</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	799	808
Asset retirement obligations	312	300
Other	1,835	1,758
<b>Total non-current liabilities</b>	<b>2,947</b>	<b>2,867</b>
<b>Total liabilities</b>	<b>34,923</b>	<b>38,424</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,972	19,972
Capital surplus	23,978	23,978
Retained earnings	148,175	152,864
Treasury shares	(2)	(2)
<b>Total shareholders' equity</b>	<b>192,125</b>	<b>196,813</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2)	0
Foreign currency translation adjustment	11,009	8,714
<b>Total accumulated other comprehensive income</b>	<b>11,006</b>	<b>8,714</b>
<b>Non-controlling interests</b>	<b>520</b>	<b>535</b>
<b>Total net assets</b>	<b>203,652</b>	<b>206,064</b>
<b>Total liabilities and net assets</b>	<b>238,575</b>	<b>244,488</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Net sales	63,496	66,354
Cost of sales	28,553	29,544
Gross profit	34,942	36,809
Selling, general and administrative expenses		
Packing and transportation expenses	674	739
Advertising expenses	2,077	1,673
Warehousing expenses	664	706
Directors' compensations, salaries and allowances	5,866	6,297
Provision for bonuses	577	636
Retirement benefit expenses	91	89
Legal and employee benefits expenses	746	809
Rents	5,754	6,541
Depreciation	1,041	1,015
Utilities expenses	531	502
Commission fee	1,251	1,246
Taxes and dues	258	313
Amortization of goodwill	329	224
Other	1,781	1,664
Total selling, general and administrative expenses	21,646	22,458
Operating income	13,295	14,350
Non-operating income		
Interest income	40	35
Foreign exchange gains	–	43
Rent Income for house	204	181
Advertising medium income	13	12
Other	34	39
Total non-operating income	292	312
Non-operating expenses		
Interest expenses	14	3
Foreign exchange losses	3	–
Rent expenses	55	40
Other	4	6
Total non-operating expenses	79	50
Ordinary income	13,508	14,611

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Extraordinary income		
Gain on sales of non-current assets	1,361	1
Total extraordinary income	1,361	1
Extraordinary losses		
Loss on sales of non-current assets	690	–
Loss on retirement of non-current assets	38	20
Impairment loss	1,488	27
Total extraordinary losses	2,217	47
Income before income taxes and minority interests	12,653	14,565
Income taxes - current	4,753	4,937
Income taxes - deferred	(58)	(50)
Total income taxes	4,694	4,886
Profit	7,958	9,678
Profit attributable to non-controlling interests	37	38
Profit attributable to owners of parent	7,920	9,640

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Profit	7,958	9,678
Other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	(266)	(2,317)
Total other comprehensive income	(264)	(2,315)
Comprehensive income	7,693	7,363
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,650	7,348
Comprehensive income attributable to non-controlling interests	42	14