

Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2014 (Q3FY2015) (Based on Japanese GAAP)

January 7, 2015

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: January 8, 2015
 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 nine months ended November 30, 2014 (from March 1, 2014 to November 30, 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	%
Nine months ended November 30, 2014	158,041	14.6	32,079	23.2	32,502	22.0	19,290	28.5
Nine months ended November 30, 2013	137,906	18.7	26,034	14.4	26,639	9.7	15,014	9.1

(Note) Comprehensive income:

Nine months ended November 2014 20,837 million yen (13.9%) Nine months ended November 2013 18,297 million yen (30.0%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended November 30, 2014	256.20		233.86	
Nine months ended November 30, 2013	199.41		182.02	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2014	225,321	147,485	65.3	1,953.29
As of February 28, 2014	196,881	131,919	66.8	1,747.10

(Reference) Shareholders' Equity:

As of November 30, 2014 147,071 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				
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: None

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 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)

Nine months ended November 30, 2014	75,294,265 shares	Nine months ended November 30, 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 November 30, 2014
Assets		
Current assets		
Cash and deposits	78,884	87,834
Notes and accounts receivable - trade	6,463	9,221
Merchandise and finished goods	38,962	50,051
Work in process	13	46
Raw materials and supplies	479	803
Deferred tax assets	1,414	1,457
Other	3,355	5,167
Allowance for doubtful accounts	(30)	(38)
Total current assets	129,542	154,543
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,758	25,196
Accumulated depreciation	(10,980)	(12,164)
Buildings and structures, net	11,778	13,031
Tools, furniture and fixtures	8,012	8,452
Accumulated depreciation	(4,923)	(5,471)
Tools, furniture and fixtures, net	3,089	2,980
Land	17,696	19,071
Construction in progress	90	174
Other	593	433
Accumulated depreciation	(463)	(319)
Other, net	129	113
Total property, plant and equipment	32,784	35,371
Intangible assets		
Trademark right	2,682	2,539
Goodwill	7,195	7,544
Other	1,770	1,787
Total intangible assets	11,649	11,871
Investments and other assets		
Investment securities	125	59
Shares of subsidiaries and associates	94	102
Long-term loans receivable	2,575	2,518
Lease and guarantee deposits	18,960	19,653
Other	1,150	1,201
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	22,904	23,534
Total non-current assets	67,338	70,777
Total assets	196,881	225,321

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,551	16,735
Short-term loans payable	3,278	6,167
Current portion of long-term loans payable	1,002	1,000
Income taxes payable	7,113	6,942
Provision for bonuses	654	1,252
Provision	234	238
Asset retirement obligations	26	21
Notes payable - facilities	778	814
Other	5,722	7,546
Total current liabilities	27,362	40,718
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	725
Asset retirement obligations	243	264
Other	2,197	2,127
Total non-current liabilities	37,599	37,116
Total liabilities	64,961	77,835
Net assets		
Shareholders' equity		
Capital stock	3,482	3,482
Capital surplus	7,488	7,488
Retained earnings	112,310	126,329
Treasury shares	(0)	(0)
Total shareholders' equity	123,281	137,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	13
Foreign currency translation adjustment	8,241	9,757
Total accumulated other comprehensive income	8,265	9,770
Minority interests	372	413
Total net assets	131,919	147,485
Total liabilities and net assets	196,881	225,321

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 2014
Net sales	137,906	158,041
Cost of sales	60,282	70,405
Gross profit	77,624	87,635
Selling, general and administrative expenses		
Packing and transportation expenses	1,598	1,780
Advertising expenses	5,487	4,922
Warehousing expenses	1,556	1,704
Directors' compensations, salaries and allowances	13,772	14,735
Bonuses	227	554
Provision for bonuses	1,117	1,246
Legal and employee benefits expenses	1,807	2,105
Rents	13,156	14,658
Depreciation	2,863	2,923
Utilities expenses	1,529	1,642
Commission fee	2,513	3,039
Taxes and dues	674	618
Provision of allowance for doubtful accounts	3	3
Amortization of goodwill	753	853
Other	4,526	4,768
Total selling, general and administrative expenses	51,589	55,556
Operating income	26,034	32,079
Non-operating income		
Interest income	53	119
Foreign exchange gains	13	-
Rent Income for house	486	552
Gain on valuation of derivatives	136	-
Advertising medium income	44	43
Other	226	203
Total non-operating income	961	918
Non-operating expenses		
Interest expenses	39	35
Foreign exchange losses	-	62
Rent expenses	252	285
Other	64	112
Total non-operating expenses	356	495
Ordinary income	26,639	32,502

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 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	136	115
Impairment loss	151	128
Loss on cancellation of derivatives	1,051	–
Loss on abandonment of goods	86	–
Total extraordinary losses	1,425	243
Income before income taxes and minority interests	25,215	32,263
Income taxes - current	10,397	13,083
Income taxes - deferred	(145)	(141)
Total income taxes	10,251	12,941
Income before minority interests	14,963	19,321
Minority interests in income (loss)	(50)	31
Net income	15,014	19,290

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 2014
Income before minority interests	14,963	19,321
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(9)
Foreign currency translation adjustment	3,324	1,525
Total other comprehensive income	3,333	1,515
Comprehensive income	18,297	20,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,318	20,795
Comprehensive income attributable to minority interests	(20)	41

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	25,215	32,263
Depreciation	2,863	2,923
Increase (decrease) in provision for bonuses	479	597
Increase (decrease) in allowance for doubtful accounts	(0)	2
Interest and dividend income	(54)	(120)
Interest expenses	39	35
Foreign exchange losses (gains)	(72)	(48)
Loss (gain) on valuation of derivatives	(136)	–
Loss on cancellation of derivatives	1,051	–
Loss (gain) on sales and retirement of non-current assets	135	110
Impairment loss	151	128
Decrease (increase) in notes and accounts receivable - trade	(3,223)	(4,500)
Decrease (increase) in inventories	(9,825)	(10,442)
Increase (decrease) in notes and accounts payable - trade	7,316	7,918
Other, net	2,596	2,875
Subtotal	26,535	31,742
Interest and dividend income received	30	86
Interest expenses paid	(32)	(31)
Income taxes paid	(13,821)	(13,168)
Net cash provided by (used in) operating activities	12,712	18,628
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,916)	(4,714)
Proceeds from sales of property, plant and equipment	3	5
Purchase of intangible assets	(292)	(252)
Payments for store removal	(77)	(67)
Purchase of shares of subsidiaries	–	(8)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,314)
Payments of loans receivable	(1,740)	(65)
Collection of loans receivable	63	78
Payments for lease and guarantee deposits	(1,601)	(1,733)
Proceeds from collection of lease and guarantee deposits	396	1,267
Other payments	(93)	(90)
Other proceeds	15	114
Net cash provided by (used in) investing activities	(6,241)	(6,781)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,016)	2,552
Repayments of long-term loans payable	(502)	(503)
Cash dividends paid	(3,980)	(5,260)
Proceeds from share issuance to minority shareholders	69	–
Other, net	(16)	(16)
Net cash provided by (used in) financing activities	(6,446)	(3,227)
Effect of exchange rate change on cash and cash equivalents	144	327
Net increase (decrease) in cash and cash equivalents	169	8,947
Cash and cash equivalents at beginning of period	68,772	78,755
Cash and cash equivalents at end of period	68,941	87,703