

Summary of Consolidated Financial Results for the Three Months Ended May 31, 2014 (Q1 FY2015) (Based on Japanese GAAP)

July 9, 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: July 10, 2014
 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, 2014 (from March 1, 2014 to May 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	%
Three months ended May 31, 2014	56,712	17.7	13,161	30.4	13,313	29.3	7,845	45.9
Three months ended May 31, 2013	48,165	21.2	10,090	20.6	10,297	24.7	5,377	15.3

(Note) Comprehensive income:

Three months ended May 2014 6,854 million yen (Δ 3.2%) Three months ended May 2013 7,082 million yen (29.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2014	104.19	95.11
Three months ended May 31, 2013	71.42	65.19

(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, 2014	208,951	136,515	65.2	1,808.12
As of February 28, 2014	196,881	131,919	66.8	1,747.10

(Reference) Shareholders' Equity:

As of May 31, 2014 136,141 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	–	–	–	–	–
Year ending February 28, 2015 (Forecast)	–	30.00	–	30.00	60.00

(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
Six months ending August 31, 2014	100,800	7.4	18,900	(0.5)	19,150	0.1	11,320	6.6	150.34
Full year	203,000	8.0	35,800	4.9	36,300	4.3	21,500	7.6	285.55

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

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 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 May 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 May 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)

Three months ended May 31, 2014	75,294,265 shares	Three months ended May 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 May 31, 2014
Assets		
Current assets		
Cash and deposits	78,884	81,708
Notes and accounts receivable - trade	6,463	7,781
Merchandise and finished goods	38,962	42,897
Work in process	13	12
Raw materials and supplies	479	538
Deferred tax assets	1,414	1,405
Other	3,355	5,808
Allowance for doubtful accounts	(30)	(34)
Total current assets	129,542	140,118
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,758	24,052
Accumulated depreciation	(10,980)	(11,343)
Buildings and structures, net	11,778	12,709
Tools, furniture and fixtures	8,012	7,931
Accumulated depreciation	(4,923)	(5,044)
Tools, furniture and fixtures, net	3,089	2,886
Land	17,696	18,984
Construction in progress	90	120
Other	593	591
Accumulated depreciation	(463)	(477)
Other, net	129	114
Total property, plant and equipment	32,784	34,816
Intangible assets		
Trademark right	2,682	2,542
Goodwill	7,195	6,747
Other	1,770	1,654
Total intangible assets	11,649	10,944
Investments and other assets		
Investment securities	125	129
Shares of subsidiaries and associates	94	102
Long-term loans receivable	2,575	2,589
Lease and guarantee deposits	18,960	19,073
Other	1,150	1,178
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	22,904	23,072
Total non-current assets	67,338	68,833
Total assets	196,881	208,951

(Millions of yen)

	As of February 28, 2014	As of May 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,551	15,618
Short-term loans payable	3,278	3,446
Current portion of long-term loans payable	1,002	1,001
Income taxes payable	7,113	5,796
Provision for bonuses	654	1,144
Provision	234	215
Asset retirement obligations	26	10
Notes payable - facilities	778	1,209
Other	5,722	6,482
Total current liabilities	27,362	34,925
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	33,000	33,000
Long-term loans payable	1,500	1,500
Provision	658	672
Asset retirement obligations	243	251
Other	2,197	2,086
Total non-current liabilities	37,599	37,511
Total liabilities	64,961	72,436
Net assets		
Shareholders' equity		
Capital stock	3,482	3,482
Capital surplus	7,488	7,488
Retained earnings	112,310	117,896
Treasury shares	(0)	(0)
Total shareholders' equity	123,281	128,867
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	25
Foreign currency translation adjustment	8,241	7,247
Total accumulated other comprehensive income	8,265	7,273
Minority interests	372	373
Total net assets	131,919	136,515
Total liabilities and net assets	196,881	208,951

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, 2013	Three months ended May 31, 2014
Net sales	48,165	56,712
Cost of sales	20,735	24,346
Gross profit	27,429	32,366
Selling, general and administrative expenses		
Packing and transportation expenses	519	597
Advertising expenses	2,067	2,113
Warehousing expenses	476	634
Directors' compensations, salaries and allowances	4,623	5,074
Provision for bonuses	469	504
Legal and employee benefits expenses	576	632
Rents	4,404	5,074
Depreciation	911	949
Utilities expenses	452	509
Commission fee	834	1,027
Taxes and dues	198	204
Provision of allowance for doubtful accounts	2	4
Amortization of goodwill	240	274
Other	1,559	1,605
Total selling, general and administrative expenses	17,338	19,204
Operating income	10,090	13,161
Non-operating income		
Interest income	11	30
Foreign exchange gains	-	4
Rent income for house	143	179
Gain on valuation of derivatives	108	-
Advertising medium income	12	16
Other	67	62
Total non-operating income	342	293
Non-operating expenses		
Interest expenses	18	10
Foreign exchange losses	3	-
Rent expenses	76	86
Other	37	44
Total non-operating expenses	135	142
Ordinary income	10,297	13,313

(Millions of yen)

	Three months ended May 31, 2013	Three months ended May 31, 2014
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on retirement of non-current assets	38	49
Impairment loss	27	51
Loss on cancellation of derivatives	1,051	-
Total extraordinary losses	1,116	100
Income before income taxes and minority interests	9,181	13,212
Income taxes - current	3,799	5,379
Income taxes - deferred	3	(27)
Total income taxes	3,803	5,351
Income before minority interests	5,377	7,860
Minority interests in income	0	15
Net income	5,377	7,845

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2013	Three months ended May 31, 2014
Income before minority interests	5,377	7,860
Other comprehensive income		
Valuation difference on available-for-sale securities	3	2
Foreign currency translation adjustment	1,700	(1,008)
Total other comprehensive income	1,704	(1,006)
Comprehensive income	7,082	6,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,065	6,853
Comprehensive income attributable to minority interests	16	1

Consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2013	Three months ended May 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	9,181	13,212
Depreciation	911	949
Increase (decrease) in provision for bonuses	452	490
Increase (decrease) in allowance for doubtful accounts	2	4
Interest and dividend income	(11)	(30)
Interest expenses	18	10
Foreign exchange losses (gains)	(76)	(8)
Loss (gain) on valuation of derivatives	(108)	-
Loss on cancellation of derivatives	1,051	-
Loss (gain) on sales and retirement of non-current assets	38	49
Impairment loss	27	51
Decrease (increase) in notes and accounts receivable - trade	(2,139)	(3,669)
Decrease (increase) in inventories	(3,755)	(4,312)
Increase (decrease) in notes and accounts payable - trade	3,780	7,011
Other, net	829	1,281
Subtotal	10,203	15,039
Interest and dividend income received	6	14
Interest expenses paid	(10)	(5)
Income taxes paid	(6,989)	(6,591)
Net cash provided by (used in) operating activities	3,209	8,456
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,027)	(2,923)
Proceeds from sales of property, plant and equipment	1	-
Purchase of intangible assets	(78)	(50)
Payments for store removal	(17)	(30)
Purchase of shares of subsidiaries	-	(8)
Payments of loans receivable	(50)	(55)
Collection of loans receivable	21	32
Payments for lease and guarantee deposits	(694)	(559)
Proceeds from collection of lease and guarantee deposits	188	180
Other payments	(47)	(40)
Other proceeds	10	1
Net cash provided by (used in) investing activities	(1,694)	(3,454)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,082)	178
Repayments of long-term loans payable	(1)	(1)
Cash dividends paid	(2,085)	(2,245)
Other, net	(5)	(5)
Net cash provided by (used in) financing activities	(4,174)	(2,074)
Effect of exchange rate change on cash and cash equivalents	22	(100)
Net increase (decrease) in cash and cash equivalents	(2,636)	2,828
Cash and cash equivalents at beginning of period	68,772	78,755
Cash and cash equivalents at end of period	66,135	81,583