

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2016(Q2 FY2017) (Based on Japanese GAAP)

October 5, 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: October 6, 2016
 Scheduled date to commence dividend payments: November 14, 2016
 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, 2016 (from March 1, 2016 to August 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	%
Six months ended August 31, 2016	123,298	2.4	24,025	0.6	24,433	0.6	16,236	10.7
Six months ended August 31, 2015	120,433	11.5	23,873	1.7	24,295	2.1	14,664	3.7

(Note) Comprehensive income:

Six months ended August 2016 10,173 million yen (Δ 31.7%) Six months ended August 2015 14,899 million yen (9.1%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2016	196.73		-	
Six months ended August 31, 2015	191.50		177.72	

(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, 2016	242,554	208,874	85.9	2,524.83
As of February 29, 2016	238,575	203,652	85.1	2,461.25

(Reference) Shareholders' Equity:

As of August 31, 2016 208,378 million yen As of February 29, 2016 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	Yen	Yen	Yen	Yen
Year ended February 29, 2016	-	60.00	-	60.00	120.00
Year ending February 28, 2017	-	60.00	-	-	-
Year ending February 28, 2017 (Forecast)	-	-	-	60.00	120.00

(None) Revisions to dividend forecasts published most recently: No

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
Full year	240,500	1.0	42,060	1.3	42,860	1.6	27,880	6.7	337.81

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

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 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 August 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 August 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)

Six months ended August 31, 2016	82,532,023 shares	Six months ended August 31, 2015	76,575,475 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, 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 August 31, 2016
Assets		
Current assets		
Cash and deposits	100,748	105,741
Notes and accounts receivable - trade	8,147	7,620
Inventories	54,503	54,604
Deferred tax assets	1,864	1,864
Other	4,009	4,416
Allowance for doubtful accounts	(24)	(22)
Total current assets	169,249	174,223
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,672	26,306
Accumulated depreciation	(12,906)	(13,544)
Buildings and structures, net	12,766	12,762
Tools, furniture and fixtures	9,540	9,036
Accumulated depreciation	(6,447)	(6,170)
Tools, furniture and fixtures, net	3,092	2,865
Land	14,728	15,987
Construction in progress	1,567	123
Other	438	438
Accumulated depreciation	(368)	(374)
Other, net	69	63
Total property, plant and equipment	32,223	31,802
Intangible assets		
Trademark right	2,563	2,403
Goodwill	6,236	4,926
Other	2,339	1,721
Total intangible assets	11,139	9,051
Investments and other assets		
Investment securities	552	487
Shares of subsidiaries and associates	102	2,647
Long-term loans receivable	2,243	2,185
Lease and guarantee deposits	21,809	20,903
Other	1,272	1,305
Allowance for doubtful accounts	(16)	(51)
Total investments and other assets	25,963	27,477
Total non-current assets	69,326	68,331
Total assets	238,575	242,554

(Millions of yen)

	As of February 29, 2016	As of August 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,675	12,049
Short-term loans payable	3,191	1,654
Current portion of long-term loans payable	500	–
Income taxes payable	7,778	8,435
Provision for bonuses	831	819
Provision	424	325
Asset retirement obligations	19	5
Notes payable - facilities	892	909
Other	7,661	6,846
Total current liabilities	31,975	31,047
Non-current liabilities		
Net defined benefit liability	799	772
Asset retirement obligations	312	301
Other	1,835	1,557
Total non-current liabilities	2,947	2,632
Total liabilities	34,923	33,679
Net assets		
Shareholders' equity		
Capital stock	19,972	19,972
Capital surplus	23,978	23,978
Retained earnings	148,175	159,460
Treasury shares	(2)	(2)
Total shareholders' equity	192,125	203,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2)	3
Foreign currency translation adjustment	11,009	4,965
Total accumulated other comprehensive income	11,006	4,969
Non-controlling interests	520	495
Total net assets	203,652	208,874
Total liabilities and net assets	238,575	242,554

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, 2015	Six months ended August 31, 2016
Net sales	120,433	123,298
Cost of sales	54,341	56,158
Gross profit	66,091	67,140
Selling, general and administrative expenses		
Packing and transportation expenses	1,295	1,395
Advertising expenses	3,171	3,050
Warehousing expenses	1,273	1,296
Directors' compensations, salaries and allowances	11,650	12,043
Bonuses	390	361
Provision for bonuses	803	820
Retirement benefit expenses	181	213
Legal and employee benefits expenses	1,589	1,637
Rents	11,515	12,585
Depreciation	2,109	2,018
Utilities expenses	1,113	1,050
Commission fee	2,358	2,399
Taxes and dues	597	612
Amortization of goodwill	663	433
Other	3,504	3,193
Total selling, general and administrative expenses	42,218	43,114
Operating income	23,873	24,025
Non-operating income		
Interest income	78	62
Foreign exchange gains	–	21
Rent Income	386	372
Advertising medium income	39	25
Other	109	79
Total non-operating income	613	561
Non-operating expenses		
Interest expenses	26	5
Foreign exchange losses	36	–
Rent expenses	109	80
Other	18	67
Total non-operating expenses	191	153
Ordinary income	24,295	24,433

(Millions of yen)

	Six months ended August 31, 2015	Six months ended August 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	73	56
Impairment loss	1,563	163
Other	–	4
Total extraordinary losses	2,327	225
Income before income taxes and minority interests	23,329	24,209
Income taxes - current	8,732	8,074
Income taxes - deferred	(116)	(142)
Total income taxes	8,616	7,932
Profit	14,713	16,277
Profit attributable to non-controlling interests	49	40
Profit attributable to owners of parent	14,664	16,236

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2015	Six months ended August 31, 2016
Profit	14,713	16,277
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	5
Foreign currency translation adjustment	187	(6,109)
Total other comprehensive income	186	(6,103)
Comprehensive income	14,899	10,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,833	10,198
Comprehensive income attributable to non-controlling interests	66	(25)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2015	Six months ended August 31, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	23,329	24,209
Depreciation	2,109	2,018
Increase (decrease) in provision for bonuses	100	(9)
Increase (decrease) in allowance for doubtful accounts	1	38
Interest and dividend income	(79)	(62)
Interest expenses	26	5
Foreign exchange losses (gains)	31	(10)
Loss (gain) on sales and retirement of non-current assets	(598)	55
Impairment loss	1,563	163
Decrease (increase) in notes and accounts receivable - trade	(58)	(906)
Decrease (increase) in inventories	(7,039)	(2,375)
Increase (decrease) in notes and accounts payable - trade	(2,799)	2,010
Other, net	(2,050)	674
Subtotal	14,537	25,812
Interest and dividend income received	75	54
Interest expenses paid	(26)	(5)
Income taxes paid	(9,749)	(7,458)
Net cash provided by (used in) operating activities	4,836	18,402
Cash flows from investing activities		
Payments into time deposits	(553)	–
Proceeds from withdrawal of time deposits	548	–
Purchase of property, plant and equipment	(2,710)	(2,201)
Proceeds from sales of property, plant and equipment	9,737	2
Purchase of intangible assets	(206)	(216)
Payments for store removal	(69)	(34)
Purchase of investment securities	(548)	–
Purchase of shares of subsidiaries and associates	–	(2,544)
Payments of loans receivable	(110)	(126)
Collection of loans receivable	141	187
Payments for lease and guarantee deposits	(885)	(1,135)
Proceeds from collection of lease and guarantee deposits	203	644
Other payments	(62)	(68)
Other proceeds	46	99
Net cash provided by (used in) investing activities	5,530	(5,393)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,793)	(1,517)
Repayments of long-term loans payable	(500)	(500)
Cash dividends paid	(4,514)	(4,948)
Other payments	(12)	(10)
Net cash provided by (used in) financing activities	(7,819)	(6,977)
Effect of exchange rate change on cash and cash equivalents	(62)	(948)
Net increase (decrease) in cash and cash equivalents	2,484	5,083
Cash and cash equivalents at beginning of period	95,807	100,501
Cash and cash equivalents at end of period	98,291	105,584